NamPower
Powering the Nation and beyond

ANNUAL FINANCIAL STATEMENTS
2022

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 2022, 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 of the Group and Company are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing the integrated annual report and other financial information to shareholders.

The directors have considered the impact of the COVID-19 pandemic and the prevailing weak economic condition 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 for the period under review. The Company breached the Debt Service Cover ratio and has received a waiver from the lenders. The directors have satisfied themselves that the Group and Company have 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 12 December 2022 and signed by:

D MOTINGA
Chairperson

KS HAULOFU
Managing Director

S HORNUNG
Audit and Risk Management
Committee (Board Committee)

VALUE ADDED STATEMENT

for the year ended 30 June 2022

	CONSOLIDATED AND COMPANY			
		2022		2021
	N$'000	%	N$'000	%
VALUE ADDED				
Turnover	**6,506,042**		6,549,907	
Less: Cost of primary energy, materials and services	**5,513,998**		4,904,424	
Value added by operations	**992,044**	**60.89**	1,645,483	69.88
Interest and sundry income	**637,158**	**39.11**	709,409	30.12
	1,629,202	**100.00**	2,354,892	100.00
VALUE DISTRIBUTED				
To remunerate employees	**992,546**	**60.92**	996,642	42.32
To providers of debt	**48,305**	**2.96**	83,117	3.53
Taxation	**-**	**-**	229,403	9.74
	1,040,851	**63.88**	1,309,162	55.59
VALUE RETAINED				
To maintain and develop operations	**588,351**	**36.12**	1,045,730	44.41
	1,629,202	**100.00**	2,354,892	100.00

INDEPENDENT AUDITOR'S REPORT

To the Member of Namibia Power Corporation (Proprietary) Limited

Our qualified opinion

In our opinion, except for the effects and possible effects of the matters described in the Basis for qualified opinion section of our report, 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 subsidiaries (together the Group) as at 30 June 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting 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 7 to 149 comprise:

- the directors' report for the year ended 30 June 2022;
- the consolidated and separate statements of financial position as at 30 June 2022;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for qualified opinion

Namibia Power Corporation (Proprietary) Limited's investments in its equity-accounted associates, Nored Electricity (Proprietary) Limited and Central-North Electricity Distribution Company (Proprietary) Limited are carried at a total value of N$824,089,000 in the consolidated statement of financial position as at 30 June 2022. Namibia Power Corporation (Proprietary) Limited's share of profits of associates of N$11,346,000 and its share of other comprehensive income of associates of N$204,773,000 are included in the consolidated statement of comprehensive income for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of Namibia Power Corporation (Proprietary) Limited's investment in Nored Electricity (Proprietary) Limited as at 30 June 2022 and Namibia Power Corporation (Proprietary) Limited's share of this associates' profit and other comprehensive income for the year then ended in the consolidated financial statements of the Group because audited financial statements of Nored Electricity (Proprietary) Limited were not available at that date. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Furthermore, the share of other comprehensive income of associates for the current year includes an amount of N$204,773,000 that relates to cumulative revaluation gains on the property, plant and equipment of Nored Electricity (Proprietary) Limited that arose during the 2018 to 2020 financial years. These revaluations were processed in the current year financial statements of the Group based on the completion of the financial statements for Nored Electricity (Proprietary) Limited for the 2018 to 2020 financial years. These revaluations should have been retrospectively corrected and disclosed as a prior period error in the current year financial statements in accordance with International Accounting Standard ("IAS") 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Based on our risk assessment in the current year, we expect that similar revaluations should have been processed in the 2021 and 2022 financial statements. However, we are unable to determine the quantum of such adjustments needed in the absence of completed financial statements for these years, resulting in a further possible misstatement. This matter results in misstatements with respect to the amounts included in the current year share of other comprehensive income of associates, the investment in the associate, the movement in the capital revaluation reserve, as well as omitted disclosures with respect to the prior period errors. It was not practicable to quantify the exact impact of all the misstatements noted on the consolidated financial statements.

Furthermore, Namibia Power Corporation (Proprietary) Limited carries its core property, plant and equipment in accordance with the revaluation model in IAS 16 'Property, plant and equipment', whereas Central-North Electricity Distribution Company (Proprietary) Limited carries its core property, plant and equipment in accordance with the cost model under the same standard, resulting in inconsistent accounting policies being applied by Namibia Power Corporation (Proprietary) Limited and Central-North Electricity Distribution Company. Since Namibia Power Corporation (Proprietary) Limited does not make any adjustments when applying the equity method to account for Central-North Electricity Distribution Company (Proprietary) Limited upon preparing its consolidated financial statements, the Group does not conform to the requirements of IAS 28 'Investments in associates and joint ventures', which may result in the financial statements being materially misstated. It was not practicable to quantify the impacts of this misstatement on the consolidated financial statements.

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 qualified opinion.

Independence

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "NamPower Annual Financial Statements 2022", which we obtained prior to the date of this auditor's report, and the other sections of the document titled "NamPower Integrated Annual Report 2022", 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.

INDEPENDENT AUDITOR'S REPORT

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

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

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

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Louis van der Riet
Partner
Date: 16 December 2022

344 Independence Avenue
Windhoek
P O Box 1571
Windhoek
Namibia

DIRECTORS' REPORT

The directors have pleasure in presenting their report for the year ended 30 June 2022.

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:

- 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**
	2022	**2021**
	GWh	**GWh**
Ruacana Hydro Power Station	781	968
Van Eck Power Station	18	40
Anixas Power Station	2	1
Omburu PV Power Station	15	-
Eskom	1,253	1,473
ZESCO	1,018	816
ZPC	390	401
SAPP Market	256	135
REFITs	364	360
Total units into system	**4,097**	**4,194**
To customers in Namibia	3,405	3,386
Exports	169	382
Orange River^	127	132
To Skorpion Zinc Mine^	-	3
Total units sold	**3,701**	**3,903**

^ 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	**12.8%**	**10.1%**

Growth

During the year under review there was a increase of 0.5% in GWh units sold to customers in Namibia (2021: increase of 0.7%). The power imported by the Company during the year under review increased by 3.0% (2021: increase of 1.7%).

DIRECTORS' REPORT
(continued)

3. Subsidiaries and Associates

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

4. Auditors

PricewaterhouseCoopers Namibia (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 N$1.2 billion (2021: N$660.3 million). The expenditure on intangible assets during the financial year amounted to N$2.9 million (2021: N$18.7 million).

This expenditure is mainly attributable to:

5.1. Electrification:

EIB MV Line Panduleni and Taadhiya PS
NP: Otjiyere, Ondjombo Okamaruru Maheke
Vaalgras Zone A, B, D & D Karas Region
Electrification of Kaukurus Omaheke Region
NP Rural Elect MV/LV at Swartdam Hardap
NP: Dooran Daberas localities electrification

5.2. Substation Development:

TXMP: Masivi-Siyambi Project
Externally funded: Sekelduin Substation 20MVA
TXMP: Brakwater Substation
Externally funded: Lithops Substation20MVA
TXMP: Omatando Substation
Kuiseb Substation: Construct Wall and Roof

5.3. Refurbishment and Upgrading:

Van Eck Power Station: Rehabilitation
Ruacana Power Station - Air Conditioning Units
Van Eck Power Station - Ablution block
Anixas Power Station: Walvis Bay

5.4. Transmission System Development:

- TXMP: Auas - Gerus Feeder Bay and Reactor
- TXMP: 132/66kV Ohama Substation, Ex
- Boab
- TXMP: Auas-Gerus 400kV Line
- Von Bach Booster 2 WAN
- Transmission Connection Hardap Solar PV
- TXMP: Khurub-Aussenkehr Strength Phase 4
- TXMP: Kunene 330kV Transmission Station
- Substation: Bay Processor & RTU Upgrade

5.5. Power Station Development:

Lüderitz Wind Power Plant
FIRM Power Project
Otjikoto Biomass Power Station

5.6. Intangible Assets:

SAP HANA
SAP AMI Implementation & Prepaid
Access Control System
SAP Process Orchestration

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 (2021: 165 000 000) ordinary shares at N$1

8. Subsequent Events

On 12 December 2022, the directors declared a dividend amounting to Nil (2021: Nil) in respect of the year under review.

In July 2022, the Company received a waiver for the breach of Debt Service Coverage ratio from the lenders i.e KfW, AfD and EIB.

9. Secretary

Ms E. Tuneeko held office as Company Secretary for the year under review. The business and postal addresses are shown on page 151.

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 and the prevailing weak economic condition 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 for the period under review. The Company breached the Debt Service Cover ratio and has received a waiver from the lenders. The directors have satisfied themselves that the Group and Company have 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 12 December 2022.

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

	NOTE	CONSOLIDATED			COMPANY		
		2022	2021	1 July 2020	2022	2021	1 July 2020
		N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
			* Restated	* Restated		* Restated	* Restated
Assets							
Total non-current assets		**40,907,962**	34,209,966	24,231,350	**40,305,152**	33,823,275	23,872,067
Property, plant and equipment	**6**	**37,651,243**	31,949,871	21,823,073	**37,651,243**	31,949,871	21,823,073
Investment properties	**8**	**18,473**	17,048	19,105	**18,473**	17,048	19,105
Intangible assets	**9**	**20,138**	29,356	19,558	**20,138**	29,356	19,559
Investment in associates	**7.2**	**824,089**	607,970	580,563	**221,279**	221,279	221,279
Investments	**11**	**2,373,659**	1,587,554	1,773,153	**2,373,659**	1,587,554	1,773,153
Loans receivable	**10**	**20,360**	18,167	15,898	**20,360**	18,167	15,898
Total current assets		**8,851,703**	10,958,701	10,458,991	**8,851,703**	10,958,701	10,458,991
Inventories	**12**	**86,063**	114,246	83,464	**86,063**	114,246	83,464
Trade and other receivables	**13**	**1,581,906**	1,089,299	1,454,980	**1,581,906**	1,089,299	1,454,980
Tax receivable		**33,780**	33,780	-	**33,780**	33,780	-
Investments	**11**	**5,340,527**	7,370,908	7,482,539	**5,340,527**	7,370,908	7,482,539
Derivative assets	**21.1**	**51,139**	571,306	60,953	**51,139**	571,306	60,953
Cash and cash equivalents	**14**	**1,758,288**	1,779,162	1,375,735	**1,758,288**	1,779,162	1,375,735
Loans receivable	**10**	**-**	-	1,320	**-**	-	1,320
Total assets		**49,759,665**	45,168,667	34,690,341	**49,156,855**	44,781,976	34,331,058
Equity							
Total equity attributable to equity holders		**34,189,243**	31,172,762	22,876,518	**33,590,092**	30,789,730	22,520,893
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**	**1,816,305**	1,865,798	1,818,221	**1,816,305**	1,865,798	1,818,221
Development fund	**16.5**	**6,835,568**	7,978,090	6,827,742	**6,665,576**	7,819,444	6,696,503
Capital revaluation reserve	**16.6**	**24,273,809**	20,138,921	13,018,902	**23,844,650**	19,914,535	12,794,516
Strategic inventory revaluation reserve	**16.7**	**153,157**	102,847	126,045	**153,157**	102,847	126,045
Investment valuation reserve	**16.8**	**45,404**	22,106	20,608	**45,404**	22,106	20,608
Total equity		**34,189,243**	31,172,762	22,876,518	**33,590,092**	30,789,730	22,520,893
Liabilities							
Total non-current liabilities		**12,668,695**	11,849,222	8,498,504	**12,665,028**	11,845,555	8,494,838
Interest bearing loans and borrowings	**17**	**6,792**	516,164	737,781	**6,792**	516,164	737,781
Deferred revenue liabilities	**18**	**1,098,564**	1,108,904	1,128,150	**1,098,564**	1,108,904	1,128,150
Employee benefit provisions	**22**	**277,441**	293,960	253,783	**277,441**	293,960	253,783
Retention creditors	**20.4**	**80,772**	17,610	12,397	**80,772**	17,610	12,397
Deferred tax liabilities	**19**	**11,205,126**	9,912,584	6,366,393	**11,201,459**	9,908,917	6,362,727
Total current liabilities		**2,901,727**	2,146,683	3,315,319	**2,901,735**	2,146,691	3,315,327
Trade and other payables	**20**	**1,256,404**	1,165,911	1,099,473	**1,256,412**	1,165,919	1,099,481
Derivative liabilities	**21.2**	**442,883**	-	794,312	**442,883**	-	794,312
Current tax payable		**-**	-	24,078	**-**	-	24,078
Interest bearing loans and borrowings	**17**	**523,721**	244,610	690,813	**523,721**	244,610	690,813
Deferred revenue liabilities	**18**	**678,719**	736,162	706,643	**678,719**	736,162	706,643
Total liabilities		**15,570,422**	13,995,905	11,813,823	**15,566,763**	13,992,246	11,810,165
Total equity and liabilities		**49,759,665**	45,168,667	34,690,341	**49,156,855**	44,781,976	34,331,058

* Certain amounts shown here do not correspond to the 2020 and 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2022

	NOTE	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000	COMPANY 2022 N$'000	COMPANY 2021 N$'000
Revenue	**25**	**6,506,042**	6,549,907	**6,506,042**	6,549,907
Other income	**25**	**85,385**	108,780	**85,385**	108,780
Cost of Electricity	**26 (a)**	**(5,075,449)**	(4,457,840)	**(5,075,449)**	(4,457,840)
Employee costs	**26 (e)**	**(992,546)**	(996,642)	**(992,546)**	(996,642)
Depreciation and amortisation	**26 (c)**	**(1,390,026)**	(885,681)	**(1,390,026)**	(885,681)
Impairment: Loss on property, plant and equipment revaluation	**26 (b)**	**-**	(111,334)	**-**	(111,334)
Other expenses	**26 (f)**	**(620,711)**	(413,933)	**(620,711)**	(413,933)
Net impairment (loss)/gain on financial assets	**26 (d)**	**(32,834)**	124,180	**(32,834)**	124,180
Net fair value and foreign exchange (loss)/gain on financial instruments	**26 (g)**	**(797,254)**	1,181,279	**(797,254)**	1,181,279
(Loss)/profit before net finance income		**(2,317,393)**	1,098,716	**(2,317,393)**	1,098,716
Finance income – net		**503,468**	517,512	**503,468**	517,512
Finance income	**24**	**551,773**	600,629	**551,773**	600,629
Finance costs	**24**	**(48,305)**	(83,117)	**(48,305)**	(83,117)
Share of profit of associates, net of taxation	**7.2**	**11,346**	27,846	**-**	-
(Loss)/profit before taxation	**26**	**(1,802,579)**	1,644,074	**(1,813,925)**	1,616,228
Taxation	**15**	**590,188**	(437,513)	**590,188**	(437,513)
(Loss)/profit for the year		**(1,212,391)**	1,206,561	**(1,223,737)**	1,178,715
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Revaluation of property, plant and equipment	**15**	**5,779,581**	10,472,873	**5,779,581**	10,472,873
Revaluation of strategic inventory	**15**	**73,985**	(34,114)	**73,985**	(34,114)
Net change in fair value of listed equity instruments	**15**	**(215)**	61	**(215)**	61
Net change in fair value of debt instruments	**15**	**10,607**	5,584	**10,607**	5,584
Net change in fair value of unlisted equity	**15**	**12,906**	(4,147)	**12,906**	(4,147)
Remeasurements of employee benefit provisions	**22.3**	**29,965**	(12,055)	**29,965**	(12,055)
Share of other comprehensive income of associates, net of taxation	**15**	**204,773**	(439)	**-**	-
Related tax	**15**	**(1,882,730)**	(3,338,080)	**(1,882,730)**	(3,338,080)
		4,228,873	7,089,683	**4,024,099**	7,090,122
Other comprehensive income for the year, net of taxation	**15**	**4,228,873**	7,089,683	**4,024,099**	7,090,122
Total comprehensive income for the year		**3,016,482**	8,296,244	**2,800,362**	8,268,837

STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2022

CONSOLIDATED	NOTE	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
Balance at 1 July 2021	**16**	**165,000**	**900,000**	**1,865,798**
Total comprehensive income for the year				
Loss for the year		-	-	-
Other comprehensive income				
Revaluation of property, plant and equipment, net of taxation	**15**	-	-	-
Revaluation of strategic inventory	**15**	-	-	-
Net changes in fair value of listed, unlisted equity and debt instruments	**15**	-	-	-
Share of other comprehensive income of associates, net of taxation	**15**	-	-	-
Remeasurements of employee benefit provisions, net of taxation	**15**	-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Allocation from retained income		-	-	(49,493)
Transfer to reserve fund	**16.4**	-	-	(49,493)
Funds for capital expenditure requirements	**16.5**	-	-	-
Balance at 30 June 2022		**165,000**	**900,000**	**1,816,305**

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
7,978,090	20,138,921	102,847	22,106	-	31,172,762
-	-	-	-	(1,212,391)	(1,212,391)
-	3,930,115	-	-	-	3,930,115
-	-	50,310	-	-	50,310
-	-	-	23,298	-	23,298
-	204,773	-	-	-	204,773
-	-	-	-	20,376	20,376
-	4,134,888	50,310	23,298	20,376	4,228,873
-	4,134,888	50,310	23,298	(1,192,015)	3,016,482
(1,142,522)	-	-	-	1,192,015	-
-	-	-	-	49,493	-
(1,142,522)	-	-	-	1,142,522	-
6,835,568	24,273,809	153,157	45,404	-	34,189,243

STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2022 (Continued)

CONSOLIDATED	NOTE	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
Balance at 1 July 2020	**16**	**165,000**	**900,000**	**1,818,221**
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**	-	-	-
Net changes in fair value of listed, unlisted equity and debt instruments	**15**	-	-	-
Share of other comprehensive income of associates, net of taxation	**15**	-	-	-
Remeasurements of employee benefit provisions, net of taxation	**15**	-	-	-
Total other comprehensive income		**-**	**-**	**-**
Total comprehensive income for the year		**-**	**-**	**-**
Allocation from retained income		**-**	**-**	**47,577**
Transfer to reserve fund	**16.4**	-	-	47,577
Funds for capital expenditure requirements	**16.5**	-	-	-
Balance at 30 June 2021		**165,000**	**900,000**	**1,865,798**

Development	Capital	Strategic	Investment	Retained	Total
Fund	**Revaluation**	**Inventory**	**Valuation**	**Earnings**	**Equity**
	Reserve	**Revaluation**	**Reserve**		
N$'000	**N$'000**	**N$'000**	**N$'000**	**N$'000**	**N$'000**
6,827,742	**13,018,902**	**126,045**	**20,608**	**-**	**22,876,518**
-	-	-	-	1,206,561	1,206,561
-	7,120,019	-	-	-	7,120,019
-	-	(23,198)	-	-	(23,198)
-	-	-	1,498	-	1,498
-	-	-	-	(439)	(439)
-	-	-	-	(8,197)	(8,197)
-	**7,120,019**	**(23,198)**	**1,498**	**(8,636)**	**7,089,683**
-	**7,120,019**	**(23,198)**	**1,498**	**1,197,925**	**8,296,244**
1,150,348	**-**	**-**	**-**	**(1,197,925)**	**-**
-	-	-	-	(47,577)	-
1,150,348	-	-	-	(1,150,348)	-
7,978,090	**20,138,921**	**102,847**	**22,106**	**-**	**31,172,762**

STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2022 (Continued)

COMPANY	NOTE	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
Balance at 1 July 2021	**16**	**165,000**	**900,000**	**1,865,798**
Total comprehensive income for the year				
Loss for the year		-	-	-
Other comprehensive income				
Revaluation of property, plant and equipment, net of taxation	**15**	-	-	-
Revaluation of strategic inventory	**15**	-	-	-
Net changes in fair value of listed, unlisted equity and debt instruments	**15**	-	-	-
Remeasurements of employee benefit provisions, net of taxation	**15**	-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Allocation from retained income		-	-	**(49,493)**
Transfer to reserve fund	**16.4**	-	-	**(49,493)**
Funds for capital expenditure requirements	**16.5**	-	-	-
Balance at 30 June 2022		**165,000**	**900,000**	**1,816,305**

Development Fund	Capital Revaluation Reserve	Strategic Inventory Revaluation	Investment Valuation Reserve	Retained Earnings	Total Equity
N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
7,819,444	19,914,535	102,847	22,106	-	30,789,730
-	-	-	-	(1,223,737)	(1,223,737)
-	3,930,115	-	-	-	3,930,115
-	-	50,310	-	-	50,310
-	-	-	23,298	-	23,298
-	-	-	-	20,376	20,376
-	3,930,115	50,310	23,298	20,376	4,024,099
-	3,930,115	50,310	23,298	(1,203,361)	2,800,362
(1,153,868)	-	-	-	1,203,361	-
-	-	-	-	49,493	-
(1,153,868)	-	-	-	1,153,868	-
6,665,576	23,844,650	153,157	45,404	-	33,590,092

STATEMENTS OF CHANGES IN EQUITY
for the year ended 30 June 2022 (Continued)

COMPANY	NOTE	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000
Balance at 1 July 2020	**16**	**165,000**	**900,000**	**1,818,221**
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**	-	-	-
Net changes in fair value of listed, unlisted equity and debt instruments	**15**	-	-	-
Remeasurements of employee benefit provisions, net of taxation	**15**	-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income for the year		-	-	-
Allocation from retained income		-	-	**47,577**
Transfer to reserve fund	**16.4**	-	-	47,577
Funds for capital expenditure requirements	**16.5**	-	-	-
Balance at 30 June 2021		**165,000**	**900,000**	**1,865,798**

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
6,696,503	**12,794,516**	**126,045**	**20,608**	**-**	**22,520,893**
-	-	-	-	1,178,715	1,178,715
-	7,120,019	-	-	-	7,120,019
-	-	(23,198)	-	-	(23,198)
-	-	-	1,498	-	1,498
-	-	-	-	(8,197)	(8,197)
-	**7,120,019**	**(23,198)**	**1,498**	**(8,197)**	**7,090,122**
-	**7,120,019**	**(23,198)**	**1,498**	**1,170,518**	**8,268,837**
1,122,941	**-**	**-**	**-**	**(1,170,518)**	**-**
-	-	-	-	(47,577)	-
1,122,941	-	-	-	(1,122,941)	-
7,819,444	**19,914,535**	**102,847**	**22,106**	**-**	**30,789,730**

STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

	NOTE	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000 * Restated	COMPANY 2022 N$'000	COMPANY 2021 N$'000 * Restated
Cash flows from operating activities					
Cash receipts from customers	**30 (h)**	**6,089,464**	7,102,494	**6,089,464**	7,102,494
Cash paid to suppliers and employees		**(6,439,687)**	(6,110,075)	**(6,439,687)**	(6,110,075)
Cash (utilised)/generated by operations	**30 (a)**	**(350,223)**	992,419	**(350,223)**	992,419
Interest received	**30 (c)**	**71,612**	52,335	**71,612**	52,335
Taxation paid	**30 (b)**	**-**	(287,261)	**-**	(287,261)
Net cash from operating activities		**(278,611)**	757,493	**(278,611)**	757,493
Cash flows from investing activities					
Proceeds from the sale of property, plant and equipment	**26.**	**2,911**	5,118	**2,911**	5,118
Acquisitions of intangible assets	**9.**	**(2,942)**	(18,748)	**(2,942)**	(18,748)
Extension and replacement of property, plant and equipment to maintain operations	**6.**	**(1,196,918)**	(660,262)	**(1,196,918)**	(660,262)
Interest received	**30 (c)**	**336,040**	411,025	**336,040**	411,025
Dividend received	**26.**	**67**	872	**67**	872
Proceeds from collective investment schemes		**396,000**	230,000	**396,000**	230,000
Proceeds from fixed deposits and treasury bills		**3,117,066**	4,080,680	**3,117,066**	4,080,680
Proceeds from money market funds		**325,000**	20,000	**325,000**	20,000
Payments for collective investment schemes		**(60,000)**	(275,000)	**(60,000)**	(275,000)
Payments for fixed deposits and treasury bills		**(2,243,111)**	(3,037,060)	**(2,243,111)**	(3,037,060)
Payments for money market funds		**(100,000)**	(455,000)	**(100,000)**	(455,000)
Proceeds from loans receivable	**30 (j)**	**2,425**	1,697	**2,425**	1,697
Net cash used in investing activities		**576,538**	303,322	**576,538**	303,322
Cash flows from financing activities					
Interest paid	**30 (d)**	**(55,340)**	(93,669)	**(55,340)**	(93,669)
Repayments	**30 (i)**	**(212,072)**	(633,486)	**(212,072)**	(633,486)
Net cash used in financing activities		**(267,412)**	(727,155)	**(267,412)**	(727,155)
Net increase in cash and cash equivalents		**30,515**	333,660	**30,515**	333,660
Cash and cash equivalents at 1 July		**1,779,162**	1,375,735	**1,779,162**	1,375,735
Effect of exchange rate fluctuations on cash held		**(51,389)**	69,767	**(51,389)**	69,767
Cash and cash equivalents at 30 June	**14.**	**1,758,288**	1,779,162	**1,758,288**	1,779,162

* Certain amounts shown here do not correspond to the 2020 and 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

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 2022 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.

(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 excluding machinery and equipment 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) Materiality

NamPower defines material information as those which are expected to potentially influence decisions that the primary users of general-purpose financial statements make on the basis of the financial statements of NamPower if such information is omitted, misstated or it is obscuring the provision of financial information about NamPower. The identification of material information concentrates on both quantitative and qualitative matters that have the potential to impact the company's ability to deliver on its strategy.

(e) 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:

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).

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 8 - Valuation of investment property and

Note 11 - Investments;

Note 29 - Valuation of financial instruments - loans and derivatives.

(f) 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 losses 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.

The Group assesses on an annual basis whether there is any indication that an associate may be impaired. Where such an indication exist, the carrying amount of the interest in associate is tested for impairment by comparing its recoverable amount with the carrying amount.

(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 less accumulated depreciation.

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 independent external revaluations every three years, and independent desktop revaluations in between to ensure that the carrying amount does not differ significantly from the fair value. Variables used in the desktop 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 recognized 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 and Distribution 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.

(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.

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.

Land and assets under construction are not depreciated.

(vi) Disposal

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

vii) 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 - 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.

Rental income earned on investment properties are recognised on a straight line basis over the lease term.

(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 finance cost. Provisions are not recognised for future operating losses. The only provisions that the Group has are employee benefit provisions. 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 the fair value of financial assets or deducted from the fair value of 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 derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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 and interest repayments, plus interest calculated using the effective interest method of any difference between the 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 these 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 investments 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 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 are stated at cost which approximates fair value due to the short - term nature of these instruments.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash balances, including call accounts.

(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 investments 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 investments revaluation reserve.

(vii) 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.

(viii) 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 mode:
- 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 thirty (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 counterparty 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.

Trade receivables subject to impairment are monitored to assess whether they have been subject to a significant increase in credit risk after initial recognition. There will be a significant increase in credit risk when:

- Payments are more than 90 days past due;
- A significant qualitative event has occurred.

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 customer, 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 customer or 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 counterparty'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 counterparty 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 expected credit loss methodology remained consistent from those applied previously. 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.

(ix) 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 investments 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 investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(x) 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

(xi) 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.

(xii) 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;

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.

(xiii) 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.

(xiv) 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.

(xvi) 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.

(xvii) 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 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.

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

(xviii) 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 causes 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 twelve (12) months and is not expected to be realised or settled within twelve (12) months

(xix) 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 market 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 represents 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) 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.

(v) 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.

(vi) Extension charges

Extension 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.

(vii) 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.

(viii) Losses charges

Losses sales recovers the cost of transmission losses previously part of electricity sales, which is energy lost when transporting over transmission i.e. units into the system less units sold = transmission losses. Revenue is recognised over time as and when the customer is connected to the grid.

(ix) Reliability charges

Reliability sales recovers the cost of being the supplier of last resort previously part of electricity sales. These includes like ancillary services (spinning and quick reserve/network stability, voltage regulation, black start, etc.), long term planning, market operator costs, etc. Revenue is recognised over time as and when the customer is connected to the grid.

(x) 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 benefit provisions

(i) Short-term employee benefit provisions

The cost of all short term employee benefit provisions 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 2022.

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 benefit provisions

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 2022.

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 an independent external revaluation every three years and an annual independent desktop revaluation to ensure 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 6.8.

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. Further information on the loss allowance are provided in note 13.

Note 21.2 - Embedded derivatives

NamPower has entered into two (2) power purchase agreements (PPAs) with ZESCO Limited. The first is a 100MW 10 year contract which commenced in February 2020 and the second is a 80MW 5 year contract which commenced in April 2022. The contracts are both denominated in United States Dollars (USD) and both energy tariffs escalate with the United States Producer Price Index (US PPI).

The embedded derivative comprises the following categories:

- Foreign currency embedded derivative due to the PPA being denominated in USD
- Inflation-linked embedded derivative due to the tariff escalation being based on US PPI

Valuation techniques are used to determine the fair value as there is no active market for embedded derivatives.

The future foreign cash flows are estimated and converted into local reporting currency at the relevant foreign currency forward rates. This was done at the inception date of each PPA and is repeated for each valuation date. The net differences in the future cash flows, between the valuation and inception dates, are then discounted by using the relevant interest rate curve, to determine the valuation amount. The input assumptions pertinent to the valuation are obtained either with reference to the contractual provisions of the relevant PPA or from independent market sources where appropriate. The only significant unobservable input is the US PPI.

Forecast sales volumes are based on average historical energy usage and contractual minimums as stipulated in the PPAs.

The ZESCO 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 2022 financial year, this is due to periods of lower than expected demand, 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, there is no 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:

INPUT	UNIT	2023	2024	2025	2026	2027
US CPI	Year-on-year (%)	2.82%	2.53%	2.48%	2.34%	2.26%
United States PPI - ZESCO 100MW	Year-on-year (%)	3.30%	2.42%	2.38%	2.25%	2.17%
United States PPI - ZESCO 80MW	Year-on-year (%)	3.14%	2.39%	2.35%	2.22%	2.14%
NAD/USD	NAD per USD	16.925	17.795	18.889	19.967	21.265
United States interest rates	Annual effective %	3.05%	3.03%	2.89%	2.83%	2.81%
Rand interest rates	Annual effective %	6.70%	7.39%	7.73%	7.93%	8.11%

5. STANDARDS AND INTERPRETATIONS

5.1 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods and have not been early adopted by the Group.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

5.2 Standards and interpretations issued and not yet effective for the year ended 30 June 2022

At the date of authorisation of the financial statements of the Group for the year ended 30 June 2022, the following Standards and Interpretations which affects the Group and Company were in issue but not yet effective:

STANDARD	EFFECTIVE DATE
Amendment to IAS 1 - Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023
Amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023
Amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023
Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022
Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets on Onerous Contracts (Cost of Fulfilling a Contract)	Annual periods beginning on or after 1 January 2023
Amendment to IFRS 3 - Business combinations	Annual reporting periods beginning on or after 1 January 2023
Annual improvements cycle 2018 - 2020	Annual reporting periods beginning on or after 1 January 2022
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2023

* 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:

Amendment to IAS 1 - Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date.

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

Amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates. The Group is currently assessing the impact of the amendment.

Amendments to IAS 12 - Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The Group is currently assessing the impact of the amendment.

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. An entity should recognises the proceeds from selling such items and the cost of producing those items in profit or loss. The Group is currently assessing the impact of the amendment.

Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets on Onerous Contracts (Cost of Fulfilling a Contract)

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'.

Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract. The Group will have to evaluate the detailed requirements of the amendment to assess the impact on the financial statements.

Amendment to IFRS 3 - Business combinations

The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination.

In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework.

The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date. The guidance on this amendment will be applied for future financial periods

Annual improvements cycle 2018 -2020

These amendments include minor changes to:

- IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.
- IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.
- IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.

IFRS 17, 'Insurance contracts'

The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.

For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

The Group is currently assessing the impact of the amendment.

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

6. PROPERTY, PLANT AND EQUIPMENT

	Cost/ Valuation	Accumulated depreciation	Accumulated impairment	Carrying amount
	N$'000	N$'000	N$'000	N$'000
CONSOLIDATED AND COMPANY				
2022				
Ruacana Power Station	**8,005,484**	**(360,984)**	**-**	**7,644,500**
Van Eck Power Station	**1,389,808**	**(111,512)**	**-**	**1,278,296**
Anixas Power station	**540,314**	**(21,435)**	**-**	**518,879**
Omburu PV Station	**361,018**	**(1,146)**	**-**	**359,872**
Transmission and Distribution systems	**25,661,566**	**(795,442)**	**-**	**24,866,124**
Aircraft fleet	**61,122**	**(2,872)**	**-**	**58,250**
Machinery and equipment	**226,978**	**(63,392)**	**-**	**163,586**
Land and Buildings	**384,020**	**(13,279)**	**-**	**370,741**
Assets under construction	**1,659,116**	**-**	**-**	**1,659,116**
Strategic inventory	**731,879**	**-**	**-**	**731,879**
Total	**39,021,305**	**(1,370,062)**	**-**	**37,651,243**
2021				
Ruacana Power Station	6,840,592	(219,351)	-	6,621,241
Van Eck Power Station	1,334,297	(107,781)	-	1,226,516
Anixas Power station	502,314	(18,515)	-	483,799
Transmission and Distribution systems	21,892,282	(457,001)	(104,544)	21,330,737
Aircraft fleet	56,670	(3,735)	-	52,935
Machinery and equipment	228,582	(47,459)	-	181,123
Land and Buildings	400,286	(12,720)	(6,790)	380,776
Assets under construction	1,006,125	-	-	1,006,125
Strategic inventory	666,619	-	-	666,619
Total	**32,927,767**	**(866,562)**	**(111,334)**	**31,949,871**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Note	Ruacana Power Station N$'000	Van Eck Power Station N$'000	Anixas Power Station N$'000	Omburu PV Station N$'000
CONSOLIDATED AND COMPANY					
2022					
Carrying amount at 1 July 2021		6,621,241	1,226,516	483,799	-
- At cost/valuation		6,840,592	1,334,297	502,314	-
- Accumulated impairment		-	-	-	-
- Accumulated depreciation		(219,351)	(107,781)	(18,515)	-
Additions		-	-	-	-
Assets under construction completed		796	-	1,970	361,018
Strategic inventory items issued		-	-	-	-
Transfer to investment property		-	-	-	-
Transfer to intangible assets	9	-	-	-	-
Assets transferred from customers		-	-	-	-
Revaluation		1,383,447	163,292	54,545	-
Disposals		-	-	-	-
- At cost/valuation		-	-	-	-
- Accumulated depreciation		-	-	-	-
Depreciation for the year		(360,984)	(111,512)	(21,435)	(1,146)
Carrying amount at 30 June 2022		7,644,500	1,278,296	518,879	359,872
- At cost/valuation [1]		8,005,484	1,389,808	540,314	361,018
- Accumulated impairment		-	-	-	-
- Accumulated depreciation [1]		(360,984)	(111,512)	(21,435)	(1,146)

[1] Accumulated depreciation at 01 July 2021 were reversed against the cost during the 2022 financial year.

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
21,330,737	52,935	181,123	380,776	1,006,125	666,619	31,949,871
21,892,282	56,670	228,582	400,286	1,006,125	666,619	32,927,767
(104,544)	-	-	(6,790)	-	-	(111,334)
(457,001)	(3,735)	(47,459)	(12,720)	-	-	(866,562)
-	-	52,146	-	1,041,428	103,344	1,196,918
128,335	-	3,951	4,436	(500,506)	-	-
-	-	-	-	112,069	(112,069)	-
-	-	-	(1,192)	-	-	(1,192)
-	-	(2,305)	-	-	-	(2,305)
32,384	-	-	-	-	-	32,384
4,170,110	8,187	-	-	-	73,985	5,853,566
-	-	(133)	-	-	-	(133)
-	-	(7,937)	-	-	-	(7,937)
-	-	7,804	-	-	-	7,804
(795,442)	(2,872)	(71,196)	(13,279)	-	-	(1,377,866)
24,866,124	58,250	163,586	370,741	1,659,116	731,879	37,651,243
25,661,566	61,122	226,978	384,020	1,659,116	731,879	39,021,305
-	-	-	-	-	-	-
(795,442)	(2,872)	(63,392)	(13,279)	-	-	(1,370,062)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Note	Ruacana Power Station N$'000	Van Eck Power Station N$'000	Anixas Power Station N$'000
CONSOLIDATED AND COMPANY				
2021				
Carrying amount at 1 July 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)
Additions		-	-	-
Assets under construction completed		13,741	7,744	-
Strategic inventory items issued		-	-	-
Transfer to intangible assets	9	-	-	-
Assets transferred from customers		-	-	-
Revaluation		1,393,953	179,638	51,658
Devaluation		-	-	-
Impairment		-	-	-
Disposals		-	-	-
- At cost/valuation		-	-	-
- Accumulated depreciation		-	-	-
Depreciation for the year		(219,351)	(107,781)	(18,515)
Carrying amount at 30 June 2021		**6,621,241**	**1,226,516**	**483,799**
- At cost/valuation [1]		6,840,592	1,334,297	502,314
- Accumulated impairment		-	-	-
- Accumulated depreciation [1]		(219,351)	(107,781)	(18,515)

[1] Accumulated depreciation at 01 July 2020 were reversed against the cost during the 2021 financial year.

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**
12,933,393	**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)
493	-	62,888	(212)	452,393	144,700	660,262
60,807	-	53,413	39,085	(174,790)	-	-
-	-	-	-	57,864	(57,864)	-
-	-	(18,549)	-	-	-	(18,549)
34,976	-	-	-	-	-	34,976
8,862,613	3,399	-	-	-	-	10,491,261
-	-	-	(18,388)	-	(34,114)	(52,502)
(104,544)	-	-	(6,790)	-	-	(111,334)
-	-	(587)	-	-	-	(587)
-	-	(10,754)	-	-	-	(10,754)
-	-	10,167	-	-	-	10,167
(457,001)	(3,735)	(57,626)	(12,720)	-	-	(876,729)
21,330,737	**52,935**	**181,123**	**380,776**	**1,006,125**	**666,619**	**31,949,871**
21,892,282	56,670	228,582	400,286	1,006,125	666,619	32,927,767
(104,544)	-	-	(6,790)	-	-	(111,334)
(457,001)	(3,735)	(47,459)	(12,720)	-	-	(866,562)

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

6.1 Assets under construction

	Power Stations	Transmission and Distribution systems	Machinery and equipment	Land and buildings	Total
	N$'000	N$'000	N$'000	N$'000	N$'000
CONSOLIDATED AND COMPANY					
2022					
Opening balance	**283,025**	**698,862**	**13,881**	**10,357**	**1,006,125**
Additions	**347,871**	**780,623**	**19,079**	**5,924**	**1,153,497**
Assets under construction completed	**(363,784)**	**(128,335)**	**(3,951)**	**(4,436)**	**(500,506)**
Closing balance	**267,112**	**1,351,150**	**29,009**	**11,845**	**1,659,116**
2021					
Opening balance	67,380	585,704	2,056	15,518	670,658
Reclassification	(1,912)	(40,836)	42,868	(120)	-
Additions	239,042	214,801	22,370	34,044	510,257
Assets under construction completed	(21,485)	(60,807)	(53,413)	(39,085)	(174,790)
Closing balance	**283,025**	**698,862**	**13,881**	**10,357**	**1,006,125**

6.2 Land and buildings (owner-occupied properties)

The revaluation of land and buildings were performed externally effective 30 June 2022 by independent valuer, Nadia van der Smit of Gert Hamman Property Valuers CC. Gert Hamman Property Valuers CC is not connected to the Group.

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 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 and Distribution 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 and distribution systems 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.

A desktop revaluation was performed effective 30 June 2022 (a full revaluation effective 30 June 2021) for the power stations, transmission and distribution systems, strategic inventory and aircraft fleet by independent valuers namely, MPAMOT Africa Pty Ltd, 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 and Van Eck Power stations increased significantly mainly due to increases in commodity prices, labour and transport costs, consumer price index (CPI), life extension and uprate projects undertaken. Accordingly, the degradation of the N$ against the US$ is considered to be the primary reason for the increase. The significant increase in the replacement value of the Transmission systems are attributed to the large increase in commodity prices (LME) over the period as well as escalation of the high-voltage direct current (HVDC) and static var compensator (SVC) prices. New assets and upgrades have also been added to the network.

A desktop valuation was performed for power stations, transmission and distribution systems, strategic inventory and the aircraft fleet as at 30 June 2022 by management, based on external independent input to ensure that the carrying amount does not differ significantly from the fair value.

Against the backdrop of the COVID-19 pandemic, rises in energy prices and unrest in Europe/Ukraine, there has been considerable market volatility. While changes are broadly characterised by notable price increases largely across the entire spectrum of materials and equipment, there are considerable deviations between the rates of increases amongst different types of equipment and materials.

The valuators derived the annual price change for 2022 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. 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

A desktop revaluation was performed for the strategic inventory as at 30 June 2022 by independent valuers namely, MPAMOT Africa Pty Ltd, on the basis of their replacement value to ensure that the carrying amount does not differ significantly from the fair value. The valuators are not connected to the Group.

Escalations are applied based on relevant indices for the individual equipment types. The items in strategic inventory are broken down into the escalation categories i.e. CPI – Electrical Components, Conductor Steel Core (ACSR), transformer, switchgear, copper conductors and cables, tower, insulator, fittings and poles. These escalation categories are created to account for specific asset types and their makeup. The Steel and Engineering Industries Federation of Southern Africa (SEIFSA) indices are used to account for such market fluctuations as these track the prices of commodities and other indicators used in adjusting for pricing over time.

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 seperately disclosed and are therefore not available.

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

6.8 Reconciliation of the revaluation surplus

2022	CONSOLIDATED	COMPANY	CONSOLIDATED	COMPANY
	Capital Revaluation Reserve (net of tax)	Capital Revaluation Reserve (net of tax)	Strategic Inventory Revaluation Reserve	Strategic Inventory Revaluation Reserve
	N$'000	N$'000	N$'000	N$'000
Opening balance at 1 July 2021	**(20,140,456)**	**(19,916,070)**	**(102,848)**	**(102,848)**
Change for the period	(3,980,425)	(3,980,425)	(50,310)	(50,310)
Revaluation	(3,980,425)	(3,980,425)	(50,310)	(50,310)
Closing balance at 30 June 2022	**(24,120,881)**	**(23,896,495)**	**(153,158)**	**(153,158)**
2021				
Opening balance at 1 July 2020	**(13,018,902)**	**(12,794,516)**	**(126,045)**	**(126,045)**
Change for the period	(7,121,554)	(7,121,554)	23,197	23,197
Revaluation	(7,121,554)	(7,121,554)	23,197	23,197
Closing balance at 30 June 2021	**(20,140,456)**	**(19,916,070)**	**(102,848)**	**(102,848)**

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 3 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.

(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 AND COMPANY	2022 N$'000	2021 N$'000
Power stations, transmission and distribution systems and strategic inventory		
Opening balance 1 July	**30,346,930**	**20,595,776**
Additions and reclassification from property, plant and equipment	515,778	204,598
Depreciation	(1,290,519)	(802,648)
Loss included in other comprehensive income		
- Changes in fair value (unrealised)	5,845,379	10,349,204
Closing balance 30 June	**35,417,568**	**30,346,930**
Land and buildings		
Opening balance 1 July	**380,776**	**379,801**
Additions and reclassification from property, plant and equipment	3,244	38,872
Depreciation	(13,279)	(12,720)
Loss included in other comprehensive income		
- Changes in fair value (unrealised)	-	(25,178)
Closing balance 30 June	**370,741**	**380,776**

(iii) Transfers between levels

There were no transfers between the fair value hierarchy levels.

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

There are no changes in the valuation techniques used for the period under review.

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

Property, plant and equipment item	Level	Valuation technique	Valuation: The 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	Desktop 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.	Not applicable	The replacement costs are based on a combination of the escalation of historical costs, observed trends in prices for new generation plants and proprietary 3rd party software. Furthermore, the following was considered: - Material costs - Asset age and assigned useful life - Historical performance and planned future use - Financing costs - Discount rate - NamPower's weighted average cost of capital (WACC) - Exchange rates - Relevant published indices and commodity prices	Increases in the cost of supply (equipment, materials, labour, etc) will increase the fair value and vice versa. A decrease in the assigned useful life will result in a reduced fair value measurement.

Property, plant and equipment item	Level	Valuation technique	Valuation: The description of valuation technique	Observable inputs	Significant unobservable inputs of level 3 item	Inter-relationship between key unobservable inputs and fair value measurement
Transmission and distribution systems	3	Depreciated replacement cost (DRC) method	Desktop 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. The MEA approach is used where the equipment is broken down into the following major components: - Overhead lines; - Switchgear; - Transformers; - Reactive compensation equipment; and - Control and Communications equipment. The approach revaluates each asset individually based on the age of the asset and consequently the probable remnant life to apply the straight line depreciation method.	Not applicable	The following were considered: - Ancillary costs - Labour costs - Material costs - Ex. Works pricing - Depreciation - Probable remnant lives - Useful lives policies - Maximum lives of equipment types - Namibian Network Assessment Register (NENA) database for the distribution assets - Exchange rates	An increase in labour and materials costs would result in an increase in the fair value and vice versa. A decrease in maximum lives results in a decrease in fair value and vice versa.
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	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).	Not applicable	Capitalisation rate 11.5% (2021: 11.5%) Expected market rental growth 2-3% (2021: -2%)	The estimated fair value would increase (decrease) if:

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Property, plant and equipment item	Level	Valuation technique	Valuation: The description of valuation technique	Observable inputs	Significant unobservable inputs of level 3 item	Inter-relationship between key unobservable inputs and fair value measurement
Land and buildings	3	Investment method	This method is based on the hypothesis that capital value will be a function of rental value.	Not applicable	Risk adjusted discount rates 7-12% (2021: 5-8%)	• Expected market rental growth was higher (lower); • The risk-adjusted discount rate was lower (higher).
Land and buildings	3	Direct Comparable Approach	Compares the subject properties characteristics with those of comparable properties which have recently sold in similar transactions.	Not applicable	Expected vacancy rate 5-8% (2021: 7-10%)	• Void periods were shorter (longer); • The occupancy rate was higher (lower);
Land and buildings	3	Replacement value method	The market value is estimated by sworn appraisers where no ready market exists.	Not applicable	Expenses 22% (2021: 15-22%)	• 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 strategc inventory by applying escalations for the individual equipment type and market movements based on indices relevant to that asset grouping.	Not applicable	The replacement costs for the equipment is based on costs from purchases and are indexed from this date to obtain the current market rate. -Cost Price Adjustment (CPA) formulas -Respective indices Consumer price index (CPI)	An increase in labour and materials costs would result in an increase in the fair value and vice versa. An increase in commodity price would result in an increase in fair value.

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

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.

An 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.

	2022		2021	
	1% decrease in US$ and Equipment cost		1% decrease in US$ and Equipment cost	
	- 1% Labour cost	+ 1% Labour cost	- 1% Labour cost	+ 1% Labour cost
Ruacana power station	7,765,135	7,796,196	6,599,761	6,723,464
Van Eck power station	1,296,669	1,300,671	1,225,152	1,249,903
Anixas power station	524,638	526,889	484,086	490,980
Distribution lines	580,078	582,599	751,487	752,619
Transmission lines	17,201,347	17,294,095	14,023,294	14,044,420
Transmission substations	6,938,384	6,963,814	6,863,103	6,873,442
Strategic inventory	727,677	730,286	671,136	672,147

	1% decrease in US$ and Equipment cost		1% decrease in US$ and Equipment cost	
	- 1% Labour cost	+ 1% Labour cost	- 1% Labour cost	+ 1% Labour cost
Ruacana power station	7,495,046	7,525,327	6,519,762	6,641,963
Van Eck power station	1,256,112	1,260,035	1,203,354	1,227,665
Anixas power station	510,940	513,158	476,686	483,443
Distribution lines	572,103	574,625	740,255	741,375
Transmission lines	17,002,717	17,095,465	13,813,696	13,834,598
Transmission substations	6,890,146	6,915,576	6,760,524	6,770,754
Strategic inventory	715,627	718,232	661,105	662,105

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).

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

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)
- Understanding the valuation methodologies and sources of inputs and verifying their suitability for IFRS reporting requirements

6.10 Impairment loss

During the 2022 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 Nil (2021: N$111.3 million) principally on its transmission assets.

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 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.

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES

7.1 Subsidiary companies

	Nature of operation	Country of incorporation	Date of incorporation	Issued Share Capital	Percentage holding	Percentage holding	Shares at Cost	Shares at Cost	Total Investment	
					2022	2021	2022	2021	2022	2021
				N$	%	%	N$'000	N$'000	N$'000	N$'000
Name										
Directly held										
* Capricorn Power Supply (Pty) Ltd	Dormant	Republic of Namibia	25/02/1999	2,500	100	100	2	2	2	2
Less: impairment of investment				-	-	-	(2)	(2)	(2)	(2)
							-	-	-	-

* The subsidiary is dormant and thus not considered for consolidation purposes.

Director's valuation

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

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (Continued)

7.2 Associates

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Carrying amount of associates				
Carrying amount at beginning of year	**607,970**	580,563	**221,279**	221,279
Equity accounted earnings	**11,346**	27,846	**-**	-
Share of other comprehensive income of associates - gain on property valuation	**204,773**	-	**-**	-
Share of other comprehensive income of associates - remeasurement of employee benefits	**-**	(439)	**-**	-
	824,089	607,970	**221,279**	221,279
Post-acquisition reserves				
Retained earnings	**366,911**	150,792		
Share of opening retained earnings	**150,792**	123,385		
Share of current year income	**216,119**	27,407		
Non-distributable reserves	**457,178**	457,178		
Share of opening revaluation and development reserve	**457,178**	457,178		
	824,089	607,970		

7.3 The summarised unaudited financial statements of Nored Electricity (Pty) Ltd are as follows:

	CONSOLIDATED	
	2022	**2021**
	N$'000	**N$'000**
Statement of financial position		
Non current assets	**2,491,363**	2,466,084
Current assets	**246,136**	227,225
Non current liabilities	**(923,426)**	(899,159)
Current liabilities	**(477,332)**	(364,209)
	1,336,741	1,429,941
Statement of comprehensive income		
Revenue	**1,110,272**	1,158,647
Expenditure	**(1,122,477)**	(1,109,600)
(Loss)/Profit before taxation	**(12,205)**	49,047
(Loss)/Profit from continuing operations for the year	**(12,205)**	49,047
Total comprehensive (loss)/income	**(12,205)**	49,047

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.

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES (Continued)

7.4 The summarised unaudited financial statements of Central-North Electricity Distribution Company (Pty) Ltd (Cenored) are as follows:

	CONSOLIDATED	
	2022	2021
	N$'000	N$'000
Statement of financial position		
Non current assets	**675,220**	674,794
Current assets	**188,562**	160,688
Non current liabilities	**(217,494)**	(186,345)
Current liabilities	**(159,397)**	(185,846)
	486,891	463,291
Statement of comprehensive income		
Revenue	**647,302**	611,767
Expenditure	**(616,040)**	(585,948)
Profit before taxation	**31,262**	25,819
Taxation	**-**	(459)
Profit from continuing operations for the year	**31,262**	25,360
Other comprehensive income	**-**	(974)
Total comprehensive income	**31,262**	24,386

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.

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

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

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.

The Group holds no other interest in associates.

8. INVESTMENT PROPERTIES

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Opening balance	**17,048**	19,105	**17,048**	19,105
Fair value adjustment	**233**	(2,057)	**233**	(2,057)
Transfer from land and buildings	**1,192**	-	**1,192**	-
Closing balance	**18,473**	17,048	**18,473**	17,048

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 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 oligation 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 2022 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$18.5 million (2021: N$17.0 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	**17,048**	19,105	**17,048**	19,105
Additions and reclassification from property, plant and equipment	**1,192**	-	**1,192**	-
Gain included in 'other income'				
- Changes in fair value (unrealised)	**233**	(2,057)	**233**	(2,057)
Closing balance	**18,473**	17,048	**18,473**	17,048

8. INVESTMENT PROPERTIES (continued)

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 estimated fair value would increase (decrease) if:**	
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 remain unchanged for commercial and residential properties at 11.5% (2021: 11.5%)	• 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.	• Expected market rental growth: Commercial and residential properties 2-3% (2021: -2%)	• Expected market rental growth were higher (lower);	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
The method calculates the market value by comparing the property's characteristics with those of comparable properties which have recently sold in similar transactions.	• Void periods (Commercial properties average 1 months and residential properties average 1 month after the end of each lease)	• Void periods were shorter (longer);	
	• Occupancy rate - Commercial: 100% (2021: 100%) and Residential: 85% (2021: 70%)	• The occupancy rate were higher (lower);	
	• Rent-free periods (Nil)	• Rent-free periods were shorter (longer); or	
	• Risk-adjusted discount rates: Commercial and residential properties 7-12% (2021: 5-8%)	• The risk-adjusted discount rate were lower (higher).	

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	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Computer software - purchased				
Opening carrying amount - 1 July	**29,356**	19,559	**29,356**	19,559
- At cost	**133,648**	114,900	**133,648**	114,900
- Accumulated amortisation and accumulated impairment	**(104,292)**	(95,341)	**(104,292)**	(95,341)
Additions	**637**	199	**637**	199
Transfer from property, plant and equipment (purchased software)	**2,305**	18,549	**2,305**	18,549
Amortisation	**(12,160)**	(8,951)	**(12,160)**	(8,951)
Closing carrying amount - 30 June	**20,138**	29,356	**20,138**	29,356
- At cost	**136,590**	133,648	**136,590**	133,648
- Accumulated amortisation and accumulated impairment	**(116,452)**	(104,292)	**(116,452)**	(104,292)

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 2022 is an amount of N$1.8 million related to the upgrade of the Powercloud with a remaining amortisation period of 5 years.

10. LOANS RECEIVABLE

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Employee loans	**2,842**	2,707	**2,842**	2,707
Loan to the Alten Solar Power (Hardap) Pty Ltd	**17,559**	16,109	**17,559**	16,109
- Expected credit losses	**(41)**	(649)	**(41)**	(649)
	20,360	18,167	**20,360**	18,167

The fair value amount of the loans receivable for Alten Solar Power (Hardap) Pty Ltd amount to N$15.9 million (2021: N$15.0 million).

The fair value was based on a rate of 14.5% for the Alten Solar Power (Hardap) Pty Ltd.

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 Alten Solar Power (Hardap) Pty Ltd

The Company appoved a loan to Alten Solar Power (Pty) Ltd amounting to N$9.8 million for the construction of the transmission connection facilities for 37MW 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		
	2022 N$'000	2021 N$'000 *Restated	2020 N$'000 *Restated	2022 N$'000	2021 N$'000 *Restated	2020 N$'000 *Restated
Non-current investments	**2,373,659**	1,587,554	1,773,153	**2,373,659**	1,587,554	1,773,153
Debt instruments and fixed deposits at amortised cost	**2,229,022**	1,417,483	1,644,287	**2,229,022**	1,417,483	1,644,287
- Expected credit losses	**(3,567)**	(2,705)	(44,364)	**(3,567)**	(2,705)	(44,364)
Inflation linked bonds: FVTOCI - designated	**90,670**	128,244	124,218	**90,670**	128,244	124,218
- Expected credit losses	**(237)**	(333)	-	**(237)**	(333)	-
Investment in unlisted equities: FVTOCI - designated	**57,771**	44,865	49,012	**57,771**	44,865	49,012
Erongored (Pty) Ltd	**29,202**	26,678	31,704	**29,202**	26,678	31,704
Alten Solar Power (Hardap) Pty Ltd	**28,569**	18,187	17,308	**28,569**	18,187	17,308
Current investments	**5,340,527**	7,370,908	7,482,539	**5,340,527**	7,370,908	7,482,539
FVTOCI - designated						
- Listed equity: Sanlam shares	**1,335**	1,550	1,488	**1,335**	1,550	1,488
- Inflation linked bonds: FVTOCI - designated	**44,908**	-	-	**44,908**	-	-
- Expected credit losses	**(38)**	-	-	**(38)**	-	-
Financial assets mandatorily measured at FVTPL						
- collective investment schemes	**2,083,683**	2,305,085	2,142,115	**2,083,683**	2,305,085	2,142,115
- Money market funds	**1,915,834**	2,054,462	1,535,387	**1,915,834**	2,054,462	1,535,387
Debt instruments, fixed deposits and treasury bills at amortised cost	**1,296,637**	3,013,127	3,829,190	**1,296,637**	3,013,127	3,829,190
- Expected credit losses	**(1,832)**	(3,316)	(25,641)	**(1,832)**	(3,316)	(25,641)
Total investments	**7,714,186**	8,958,462	9,255,692	**7,714,186**	8,958,462	9,255,692

* Certain amounts shown here do not correspond to the 2020 and 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

11. INVESTMENTS (continued)

The fair value amount of the debt instruments measured at amortised cost approximate N$1.7 billion (2021: N$1.6 billion).

The fair value amount of the fixed deposits measured at amortised cost approximate N$1.8 billion (2021: N$2.4 billion).

The fair value amount of the treasury bills measured at amortised cost approximate N$98.4 million (2021: N$515.8 million).

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. Dividends of Nil (2021: N$811 thousand) were received from these unlisted investments for the period under review.

The current and non-current investments split were determined based on the underlying maturity dates.

(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 2021	**44,865**
Total gains or losses:	
– In other comprehensive income	12,906
Balance at 30 June 2022	**57,771**

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	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.

Sensitivity analysis

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

	CONSOLIDATED AND COMPANY			
	2022		2021	
	Increase	Decrease	Increase	Decrease
	N$'000	N$'000	N$'000	N$'000
Erongored (Pty) Ltd:				
1% change in discount rate	**27,632**	30,962	**25,573**	27,889
1% change in growth rate	**30,049**	28,444	**27,156**	26,242
Alten Solar Power (Hardap) Pty Ltd:				
1% change in cost of equity	**26,535**	30,869	**16,946**	19,589

Investments at amortised cost of Nil (2021: N$77.7 million) have been encumbered and act as security for long-term loans (refer note 17.1.1).

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

12. INVENTORIES

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Maintenance spares and consumables	**25,574**	24,592	**25,574**	24,592
Fuel and coal	**60,489**	89,654	**60,489**	89,654
	86,063	114,246	**86,063**	114,246

No inventory was pledged as security.
There are no items of inventory that are stated at net realisable value.
Inventory amounting to N$7.2 million (2021: N$5.3 million) was recognised in administrative expenses in profit or loss.

13. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED			COMPANY		
	2022	2021	2020	2022	2021	2020
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
		*Restated	*Restated		*Restated	*Restated
Financial instruments:						
Trade receivables at amortised cost	**1,275,454**	892,590	1,382,758	**1,275,454**	892,590	1,382,758
- Gross receivables	**1,984,397**	1,567,819	2,120,407	**1,984,397**	1,567,819	2,120,407
- Expected credit losses	**(708,943)**	(675,229)	(737,649)	**(708,943)**	(675,229)	(737,649)
Non-financial instruments:						
Prepayments	**271,857**	183,952	39,939	**271,857**	183,952	39,939
Project and other advances	**1,004**	437	749	**1,004**	437	749
Other receivables *	**33,591**	12,320	31,534	**33,591**	12,320	31,534
Total trade and other receivables	**1,581,906**	1,089,299	1,454,980	**1,581,906**	1,089,299	1,454,980

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	**1,275,454**	892,590	1,382,758	**1,275,454**	892,590	1,382,758
Non-financial instruments	**306,452**	196,709	72,222	**306,452**	196,709	72,222
	1,581,906	1,089,299	1,454,980	**1,581,906**	1,089,299	1,454,980

* Certain amounts shown here do not correspond to the 2020 and 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

Expected credit losses (ECL) of N$34.1 million raised (2021: N$61.5 million - reversed) in respect of trade receivables were recognised in profit or loss.

The carrying amount of the trade receivables disclosed above approximates its fair value due to its short-term nature. In addition, the carrying amounts do not include a significant financing component.

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
- 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 from date of invoice.

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.

- 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 the loss rate approach was applied to Category B, 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.

13. TRADE AND OTHER RECEIVABLES (continued)

The following macro-economic factors were used as independent variables for the regression analysis:

- Gross Domestic Product Annual Growth Rate;
- Prime lending interest rate and
- Inflation rate (CPI)

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.

30 June 2022	**Impairment Analysis: Trade receivables – days past due** Not past due N$'000	30 days past due N$'000	60 days past due N$'000	90 days past due N$'000	Total N$'000
Collectively assessed for impairment: Category A Customers - Electricity transmission customers [1]					
Expected credit loss rate (%)	1.76%	7.55%	15.00%	90.10%	
Net carrying amount at default [2]	374,843	99,967	83,908	269,600	828,318
Loss allowance	6,605	7,543	12,586	242,901	269,635
Collectively assessed for impairment: Category B Customers - Electricity cross border customers					
Expected credit loss rate (%)	69.72%	69.72%	69.72%	69.72%	
Net carrying amount at default [2]	24,546	21,644	22,103	418,651	486,944
Loss allowance	17,114	15,092	15,411	291,903	339,520
Collectively assessed for impairment: Category C Customers - Electricity distribution customers					
Expected credit loss rate (%)	26.36%	26.36%	26.36%	26.36%	
Net carrying amount at default [2]	12,669	2,264	494	4,755	20,182
Loss allowance	3,340	597	130	1,253	5,320
Collectively assessed for impairment: Category D Customers - Government departments/ agents electricity customers					
Expected credit loss rate (%)	65.51%	65.51%	65.51%	65.51%	
Net carrying amount at default [2]	22,463	6,225	4,481	95,282	128,451
Loss allowance	14,716	4,078	2,935	62,420	84,149
Individually assessed for impairment: Category E Customers - Sundry					
Expected credit loss rate (%)	0.83%	81.07%	99.44%	5.51%	
Net carrying amount at default [2]	63,111	515	444	162,116	226,186
Loss allowance	526	418	442	8,933	10,319
Total loss allowance	**42,301**	**27,728**	**31,504**	**607,410**	**708,943**

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

[2] The Net carrying amount at default balance is the Trade Receivables Balance minus the corresponding Value Added Tax "VAT", the sum of the security deposits (cash and adjusted bank guarantees) and debtors with credit balances.

13. TRADE AND OTHER RECEIVABLES (continued)

30 June 2021	Impairment Analysis: Trade receivables – days past due				
	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 (%)	1.93%	6.60%	14.42%	91.08%	
Gross carrying amount at default	526,225	67,823	19,367	214,512	827,927
Loss allowance	10,164	4,477	2,792	195,383	212,816
Collectively assessed for impairment: Category B Customers - Electricity cross border customers					
Expected credit loss rate (%)	55.55%	84.49%	95.47%	98.10%	
Gross carrying amount at default	27,615	19,048	16,890	303,527	367,080
Loss allowance	15,341	16,093	16,124	297,751	345,309
Collectively assessed for impairment: Category C Customers - Electricity distribution customers					
Expected credit loss rate (%)	73.03%	73.03%	n/a	73.03%	
Gross carrying amount at default	25,348	2,147	-	7,805	35,300
Loss allowance	18,511	1,567	-	5,700	25,778
Collectively assessed for impairment: Category D Customers - Government departments/ agents electricity customers					
Expected credit loss rate (%)	58.18%	58.18%	58.18%	58.18%	
Gross carrying amount at default	34,058	7,426	1,119	106,293	148,896
Loss allowance	19,815	4,321	651	61,841	86,628
Individually assessed for impairment: Category E Customers - Sundry					
Expected credit loss rate (%)	1.52%	100%	100%	2.30%	
Gross carrying amount at default	46,259	28	1,197	120,381	167,865
Loss allowance	705	28	1,197	2,768	4,698
Total loss allowance	**64,536**	**26,486**	**20,764**	**563,443**	**675,229**

The loss allowance for trade and other receivables reconciles to the opening loss allowance for that provision as follows:

	CATEGORY A	CATEGORY B	CATEGORY C	CATEGORY D	CATEGORY E	TOTAL
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Reconciliation of movements in allowance for impairment						
Opening loss allowance as at 01 July 2020	**356,629**	**257,250**	**38,803**	**80,186**	**4,781**	**737,649**
(Decrease)/increase in loss allowance recognised in profit loss during the year	(143,813)	88,059	(12,381)	6,442	1,060	(60,633)
Receivables written off during the year as uncollectible	-	-	(644)	-	(1,143)	(1,787)
Opening loss allowance as at 01 July 2021	**212,816**	**345,309**	**25,778**	**86,628**	**4,698**	**675,229**
Increase/(decrease) in loss allowance recognised in profit loss during the year	56,819	(5,789)	(20,265)	(2,479)	5,836	34,122
Receivables written off during the year as uncollectible	-	-	(192)	-	(216)	(408)
Closing loss allowance as at 30 June 2022	**269,635**	**339,520**	**5,321**	**84,149**	**10,318**	**708,943**

14. CASH AND CASH EQUIVALENTS

	CONSOLIDATED			COMPANY		
	2022	2021	2020	2022	2021	2020
	N$'000	N$'000 * Restated	N$'000 * Restated	N$'000	N$'000 * Restated	N$'000 * Restated
Cash and cash equivalents consist of:						
Cash on hand	**62**	76	80	**62**	76	80
Call account - Long run marginal cost[1]	**309,849**	495,483	641,487	**309,849**	495,483	641,487
Bank balances	**831,083**	651,529	619,504	**831,083**	651,529	619,504
Short term deposits[2]	**617,294**	632,074	114,664	**617,294**	632,074	114,664
	1,758,288	1,779,162	1,375,735	**1,758,288**	1,779,162	1,375,735

* Certain amounts shown here do not correspond to the 2020 and 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.
[1] 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.
[2] Deposits at notice include call accounts. There are no restrictions on the funds which are managed according to the Group's investment policy statement.
The Group's exposure to credit, currency and interest rate risks related to cash and cash equivalents is disclosed in note 29.
The carrying amounts of cash and cash equivalents approximate its fair values, due to its liquid and short-term nature.

15. TAXATION

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Namibian company tax				
Current taxation	-	229,403	-	229,403
Current taxation - prior period adjustment	-	(377)	-	(377)
Deferred taxation	**590,188**	208,487	**590,188**	208,487
Taxation recognised in profit or loss	**590,188**	437,513	**590,188**	437,513
Taxation recognised in other comprehensive income	**1,882,730**	3,338,080	**1,882,730**	3,338,080
Total taxation	**2,472,918**	3,775,593	**2,472,918**	3,775,593
Tax rate reconciliation	**%**	%	**%**	%
Standard Tax Rate	**32.00**	32.00	**32.00**	32.00
Adjusted for:				
Social Responsibility	**(0.14)**	0.29	**(0.14)**	0.29
Donations	-	0.01	-	0.01
Other Items not deductible for tax purposes				
Legal fees not allowed for tax purposes	**(0.01)**	0.01	**(0.01)**	0.01
Dividends received	-	(0.02)	-	(0.02)
Short term insurance	**(0.05)**	0.06	**(0.05)**	0.06
Government grant	**0.79**	(1.17)	**0.79**	(1.17)
Capital contributions by customers	**1.79**	(1.20)	**1.79**	(1.20)
Deferred tax on assets with no tax values	**(1.86)**	1.18	**(1.86)**	1.18
Fair value adjustment on Investment property	-	0.04	-	0.04
Manufacturing deduction	-	(3.69)	-	(3.69)
Gains & losses on non-current financial instruments	**0.04**	(0.42)	**0.04**	(0.42)
Donated assets - Eskom	**(0.02)**	-	**(0.02)**	-
Prior year charge	-	(0.02)	-	(0.02)
Effective tax rate	**32.54**	27.07	**32.54**	27.07

	CONSOLIDATED			COMPANY		
2022	**Before tax**	**Tax expense (benefit)**	**Net of tax**	**Before tax**	**Tax expense (benefit)**	**Net of tax**
Remeasurements of employee benefit provisions	**(29,965)**	**9,589**	**(20,376)**	**(29,965)**	**9,589**	**(20,376)**
Share of other comprehensive income of associates	**(204,773)**	**-**	**(204,773)**	**-**	**-**	**-**
Valuation of listed equity instruments	**215**	**-**	**215**	**215**	**-**	**215**
Valuation of debt-instruments	**(10,607)**	**-**	**(10,607)**	**(10,607)**	**-**	**(10,607)**
Valuation of unlisted equity instruments	**(12,906)**	**-**	**(12,906)**	**(12,906)**	**-**	**(12,906)**
Revaluation of property, plant and equipment	**(5,779,581)**	**1,849,466**	**(3,930,115)**	**(5,779,581)**	**1,849,466**	**(3,930,115)**
Revaluation of strategic inventory	**(73,985)**	**23,675**	**(50,310)**	**(73,985)**	**23,675**	**(50,310)**
	(6,111,603)	**1,882,730**	**(4,228,873)**	**(5,906,829)**	**1,882,730**	**(4,024,099)**

2021						
Remeasurements of employee benefit provisions	12,055	(3,858)	8,197	12,055	(3,858)	8,197
Share of other comprehensive income of associates	439	-	439	-	-	-
Valuation of listed equity instruments	(61)	-	(61)	(61)	-	(61)
Valuation of debt-instruments	(5,584)	-	(5,584)	(5,584)	-	(5,584)
Valuation of unlisted equity instruments	4,147	-	4,147	4,147	-	4,147
Revaluation of property, plant and equipment	(10,477,669)	3,352,854	(7,124,815)	(10,477,669)	3,352,854	(7,124,815)
Revaluation of land	4,796	-	4,796	4,796	-	4,796
Revaluation of strategic inventory	34,114	(10,916)	23,198	34,114	(10,916)	23,198
	(10,427,763)	3,338,080	(7,089,683)	(10,428,202)	3,338,080	(7,090,122)

16. SHARE CAPITAL AND RESERVES

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	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 and fully paid share capital				
165 000 000 (2021: 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.

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.

(2021: 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. There are no restrictions on the distribution of the balance to the shareholders.

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. There are no restrictions on the distribution of the balance to the shareholders.

16.6 Capital Revaluation Reserve

The revaluation reserve relates to the increments and decrements on the revaluation of property, plant and equipment. There are no restrictions on the distribution of the balance to the shareholders.

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. There are no restrictions on the distribution of the balance to the shareholders.

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 Erongored (Pty) Ltd.

There are no restrictions on the distribution of the balance to the shareholders.

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 2022 Carrying amount N$'000	30 June 2022 Face value N$'000	30 June 2021 Carrying amount N$'000	30 June 2021 Face value N$'000
17.1.1 Development Bank of Southern Africa [2]	ZAR	9.82%	9.82%	2022	-	-	81,959	80,000
17.1.2 European Investment Bank - loan II [1]	GBP	3.00%	7.62%	2021	-	-	39,195	24,939
17.1.3 Development Bank of Namibia [3]	NAD	Prime less 4.5%	Prime less 4.5%	2024	**12,878**	**12,878**	16,738	16,738
17.1.4 European Investment Bank - loan III [3]	ZAR	9.26%	9.26%	2029	**169,340**	**164,887**	191,919	186,872
17.1.5 Agence Francaise de Development II [3]	ZAR	6.10%	6.10%	2027	**124,560**	**121,324**	147,207	143,382
17.1.6 KFW Bankengruppe II [3]	ZAR	6.98%	6.98%	2021	-	-	19,412	19,024
17.1.7 KFW Bankengruppe III [3]	ZAR	8.26%	8.26%	2027	**223,735**	**218,414**	264,344	258,126
					530,513	**517,503**	760,774	729,081
Less: Instalments payable within one year transferred to current liabilities					**523,721**	**510,711**	244,610	213,557
					6,792	**6,792**	516,164	515,524

[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 Nil (2021: N$77.7 million) excluding accrued interest 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.
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

Loan covenants prescribe for certain key financial ratios to be met. The Company reported a Debt Service Coverage Ratio (DSCR) of [1.01/1.16x], and thus did not fulfil the minimum DSCR of 1.3x as per the Covenants.

Due to this breach of the covenant clause, the lenders are entitled to request for immediate repayment of the outstanding loan amount of N$517.6 million or consider a waiver. The lenders had not requested early repayment of the loan as of the date when these financial statements were approved by the Board of Directors. Management has negotiated a waiver with the Lenders for the loan condition not to trigger an Event of Default and for the current loan conditions to remain unchanged.

The outstanding balance is presented as a current liability as of 30 June 2022.

18. DEFERRED REVENUE LIABILITIES

	NOTE	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000	COMPANY 2022 N$'000	COMPANY 2021 N$'000
Non-current liability					
Deferred revenue government grant: generation assets	18.1	**161,567**	170,431	**161,567**	170,431
Deferred revenue: Capital contributions received	18.3	**254,965**	202,963	**254,965**	202,963
Interest rate subsidy - EIB Loan III	18.2	**7,581**	9,997	**7,581**	9,997
Transfers of assets from customers	18.4	**674,451**	725,513	**674,451**	725,513
		1,098,564	1,108,904	**1,098,564**	1,108,904
Current liability					
Interest rate subsidy - EIB Loan III	18.2	**2,416**	2,749	**2,416**	2,749
Deferred revenue government grant: generation assets	18.1	**6,857**	6,857	**6,857**	6,857
Deferred revenue: Long-run marginal cost	18.5	**309,849**	495,483	**309,849**	495,483
Deferred revenue: Capital contributions received	18.3	**31,055**	56,084	**31,055**	56,084
Deferred revenue: Omburu PV	18.6	**328,542**	174,989	**328,542**	174,989
		678,719	736,162	**678,719**	736,162

18.1 Deferred revenue - government grants

18.1.1 Government grant - generation assets

Reconciliation of deferred revenue - government grant

	Consolidated 2022	Consolidated 2021	Company 2022	Company 2021
Opening balance	**177,288**	186,152	**177,288**	186,152
Recognised in profit or loss	**(8,864)**	(8,864)	**(8,864)**	(8,864)
Closing balance	**168,424**	177,288	**168,424**	177,288

The grant of N$250.0 million was received to subsidise the construction of Anixas Powerstation, 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 (2021: N$8.9 million) was recognised as income during the current year while the N$168.4 million (2021: N$177.3 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 Powerstation.

18.2 Interest rate subsidy - EIB Loan III

Reconciliation of deferred revenue - Interest rate subsidy

Opening balance	**12,746**	15,828	**12,746**	15,828
Recognised in profit or loss	**(2,749)**	(3,082)	**(2,749)**	(3,082)
Closing balance	**9,997**	12,746	**9,997**	12,746

An interest rate subsidy of N$65.9 million was received during the financial year ended 30 June 2010. EU-Africa Infrastructure Trust Fund ("ITF") 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$2.7 million (2021: N$3.1 million) was recognised as income during the current year whilst the remaining N$10.0 million (2021: N$12.7 million) represents deferred income and will be recognised over the period of the loan of 20 years.

18. DEFERRED REVENUE LIABILITIES (continued)

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.

	CONSOLIDATED		COMPANY	
	2022 N$'000	2021 N$'000	2022 N$'000	2021 N$'000
Opening balance	**259,047**	283,046	**259,047**	283,046
Additions in the current period	**119,845**	34,977	**119,845**	34,977
Recognised in profit or loss	**(92,872)**	(58,976)	**(92,872)**	(58,976)
Closing balance	**286,020**	259,047	**286,020**	259,047
Current	**31,055**	56,084	**31,055**	56,084
Non-current	**254,965**	202,963	**254,965**	202,963
	286,020	259,047	**286,020**	259,047

The Group expects that 11% (N$31.1 million) of the unsatisfied performance obligations as of 30 June 2022 will be recognised as revenue during the next reporting period. The remaining 89% (N$255 million) will be recognised in the financial periods from 2023 onwards.

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.

	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000	COMPANY 2022 N$'000	COMPANY 2021 N$'000
Opening balance	**725,513**	708,280	**725,513**	708,280
Payments received	**45,679**	69,376	**45,679**	69,376
Transfers to capital contributions	**(87,460)**	-	**(87,460)**	-
Project costs incurred	**(9,280)**	(52,143)	**(9,280)**	(52,143)
Closing balance	**674,451**	725,513	**674,451**	725,513

The Group expects that 19% (N$129.8 million) of the unsatisfied performance obligations as of 30 June 2022 will be recognised as transfers of assets from customers during the next reporting period. The remaining 81% (N$544.7 million) will be recognised in the financial periods from 2023 onwards.

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. 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. The year under review included N$50.0 million (2021: Nil) of the LRMC utilised as fuel cost subsidy for the Van Eck and Anixas Powerstations in respect of the 2021 financial year.

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Opening balance	**495,483**	641,487	**495,483**	641,487
Interest received	**21,238**	28,985	**21,238**	28,985
LRMC utilised - Van Eck and Anixas Powerstations fuel cost subsidy	**(50,000)**	-	**(50,000)**	-
LRMC utilised-Subsidy to Omburu PV	**(156,872)**	(174,989)	**(156,872)**	(174,989)
Closing balance	**309,849**	495,483	**309,849**	495,483

18.6 Deferred revenue: Omburu PV

The Group constructed a 20MW PV plant which was commissioned during the year under review. The Electricity Control Board approved an amount of N$342.0 million to be utilised from the LRMC towards the cost of the construction. The funds will be claimed as and when the Group incur the cost of construction. During the year under review, N$157.0 million (2021: N$175 million) was withdrawn from the LRMC fund with the approval of the ECB. Of these funds N$3.3 million (2021: Nill) was recognised as income during the current year while the N$328.5 million (2021: Nill) represents deferred income and will be recognised on a systematic basis over the useful life of the power plant.

19. DEFERRED TAX LIABILITIES

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Balance at the beginning of the year	**9,912,584**	6,366,393	**9,908,917**	6,362,727
Current charge recognised in profit or loss	**(624,025)**	189,493	**(624,025)**	189,493
Current year (loss)/profit	**(624,025)**	189,493	**(624,025)**	189,493
Temporary differences	**(483,686)**	189,493	**(483,686)**	189,493
Unused tax loss	**(140,339)**	-	**(140,339)**	-
Timing differences for current period recognised through profit/loss - additions with no tax value	**33,837**	19,063	**33,837**	19,063
Prior year error	**-**	(377)	**-**	(377)
Timing differences for current period recognised through profit/loss - decrease in PPE with no corresponding decrease in tax value	**-**	(68)	**-**	(68)
Current charge recognised in other comprehensive income	**1,882,730**	3,338,080	**1,882,730**	3,338,080
Balance at end of year	**11,205,126**	9,912,584	**11,201,459**	9,908,917
The balance comprises:				
Deferred tax liabilities	**11,829,966**	10,264,762	**11,826,299**	10,261,095
Deferred tax assets	**(624,840)**	(352,178)	**(624,840)**	(352,178)
Total net deferred tax liability	**11,205,126**	9,912,584	**11,201,459**	9,908,917
Deferred tax liabilities:				
Deferred tax liabilities to be recovered after more than 12 months	**11,824,028**	10,261,325	**11,820,361**	10,257,658
Deferred tax liability to be recovered within 12 months	**5,938**	3,437	**5,938**	3,437
	11,829,966	10,264,762	**11,826,299**	10,261,095
Deferred tax assets:				
Deferred tax assets to be recovered after more than 12 months	**(624,840)**	(352,178)	**(624,840)**	(352,178)
	(624,840)	(352,178)	**(624,840)**	(352,178)

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Property, plant and equipment	**11,530,200**	9,858,460	**11,526,533**	9,854,793
Strategic inventory	**234,201**	213,318	**234,201**	213,318
Prepayments	**5,938**	3,437	**5,938**	3,437
Inventories	**6,447**	8,970	**6,447**	8,970
Unused tax loss	**(140,339)**	-	**(140,339)**	-
Expected credit losses on investments	**(1,815)**	(2,033)	**(1,815)**	(2,033)
Severance pay liability	**(18,033)**	(21,541)	**(18,033)**	(21,541)
Fair value swaps, loans and unrealised foreign exchange losses	**53,180**	(35,178)	**53,180**	(35,178)
Retention creditors	**(26,648)**	(5,813)	**(26,648)**	(5,813)
Post retirement medical benefit	**(70,748)**	(72,526)	**(70,748)**	(72,526)
Power purchase and power sales agreement- embedded derivative	**(141,554)**	180,577	**(141,554)**	180,577
Provisions and advance payments	**(63,530)**	(59,863)	**(63,530)**	(59,863)
Trade receivables	**(162,173)**	(155,224)	**(162,173)**	(155,224)
The balance comprises:	**11,205,126**	9,912,584	**11,201,459**	9,908,917

	Property, plant and equipment	Employee benefits	Embedded derivative	Provisions	Trade receivable	Other	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Movements - Deferred tax assets							
At 1 July 2020	**-**	**(63,706)**	**(253,395)**	**(76,339)**	**(172,373)**	**(27,082)**	**(592,895)**
(Charged)/credited							
- to profit or loss	-	-	253,395	16,476	17,149	(15,942)	271,078
- to other comprehensive income	-	(30,361)	-	-	-	-	(30,361)
At 1 July 2021	**-**	**(94,067)**	**-**	**(59,863)**	**(155,224)**	**(43,024)**	**(352,178)**
(Charged)/credited							
- to profit or loss	-	-	-	(3,667)	(6,949)	(267,332)	(277,947)
- to other comprehensive income	-	5,286	-	-	-	-	5,286
At 30 June 2022	**-**	**(88,781)**	**-**	**(63,530)**	**(162,173)**	**(310,356)**	**(624,840)**
Movements - Deferred tax liabilities							
At 1 July 2020	**6,882,616**	**-**	**-**	**-**	**-**	**73,006**	**6,955,622**
(Charged)/credited							
- to profit or loss	-	-	180,577	-	-	(60,599)	119,978
- to other comprehensive income	3,185,495	-	-	-	-	-	3,185,495
At 1 July 2021	**10,068,111**	**-**	**180,577**	**-**	**-**	**12,407**	**10,261,095**
(Charged)/credited							
- to profit or loss	-	-	-	-	-	106,781	106,781
- to other comprehensive income	1,458,422	-	-	-	-	-	1,458,422
At 30 June 2022	**11,526,533**	**-**	**180,577**	**-**	**-**	**119,189**	**11,826,299**

20. TRADE AND OTHER PAYABLES

	CONSOLIDATED			COMPANY		
	2022	2021	2020	2022	2021	2020
	N$'000	N$'000 *Restated	N$'000 *Restated	N$'000	N$'000 *Restated	N$'000 *Restated
Financial instruments:						
Trade payables	**1,083,228**	957,438	871,133	**1,083,236**	957,446	871,141
Value Added Tax	**12,512**	42,066	71,467	**12,512**	42,066	71,467
Retention creditors	**2,505**	556	2,231	**2,505**	556	2,231
Non-financial instruments:						
Leave and bonus accruals	**158,159**	165,851	154,642	**158,159**	165,851	154,642
Total trade and other payables	**1,256,404**	1,165,911	1,099,473	**1,256,412**	1,165,919	1,099,481

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	**1,098,245**	1,000,060	944,831	**1,098,253**	1,000,068	944,839
Non-financial instruments	**158,159**	165,851	154,642	**158,159**	165,851	154,642
	1,256,404	1,165,911	1,099,473	**1,256,412**	1,165,919	1,099,481

* Certain amounts shown here do not correspond to the 2020 and 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.
The Group's exposure to liquidity and currency risks related to trade and other payables are disclosed in note 29.
The carrying amounts of trade and other payables approximate its fair values, due to their short-term nature.

20.2 Leave and bonus accruals

The Group accrues for leave pay and bonuses for all employees. The values at 30 June 2022 for leave accruals were N$138.1 million (2021: N$144.6 million) and bonus accruals were N$20.1 million (2021: N$21.2 million) 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.

20.3 Related party payables

Trade and other payables due to related parties have been disclosed in note 27.

20.4 Retention creditors

Non-Current	**80,772**	17,610	**80,772**	17,610
Current (included in trade payables)	**2,505**	556	**2,505**	556
	83,277	18,166	**83,277**	18,166

This represents retentions held by the Company in respect of defect clauses in contracts with suppliers.

21. DERIVATIVES

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
21.1 Derivative asset				
Forward exchange contract assets	**51,139**	1,061	**51,139**	1,061
Interest rate and cross currency swaps	**-**	5,781	**-**	5,781
Valuation firm commitments	**-**	160	**-**	160
Current: Embedded derivative - Power Purchase Agreement (PPA)	**-**	564,304	**-**	564,304
	51,139	571,306	**51,139**	571,306
21.2 Derivative liabilities				
Valuation firm commitments	**527**	-	**527**	-
Current: Embedded derivative - Power Purchase Agreement (PPA)	**442,356**	-	**442,356**	-
	442,883	-	**442,883**	-

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 termination days ranging from 20 June 2018 to 15 September 2022. Refer to note 17 for the hedged loan repayment 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.

21. DERIVATIVES (continued)

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 2022				
Input	**Unit**	**30-Jun-23**	**30-Jun-24**	**30-Jun-25**	**30-Jun-26**	**30-Jun-27**
US CPI	% YOY	2.82 %	2.53 %	2.48 %	2.34 %	2.26 %
US PPI - ZESCO 100MW	% YOY	3.30 %	2.42 %	2.38 %	2.25 %	2.17 %
US PPI - ZESCO 80MW	% YOY	3.14 %	2.39 %	2.35 %	2.22 %	2.14 %
USD:ZAR	rate	16.925	17.795	18.889	19.967	21.265
US Interest Rate	%	3.05 %	3.03 %	2.89 %	2.83 %	2.81 %
SA Interest Rate	%	6.70 %	7.39 %	7.73 %	7.93 %	8.11 %

22. EMPLOYEE BENEFIT PROVISIONS

	CONSOLIDATED		COMPANY	
	2022	**2021**	**2022**	**2021**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Post retirement medical benefits	**221,089**	226,644	**221,089**	226,644
Severance pay liability	**56,352**	67,316	**56,352**	67,316
	277,441	293,960	**277,441**	293,960

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.

Responsibility for governance of the defined benefit plans lies with the Group.

The present value of the provision at 30 June 2022, as determined by an actuarial valuation, was N$221.1 million (2021: N$226.6 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 15 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$157.9 million (2021: N$143.4 million) in contributions to the defined benefit plans in 2023.

Membership Data

The table below provides a summary of details for the members.

	CONSOLIDATED		COMPANY	
	2022	**2021**	**2022**	**2021**
Current (in service) employees				
Number of active employees	**320**	337	**320**	337
Subsidy weighted average age	**54.4**	53.6	**54.4**	53.6
Subsidy weighted average past service	**27.1**	26.4	**27.1**	26.4
Average monthly subsidy payable during retirement (N$)	**4,460**	4,530	**4,460**	4,530
Average monthly subsidy payable during retirement (N$)				
Continuation members (pensioners):				
Number of continuation members	**147**	153	**147**	153
Subsidy weighted average age	**70.4**	70.3	**70.4**	70.3
Average monthly subsidy (N$)	**4,230**	4,490	**4,230**	4,490
Liability for defined benefit obligations				
The following were the principal actuarial assumptions at the reporting date:				
Discount rate at 30 June (%)	**13.09**	12.04	**13.09**	12.04
Medical cost trend rate (%)	**10.09**	9.14	**10.09**	9.14
Consumer price inflation (%)	**8.59**	7.64	**8.59**	7.64
Net effective discount rate	**2.73**	2.66	**2.73**	2.66

Discount Rate

The nominal and real zero yield curves as at 30 June 2022, supplied by the Johannesburg Stock Exchange (JSE) were used to determine the discount rate and consumer price inflation. These yield curves were used because there is not a deep market in government bonds in the Republic of Namibia. To determine the discount rate to use, the implied duration obtained was used to match it with a point on the yield curve.

The implied duration used to value the liabilities was calculated to be 15.3 (2021: 15.2) years.

The net effective discount rate is based on the relationship between the (yield curve based) discount rate for the relevant duration and the (yield curve based) medical aid inflation for the relevant duration.

22. EMPLOYEE BENEFIT PROVISIONS (continued)

Medical Aid Inflation

The underlying future rate of consumer price index inflation (CPI inflation) was derived from the point on the yield curve which matches the implied duration of the liability. The assumed rate of medical aid inflation was set as the calculated value of CPI plus 1.5%.

Namibia has experienced high healthcare cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical schemes contribution inflation outstripped general CPI by almost 3% year on year. The Group does not believe that these increases are sustainable and have assumed that medical aid contribution inflation would outstrip general inflation by 1.5% per annum over the foreseeable future.

Mortality Rates

Assumptions regarding future mortality have been based on published statistics and mortality tables. Mortality before retirement has been based on the SA 85-90 mortality tables and mortality post-employment has been based on the PA (90) ultimate mortality tables. These are the most commonly used tables in the industry.

The current longevities underlying the values of the defined medical benefit liability at the reporting date were as follows:

	CONSOLIDATED AND COMPANY	
	2022	**2021**
Longevity (years) at age 65		
Males	**11.2**	11.2
Females	**16.1**	16.1

Spouses and Dependants

The marital status of members who are currently married were assumed to remain the same up to retirement. It was also assumed that 90% of all single male and female employees would be married at retirement with no dependent children. Where necessary it was assumed that female spouses would be 5 years younger than their male spouses at retirement.

Comparison with preceding valuation

Membership changes

	30-06-2022 Valuation	30-06-2021 Valuation	% Change
Changes to in service membership as at the valuation dates:			
Number of active employees	**320**	337	-5.0%
Subsidy weighted average age	**54.40**	53.60	1.5%
Subsidy weighted average past service	**27.10**	26.44	2.5%
Average monthly subsidy payable during retirement (N$)	**4,460**	4,530	-1.5%
Changes to continuation membership (pensioners' membership) as at the valuation dates:			
Number of principal members	**147**	153	-3.9%
Subsidy weighted average age	**70.41**	70.33	0.1%
Average monthly subsidy (N$)	**4,230**	4,490	-5.8%
Changes in valuation assumptions as at the valuation dates:			
Financial variable			
Discount rate	**13.09%**	12.04%	8.8%
Consumer price inflation	**8.59%**	7.64%	12.5%
Medical aid Inflation	**10.09%**	9.14%	10.4%
Net effective discount rate	**2.73%**	2.66%	2.6%

22. EMPLOYEE BENEFIT PROVISIONS (continued)

22.1.2 Movements in the net liability for defined benefit obligations recognised in the statement of financial position

	CONSOLIDATED		COMPANY	
	2022 N$'000	2021 N$'000	2022 N$'000	2021 N$'000
Net liability for defined obligations as at 1 July	**226,644**	199,081	**226,644**	199,081
Interest cost	**27,266**	27,776	**27,266**	27,776
Current service costs	**4,559**	4,279	**4,559**	4,279
Benefits paid				
- Employer	**(1,001)**	(4,074)	**(1,001)**	(4,074)
- Continuation members	**(5,399)**	(2,193)	**(5,399)**	(2,193)
Remeasurements				
- Gain from economic assumptions	**(2,189)**	22,664	**(2,189)**	22,664
- (Gain)/loss from experience	**(28,790)**	(20,889)	**(28,790)**	(20,889)
Net liability for defined obligations as at 30 June	**221,089**	226,644	**221,089**	226,644

The main reasons for the actuarial loss can be attributed to the following factors:

Over the past year interest rates, bond yields and inflation figures have changed. These changes caused the net effective discount rate to increase which resulted in a decrease in the liability.

During the year under review there have been some changes in membership data and other experience items. There has been a decrease of 5% in the number of in-service members and a increase of 4.1% in the number of continuation members. This, together with a number of changes in marital statuses of the continuation members, resulted in a decrease in the liability.

	2022 N$'000	2021 N$'000	2022 N$'000	2021 N$'000

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

Discount Rate	**-1% discount rate**		**+1% discount rate**	
Defined benefit obligation	**252,786**	259,706	**195,045**	199,609
Service cost	**5,558**	5,495	**3,936**	3,816
Interest cost	**30,688**	28,724	**27,462**	25,937
Medical Aid Inflation	**-1% medical aid inflation**		**+1% medical aid inflation**	
Defined benefit obligation	**194,180**	198,729	**253,417**	260,339
Service cost	**3,913**	3,792	**5,576**	5,513
Interest cost	**25,398**	23,840	**33,310**	31,403
Consumer Price Inflation (CPI)	**-1% consumer price inflation**		**+1% consumer price inflation**	
Defined benefit obligation	**194,180**	198,729	**253,417**	260,339
Service cost	**3,913**	3,792	**5,576**	5,513
Interest cost	**25,398**	23,840	**33,310**	31,403
Mortality Rate	**-20% mortality rate**		**+20% mortality rate**	
Defined benefit obligation	**241,868**	248,097	**204,200**	209,237
Service cost	**5,145**	5,046	**4,256**	4,158
Interest cost	**31,713**	29,850	**26,783**	25,172

Risk Exposure

Through its post retirement medical benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

Discount Rate

The value of the liability is directly dependent on the discount rate, as a change in discount rate will result in the liabilities being discounted more or less than the current assumed value.

Medical Aid Inflation

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

Consumer Price Inflation (CPI)

The value of the liability is directly dependent on the rate of CPI, as the level at which the liabilities grow are directly linked to CPI.

Mortality Rate

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

22. EMPLOYEE BENEFIT PROVISIONS (continued)

	CONSOLIDATED		COMPANY	
	2022 N$'000	2021 N$'000	2022 N$'000	2021 N$'000
The total liability for key management is given below.				
Key Management	**2,623**	2,866	**2,623**	2,866
Expected maturity analysis of the post retirement medical benefits:				
Within one year	**7,932**	8,766	**7,932**	8,766
Between 1 - 5 years	**34,966**	38,386	**34,966**	38,386
More than 5 years	**178,191**	179,492	**178,191**	179,492
Total	**221,089**	226,644	**221,089**	226,644

22.1.3 Expense recognised in profit or loss

Current service costs	**4,559**	4,279	**4,559**	4,279
Interest cost	**27,266**	27,776	**27,266**	27,776
	31,825	32,055	**31,825**	32,055

The expense is included in the administrative expenses in profit or loss.

22.2 Severance pay liability

Present value of net obligations	**56,352**	67,316	**56,352**	67,316
Present value of unfunded obligations	**56,352**	67,316	**56,352**	67,316
Recognised liability for defined benefit obligations	**56,352**	67,316	**56,352**	67,316

Severance pay liability is recognised for employees retiring on reaching the age of 65 years or die while in employment.

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 the age of 65 years

Severance pay must be an amount equal to at least one week's remuneration for each year of continuous service with the employer.

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Membership data				
The table below provides a summary of details for the members.				
Current employees	**1,126**	1,210	**1,126**	1,210
Average annual salary (N$)	**601,114**	590,312	**601,114**	590,312
Salary weighted average past service (Years)	**14.20**	14.39	**14.20**	14.39

* Membership data for the year under review increased significantly to include additional employees eligible to receive death benefits.

22.2.1 Liability for severance pay obligations

The following were the principal actuarial assumptions at the reporting date:

Discount rate at 30 June (%)	**11.27**	8.22	**11.27**	8.22
Salary inflation rate at 30 June (%)	**9.00**	6.30	**9.00**	6.30
Investment return at 30 June	**11.27**	8.22	**11.27**	8.22
Net effective discount rate	**2.08**	1.81	**2.08**	1.81

Discount Rate

The nominal and real zero yield curves as at 30 June 2022, supplied by the Johannesburg Stock Exchange (JSE) were used to determine the discount rate and consumer price inflation. These yield curves were used because there is not a deep market in government bonds in Namibia. To determine the discount rate to use, the implied duration obtained was used to match it with a point on the yield curve.

The implied duration used was calculated to be 7.38 (2021: 6.07) years.

The net effective discount rate is based on the relationship between the (yield curve based) discount rate for the relevant duration and the (yield curve based) salary inflation for the relevant duration.

Salary Inflation

The underlying future rate of consumer price index inflation (CPI inflation) was derived from the point on the yield curve which matches the implied duration of the

liability. The assumed rate of salary inflation was set as the calculated value of CPI plus 1%.

Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry.

The current longevities underlying the values of the severance pay liability at the reporting date were as follows:

	Longevity (years) at age 65	Longevity (years) at age 65
Males	**11.20**	**15.28**
Females	**16.12**	**19.12**

22. EMPLOYEE BENEFIT PROVISIONS (continued)

The sensitivity of the severance pay obligation to changes in the weighted principal assumption are:

	2022 N$'000	2021 N$'000	2022 N$'000	2021 N$'000
Discount Rate	**-1% discount rate**		**+1% discount rate**	
Severance pay obligation	**60,503**	72,021	**52,650**	63,126
Service cost	**2,549**	2,895	**2,128**	2,428
Interest cost	**6,279**	5,088	**6,513**	5,656
Normal Salary Inflation	**-1% normal salary inflation**		**+1% normal salary inflation**	
Severance pay obligation	**52,545**	63,016	**60,553**	72,063
Service cost	**2,122**	2,422	**2,552**	2,897
Interest cost	**5,970**	5,033	**6,897**	5,797
Mortality Rate	**-20% mortality rate**		**+20% mortality rate**	
Severance pay obligation	**53,778**	64,986	**58,827**	69,554
Service cost	**2,129**	2,458	**2,509**	2,820
Interest cost	**6,123**	5,208	**6,685**	5,576

No sensitivity analysis was peformed on the investment return. The severance pay liability is 100% unfunded. No dedicated assets had been set aside to meet this liability in the future.

Risk Exposure

Through its post retirement medical benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below:

Discount Rate

The cost of the long service awards is dependent on the rate at which the future benefit payments are discounted at. This discount rate therefore has a direct effect on the level of the liabilities

Normal Salary Inflation

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability.

Mortality Rate

Deviations from the assumed level of mortality experience of the current employees will have a large impact on the actual cost to the Group. If the actual rate of mortality turns out higher than the rates assumed in the valuation basis, the cost to the Group will reduce and vice versa.

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000

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	**67,316**	54,702	**67,316**	54,702
Interest cost	**5,396**	4,579	**5,396**	4,579
Current service costs	**2,643**	1,657	**2,643**	1,657
Benefits paid	**(20,017)**	(3,902)	**(20,017)**	(3,902)
Actuarial loss/(gain) on obligation:				
- Financial assumptions	**(1,200)**	4,722	**(1,200)**	4,722
- Loss/(gain) from experience	**2,214**	5,558	**2,214**	5,558
Net liability for defined obligations as at 30 June	**56,352**	67,316	**56,352**	67,316

The main reasons for the actuarial loss can be attributed to the following factors:

Over the past year interest rates, bond yields and inflation figures changed significantly. This caused the net effective discount rate to increase. The net result was a higher net effective discount rate than expected and hence an overall decrease in the liability.

During the year under review, there were various changes in membership data. This, along with some other smaller assumption changes, resulted in a increase in liability.

Expected maturity analysis of the severance pay liability:

Within one year	**1,270**	5,984	**1,270**	5,984
Between 1 - 5 years	**23,774**	21,112	**23,774**	21,112
More than 5 years	**31,308**	40,220	**31,308**	40,220
Total	**56,352**	67,316	**56,352**	67,316

22.2.3 Expense recognised in the Group and Company statements of comprehensive income

Current service costs	**2,643**	1,657	**2,643**	1,657
Interest on obligation	**5,396**	4,579	**5,396**	4,579
	8,039	6,236	**8,039**	6,236

The expense is included in the administrative expenses in profit or loss.

22.3 Actuarial (gain)/loss recognised in other comprehensive income

Remeasurements of post-retirement medical benefits - actuarial (gain)/loss	**(30,979)**	1,775	**(30,979)**	1,775
Remeasurements of severance pay liability - actuarial loss	**1,014**	10,280	**1,014**	10,280
	(29,965)	12,055	**(29,965)**	12,055

23. CAPITAL COMMITMENTS

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Projects for Capital Expenditure				
Approved by Board of Directors	**13,002,390**	13,002,390	**13,002,390**	13,002,390
Less: Expenditure to 30 June	**(2,218,759)**	(1,577,921)	**(2,218,759)**	(1,577,921)
Amount still to be expended	**10,783,631**	11,424,469	**10,783,631**	11,424,469
Amounts contracted for year end	**1,324,546**	59,526	**1,324,546**	59,526
	1,324,546	59,526	**1,324,546**	59,526

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.

The contractual commitments relate to property, plant and equipment.

24. NET FINANCING INCOME

Recognised in profit or loss

	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000	COMPANY 2022 N$'000	COMPANY 2021 N$'000
Interest income on:	**551,773**	600,629	**551,773**	600,629
- Financial assets at amortised cost	**286,205**	498,537	**286,205**	498,537
- Financial assets at fair value through profit or loss	**265,568**	102,092	**265,568**	102,092
Interest costs on:	**(48,305)**	(83,117)	**(48,305)**	(83,117)
- Financial liabilities designated at fair value through profit or loss	**-**	(64,798)	**-**	(64,798)
- Financial liabilities mandatorily measured at fair value through profit or loss	**(205)**	(2,255)	**(205)**	(2,255)
- Financial liabilities at amortised cost	**(48,100)**	(16,064)	**(48,100)**	(16,064)
	(48,100)	(16,064)	**(48,100)**	(16,064)
	503,468	517,512	**503,468**	517,512

25. REVENUE AND OTHER INCOME

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).

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Disaggregation of revenue				
Per performance obligation				
Revenue Comprises				
Over time				
- Sales of electricity	**3,830,945**	3,664,242	**3,830,945**	3,664,242
- Services	**33,917**	34,243	**33,917**	34,243
- SAPP market sales	**51,317**	351,786	**51,317**	351,786
- Transfer of assets from customers - Capital contributions by customers	**95,863**	60,814	**95,863**	60,814
- Maximum demand	**932,649**	912,276	**932,649**	912,276
- Network charges	**776,415**	760,311	**776,415**	760,311
- Reliability Charges	**335,606**	333,538	**335,606**	333,538
- Losses Charges	**345,770**	330,427	**345,770**	330,427
- Other	**103,560**	102,270	**103,560**	102,270
	6,506,042	6,549,907	**6,506,042**	6,549,907
Per customer type				
Revenue Comprises				
Transmission customers				
- Sales of electricity	**3,476,520**	3,320,186	**3,476,520**	3,320,186
- Services	**12,991**	13,456	**12,991**	13,456
- Maximum demand	**744,982**	709,522	**744,982**	709,522
- Network charges	**776,211**	777,150	**776,211**	777,150
- Reliability Charges	**335,606**	333,538	**335,606**	333,538
- Losses Charges	**345,770**	330,427	**345,770**	330,427
- Other charges	**66,532**	64,197	**66,532**	64,197
- Transfer of assets from customers - Capital contributions by customers	**95,863**	60,814	**95,863**	60,814
	5,854,475	5,609,290	**5,854,475**	5,609,290
Support services customers				
- Sales of electricity	**343,808**	332,157	**343,808**	332,157
- Sales of electricity - prepaid	**10,617**	11,899	**10,617**	11,899
- Services	**20,926**	20,787	**20,926**	20,787
- Maximum demand	**187,667**	185,735	**187,667**	185,735
- Network charges	**204**	180	**204**	180
- SAPP market sales	**51,317**	351,786	**51,317**	351,786
- Other charges	**37,028**	38,073	**37,028**	38,073
	651,567	940,617	**651,567**	940,617
	6,506,042	6,549,907	**6,506,042**	6,549,907

25. REVENUE AND OTHER INCOME (continued)

Units sold at cents/kWh and income derived from the monthly basic charge payable by all power users.

SAPP market 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:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the entity recognises revenue from the satisfaction of the performance obligation in accordance with paragraph B16 of IFRS 15.

Judgements

The Group acts as Principal in the arrangement whereby Eskom directly supplies electricity to Orange River customers.The Group is primarily responsible for fulfilling the contract for the supply of electricity to customers on the banks of the Orange River.

The key judgements are as follows:

Customers on the banks of the Orange river 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.

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Other income comprises of:				
- Government grant	**44,619**	58,864	**44,619**	58,864
- Grant funding other	**491**	779	**491**	779
- Fibre optic lease revenue	**15,259**	7,350	**15,259**	7,350
- Sundry income	**25,015**	41,787	**25,015**	41,787
	85,385	108,780	**85,385**	108,780

Government grant comprises of N$12.2 million (2021: N$8.9 million) accrued in respect of generation asset and N$32.4 million (2021: N$50.0 million) LRMC accrued in respect of fuel cost of Van Eck and Anixas Power Stations that was included in the 2022 approved tariffs. The LRMC was allowed as part of NamPower's generation revenue to mitigate the impact of Covid-19 and provide relief to customers.

Fibre optic lease revenue comprises revenue received from fibre optic leasing arrangements with reference to the service level agreements with the counterparties in respect of managed services and dark fibre leases.

Sundry income includes rent received, scrap sales and license renewal of electrical contractors.

26. PROFIT BEFORE TAXATION

	CONSOLIDATED		COMPANY	
	2022	**2021**	**2022**	**2021**
	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)**	(61)	**(67)**	(61)
Gain on disposal of property, plant and equipment	**(2,779)**	(4,531)	**(2,779)**	(4,531)
a) Cost of Electricity	**5,075,449**	4,457,840	**5,075,449**	4,457,840
- Imports	**4,257,757**	3,830,031	**4,257,757**	3,830,031
- Local	**42,456**	67,843	**42,456**	67,843
- REFITs	**775,236**	559,966	**775,236**	559,966
b) Impairment on property, plant and equipment	**-**	111,334	**-**	111,334
c) Depreciation and amortisation	**1,390,026**	885,681	**1,390,026**	885,681
d) Movement in expected credit losses	**32,834**	(124,180)	**32,834**	(124,180)
- Loans and receivables	**(608)**	103	**(608)**	103
- Investments	**(680)**	(63,651)	**(680)**	(63,651)
- Trade receivables	**34,122**	(60,633)	**34,122**	(60,633)
e) Employee cost	**992,546**	996,642	**992,546**	996,642
Salaries and wages	**918,722**	921,605	**918,722**	921,605
Company contribution: Provident Fund	**73,824**	75,037	**73,824**	75,037
f) Other expenses	**620,712**	413,933	**620,712**	413,933
Directors' emoluments paid by Company for services as directors	**7,646**	5,950	**7,646**	5,950
- paid to non-executive directors	**2,085**	1,878	**2,085**	1,878
- paid to executive directors	**5,561**	4,072	**5,561**	4,072
Auditors' remuneration				
- audit services	**4,540**	4,502	**4,540**	4,502
Consultancy fees	**12,965**	8,411	**12,965**	8,411
- managerial services	**137**	728	**137**	728
- technical services	**1,561**	3,446	**1,561**	3,446
- other professional services	**11,267**	4,237	**11,267**	4,237
Marketing expenses	**-**	14	**-**	14
Maintenance and repairs	**259,046**	225,927	**259,046**	225,927
Eskom 400kV Connection	**169,508**	-	**169,508**	-
Travel and accommodation	**30,692**	27,004	**30,692**	27,004
Municipal levies	**15,961**	15,824	**15,961**	15,824
Social responsibility	**22,702**	28,519	**22,702**	28,519
Insurance cost	**20,310**	19,675	**20,310**	19,675
Sundry expenses	**7,573**	8,759	**7,573**	8,759
Fines and penalties	**102**	35	**102**	35
Post Retirement Benefit	**46,214**	44,756	**46,214**	44,756
Administrative expenses	**6,483**	7,052	**6,483**	7,052
Other expenses	**16,969**	17,505	**16,969**	17,505

26. PROFIT BEFORE TAXATION (continued)

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Financial income and expenses recognised in profit or loss				
(g) Net fair value and foreign exchange loss/(gain) on financial instruments	**797,254**	(1,181,279)	**797,254**	(1,181,279)
Foreign exchange loss/(gain) on financial assets and liabilities	**(214,996)**	167,778	**(214,996)**	167,778
IFRS 9 Fair value adjustments	**1,012,249**	(1,349,057)	**1,012,249**	(1,349,057)
- Net loss/(gain) on derivative contracts	**4,822**	9,719	**4,822**	9,719
- Valuation on foreign denominated loans	**80**	-	**80**	-
- Unrealised (gain)/loss on embedded derivative Power Purchase Agreement (PPA)	**1,006,661**	(1,356,165)	**1,006,661**	(1,356,165)
- Fair value (gain)/loss on firm commitments	**687**	(2,611)	**687**	(2,611)
Recognised in other comprehensive income				
Net change in fair value of listed and unlisted equity	**(12,691)**	4,086	**(12,691)**	4,086
* FVTPL - Fair value through profit or loss				
Government grants recognised in profit or loss	**(44,618)**	(58,864)	**(44,618)**	(58,864)
Income generating Investment Property				
- rental income	**(2,816)**	(2,907)	**(2,816)**	(2,907)
- direct operating expenses	**490**	527	**490**	527
Non-income generating Investment Property				
- direct operating expenses	**94**	98	**94**	98
Proceeds from the sale of property, plant and equipment	**2,911**	(5,118)	**2,911**	(5,118)
Fair value adjustment on investment properties	**(233)**	2,057	**(233)**	2,057

27. RELATED PARTIES

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 and ultimate controlling party.

	CONSOLIDATED		COMPANY	
	2022 N$'000	2021 N$'000	2022 N$'000	2021 N$'000
Transactions with key management personnel				
The key management personnel compensations are as follows:				
Short-term employee benefits	**18,832**	19,288	**18,832**	19,288
Post-retirement employment benefits	**797**	151	**797**	151
Other long-term employment benefits	**1,524**	2,548	**1,524**	2,548
	21,153	21,987	**21,153**	21,987

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 and note 26.

	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000	COMPANY 2022 N$'000	COMPANY 2021 N$'000
Sales				
Investments				
Erongored (Pty) Ltd	**870,884**	820,528	**870,884**	820,528
- Electricity sales	**859,843**	805,254	**859,843**	805,254
- Service level agreement and technical support	**17**	-	**17**	-
- Capital contribution received	**-**	3,592	**-**	3,592
- Dividend received	**-**	811	**-**	811
- Municipal services	**25**	22	**25**	22
- Guarantees received	**11,000**	10,849	**11,000**	10,849
Alten Solar Power (Hardap) Pty Ltd	**99,768**	135,716	**99,768**	135,716
- Electricity sales	**1,340**	1,621	**1,340**	1,621
- Electricity purchases	**98,429**	134,095	**98,429**	134,095

27. RELATED PARTIES (continued)

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Associate				
- Cenored (Pty) Ltd	**194,505**	183,613	**432,234**	408,028
- Electricity sales	**194,467**	183,578	**432,150**	407,950
- Service level agreement and technical support	**38**	35	**84**	78
Nored Electricity (Pty) Ltd	**253,835**	239,381	**761,584**	718,214
- Electricity sales	**253,785**	240,452	**761,432**	721,428
- Rental income	**45**	45	**136**	136
- Service level agreement and technical support	**5**	11	**16**	32
- Capital contribution (refunded)/received	**-**	(1,127)	**-**	(3,382)
Municipal services from related parties	**1,329**	1,540	**3,710**	4,323
- Nored Electricity (Pty) Ltd	**975**	1,158	**2,924**	3,474
- Cenored (Pty) Ltd	**354**	382	**786**	849
Guarantees received	**2,068**	1,813	**6,205**	5,439
- Nored Electricity (Pty) Ltd	**2,068**	1,813	**6,205**	5,439
Fellow government owned entities				
The individually significant sales transactions with fellow government owned entities are listed below:				
Electricity Sales	**1,791,986**	1,714,855	**1,791,986**	1,714,855
- Namibia Water Corporation	**164,952**	150,557	**164,952**	150,557
- City of Windhoek	**1,438,946**	1,390,102	**1,438,946**	1,390,102
- Namdeb Diamond Corporation (Pty) Ltd	**188,088**	174,196	**188,088**	174,196

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Related party balances from electricity sales and other purchases				
Due from / (due to)				
Investments	**86,619**	85,142	**86,619**	85,142
- Erongored (Pty) Ltd	**86,619**	85,142	**86,619**	85,142
Associate	**127,076**	72,931	**358,929**	199,067
- Cenored (Pty) Ltd	**28,734**	25,400	**63,854**	56,445
- Cenored (Pty) Ltd	**(21)**	(22)	**(46)**	(49)
- Nored Electricity (Pty) Ltd	**98,448**	47,801	**295,375**	143,416
- Nored Electricity (Pty) Ltd	**(85)**	(248)	**(254)**	(745)
Fellow government owned entities	**353,969**	192,763	**353,969**	192,763
- Namdeb Diamond Corporation (Pty) Ltd	**26,115**	23,535	**26,115**	23,535
- City of Windhoek	**310,862**	141,856	**310,862**	141,856
- Namibia Water Corporation (Pty) Ltd	**16,992**	27,372	**16,992**	27,372
Guarantees received	**9,226**	10,060	**9,226**	10,060
- Namdeb Diamond Corporation (Pty) Ltd	**4,032**	4,041	**4,032**	4,041
- Namibia Water Corporation (Pty) Ltd	**5,194**	6,019	**5,194**	6,019

27. RELATED PARTIES (continued)

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	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	**(12,878)**	(16,738)	**(12,878)**	(16,738)

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 2022, 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$74.0 million (2021: N$75 million).

The Company's contribution paid to the Fund for the key management amounted to N$1.5 million (2021: N$1.7 million).

29. FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments;

- 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).

29. FINANCIAL INSTRUMENTS (continued)

The fair values of the financial assets and liabilities, together with the carrying amounts shown in the statement of financial position

29.1 CONSOLIDATED AND COMPANY

2022

in thousands of Namibia Dollar	Reference notes	FVTPL - designated	FVTPL - mandatorily measured	FVTOCI	FVTOCI - designated
		Carrying value Financial assets			
Financial assets					
Listed equity	11	-	-	-	1,335
Collective investment schemes	11	-	2,083,683	-	-
Derivative financial assets	21.1	-	51,139	-	-
Loans and receivables	10	-	-	-	-
Inflation linked bonds	11	-	-	-	135,578
Unlisted equity	11	-	-	-	57,771
Debt instruments, fixed deposits and treasury bills	11	-	-	-	-
Money market funds	11		1,915,834		-
Cash and cash equivalents	14	-	-	-	-
Trade and other receivables[1]	13	-	-	-	-
		-	4,050,656	-	194,684
Financial liabilities					
Derivative financial liabilities	21.2	-	-	-	-
Interest bearing loans and borrowings	17	-	-	-	-
Trade and other payables[2]	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.

[1] Project and other advances and prepayments of N$306.5 million (2021: N$196.7 million) that are not financial assets are not included.
[2] Accrued expenses of N$158.2 million (2021: N$165.9 million) that are not financial liabilities are not included.

n are as follows:

	Carrying value				Fair value			
	Financial liabilities				Level			
Amortised cost	**FVTPL - designated**	**FVTPL - mandatorily measured**	**Amortised cost**	**Total**	**1**	**2**	**3**	**Total**
-	-	-	-	1,335	1,335	-	-	1,335
-	-	-	-	2,083,683	-	2,083,683	-	2,083,683
-	-	-	-	51,139	-	51,139	-	51,139
20,360	-	-	-	20,360	-	-	-	-
-	-	-	-	135,578	-	90,670	-	90,670
-	-	-	-	57,771	-	-	57,771	57,771
3,525,660	-	-	-	3,525,660	-	-	-	-
-				1,915,834	-	1,915,834	-	1,915,834
1,758,288	-	-	-	1,758,288	-	-	-	-
1,275,454	-	-	-	1,275,454	-	-	-	-
6,579,762	-	-	-	10,825,102	1,335	4,141,326	57,771	4,200,432
-	-	(442,883)	-	(442,883)	-	-	(442,883)	(442,883)
-	-	-	(530,513)	(530,513)	-	-	-	-
-	-	-	(1,098,245)	(1,098,245)	-	-	-	-
-	-	-	(80,772)	(80,772)	-	-	-	-
-	-	(442,883)	(1,709,530)	(2,152,413)	-	-	(442,883)	(442,883)

There have been no transfers between the fair value hierarchy levels (2021: 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)

The fair values of the financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

29.1 CONSOLIDATED AND COMPANY

2021 * Restated

		Carrying value Financial assets			
in thousands of Namibia Dollar	**Reference notes**	**FVTPL - designated**	**FVTPL - mandatorily measured**	**FVTOCI**	**FVTOCI - designated**
Financial assets					
Listed equity	11	-	-	-	1,550
Collective investment schemes	11	-	2,305,085	-	-
Derivative financial assets	21.1	-	571,306	-	-
Loans and receivables	10	-	-	-	-
Inflation linked bonds	11	-	-	-	128,244
Unlisted equity	11	-	-	-	44,865
Debt instruments, fixed deposits and treasury bills	11	-	-	-	-
Money market funds	11		2,054,462		-
Cash and cash equivalents	14	-	-	-	-
Trade and other receivables[1]	13	-	-	-	-
		-	**4,930,853**	**-**	**174,659**
Financial liabilities					
Derivative financial liabilities	21.2	-	-	-	-
Interest bearing loans and borrowings	17	-	-	-	-
Trade and other payables[2]	20.1	-	-	-	-
Non-current retention creditors	20.4	-	-	-	-
		-	**-**	**-**	**-**

* Certain amounts shown here do not correspond to the 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

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.

[1] Project and other advances and prepayments of N$196.7 million (2020: N$72.2 million) that are not financial assets are not included.

[2] Accrued expenses of N$165.9 million (2020: N$154.6 million) that are not financial liabilities are not included.

	Carrying value Financial liabilities				**Fair value** Level			
Amortised cost	**FVTPL - designated**	**FVTPL - mandatorily measured**	**Amortised cost**	**Total**	**1**	**2**	**3**	**Total**
-	-	-	-	1,550	1,550	-	-	1,550
-	-	-	-	2,305,085	-	2,305,085	-	2,305,085
-	-	-	-	571,306	-	571,306	-	571,306
18,167	-	-	-	18,167	-	-	-	-
-	-	-	-	128,244	-	128,244	-	128,244
-	-	-	-	44,865	-	-	44,865	44,865
4,430,610	-	-	-	4,430,610	-	-	-	-
-				2,054,462	-	2,054,462	-	2,054,462
1,779,162	-	-	-	1,779,162	-	-	-	-
892,590	-	-	-	892,590	-	-	-	-
7,120,529	**-**	**-**	**-**	**12,226,041**	**1,550**	**5,059,097**	**44,865**	**5,105,512**
-	-	-	-	-	-	-	-	-
-	-	-	(760,774)	(760,774)	-	-	-	-
-	-	-	(1,000,068)	(1,000,068)	-	-	-	-
-	-	-	(17,610)	(17,610)	-	-	-	-
-	**-**	**-**	**(1,778,452)**	**(1,778,452)**	**-**	**-**	**-**	**-**

There have been no transfers between the fair value hierarchy levels (2020: 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	
	2022	**2021**
	N$'000	**N$'000**
A reconciliation has been performed for fair value measurements in level 3 of the fair value hierarchy as follows:		
Embedded derivative liabilities		
Carrying value at beginning of the year	**-**	(794,312)
Net fair value unrealised loss on embedded derivatives recognised in profit or loss	**(442,883)**	794,312
Carrying value at end of the year	**(442,883)**	-
Unlisted equity		
Carrying value at beginning of the year	**44,864**	49,011
Net fair value gain on unlisted investments through OCI	**12,907**	(4,147)
Carrying value at end of the year	**57,771**	44,864

Refer to note 29.6.3 and note 11 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
Money market funds	Level 2	The valuation model is based on the interest rates as quoted in the active markets of the individual funds as derived from the fair market values and interest rates of the underlying instruments within the funds. i.e. quoted interest rates.	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
Unlisted equity	Level 3	Discounted cash flow method: This approach utilises forecasts and budgets prepared by management.	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. The higher the cost of equity, the lower the fair value and vice versa. The higher the small stock premium, the higher the cost of equity and consequently the lower the fair value and vice versa. The higher the specific risk premium, the higher the cost of equity and consequently the lower the fair value and vice versa.

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 2021 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.

The maximum exposure to credit risk at the reporting date was:

	CONSOLIDATED		COMPANY	
	2022	**2021**	**2022**	**2021**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Inflation linked bonds	**135,578**	128,244	**135,578**	128,244
Unlisted equity	**57,771**	44,865	**57,771**	44,865
Listed equity: Sanlam shares	**1,335**	1,550	**1,335**	1,550
Collective investment schemes	**2,083,683**	2,305,085	**2,083,683**	2,305,085
Debt instruments, fixed deposits and treasury bills	**3,525,660**	4,430,610	**3,525,660**	4,430,610
Money market funds *	**1,915,834**	2,054,462	**1,915,834**	2,054,462
Loans receivables	**20,360**	18,167	**20,360**	18,167
Trade and other receivables	**1,275,454**	892,590	**1,275,454**	892,590
Cash and cash equivalents *	**1,758,288**	1,779,162	**1,758,288**	1,779,162
Forward exchange contract assets and interest rate and cross currency swaps	**51,139**	571,306	**51,139**	571,306
	10,825,102	12,226,041	**10,825,102**	12,226,041

* Certain amounts shown here do not correspond to the 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

29. FINANCIAL INSTRUMENTS (continued)

29.4.1 Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. As at 30 June 2022 no guarantee was outstanding.

NamPower employee home loans

Suretyship for N$75.3 million (2021: N$63.4 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. The Group collects the monthly instalments of the employee home loans and settles it directly with the 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 Group assesses the risk of the suretyship annually.

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 2022 and 30 June 2021.

The total cumulative expected credit losses for electricity receivables at 30 June 2022 was N$708.9 million (2021: N$675.2 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.

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
	Carrying amount	Carrying amount	Carrying amount	Carrying amount
The maximum exposure to credit risk for trade receivables at the reporting date by geographic area:				
Domestic- Namibia	**1,119,660**	870,483	**1,119,660**	870,483
Regional Exports/ Cross border customers	**155,794**	22,107	**155,794**	22,107
	1,275,454	892,590	**1,275,454**	892,590
The maximum exposure to credit risk for trade and other receivables at the reporting date by type of customer was:				
Distributors	**836,726**	521,019	**836,726**	521,019
Mining	**153,596**	134,882	**153,596**	134,882
End-user customers	**68,690**	67,092	**68,690**	67,092
Other trade receivables	**216,442**	169,597	**216,442**	169,597
	1,275,454	892,590	**1,275,454**	892,590
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	**66**	58	**66**	58
Mining	**12**	15	**12**	15
End-user customers	**5**	8	**5**	8
Other trade receivables	**17**	19	**17**	19
	100	100	**100**	100

29. FINANCIAL INSTRUMENTS (continued)

	2022 N$'000 Gross	2022 N$'000 Expected credit losses	2021 N$'000 Gross	2021 N$'000 Expected credit losses
CONSOLIDATED AND COMPANY				
29.4.3 Expected credit losses				
Not past due	**719,312**	**42,301**	677,085	64,535
30 days past due	**144,936**	**27,728**	96,853	26,486
60 days past due	**124,628**	**31,504**	38,567	20,753
90 days past due	**995,521**	**607,410**	755,314	563,455
	1,984,397	**708,943**	1,567,819	675,229

Refer to note 13 for a reconcilation 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$332.6 million (2021: N$337.1 million) relates to Rede Nacional De Electricidade (RNT), the Angolan electricity distributor. Rede Nacional De Transporte De Electricidade (RNT), the Angolan electricity transmitor, Category B continues to fall into arrears during the financial year under review as a result of the adverse market conditions in Angola which affected the Angolan market heavily.

Expected credit losses of N$214.4 million (2021: N$188.7 million) relates to the Municipality of Rehoboth, Municipality of Mariental, Municipality Gobabis, Karasburg Town Council and Aranos Town Council. These municipalities and town council continue to fall into arrears during the financial year under review.These municipalities and town council 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 town council and work closely with the stakeholders to resolve the challenges that have given rise to these municipalities' and town council debt.

Expected credit losses of N$55.9 million (2021: N$13.8 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.

Expected credit losses of N$21.5 million (2021: N$19.2 million) relates to the Congo Namibia (Pty) Ltd. Congo Namibia (Pty) Ltd bulk supply to Kombat Mine, did not make any payment since July 2018 and 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. Power Supply Agreement with Congo Namibia (Pty) Ltd was terminated and Cenored (Pty) Ltd took over effective 01 July 2022.

The remainder of the expected credit losses at 30 June 2022 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 customers and loss rate approach for Category B, C, D and E customers.

The Group applies the simplified approach in measureing 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 AND COMPANY	
	2022	2021
	N$'000	N$'000
Security relating to trade receivables		
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	**32,343**	33,502
Regional Exports/Cross Border customers	**316**	316
	32,659	33,818
(b) Bank Guarantees		
Domestic- Namibia	**357,372**	346,118
Cross Border customers	**35**	35
Guarantees - Eskom	**908**	908
	358,315	347,061

Impairment of financial assets

For the purposes of impairment assessment:

- Cash and cash equivalents 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. Alten is considered low risk as NamPower signed a power purchased agreement with the company.
- The bonds, fixed deposits, treasury bills and money markets 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 applied a loss given default rate based on the Basel Framework. The probability of default for the financial institutions was derived from the Standard and Poor's (S&P) Annual Global Corporate Default and Rating Transition Study, while that for Namibia was obtained from the S&P Annual Sovereign Default and Rating Transition Study. This is following publicly available credit ratings of the various institutions that was obtained from the Bloomberg Financial Services software. For 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 a change to the estimation inputs (probability of default and loss given default), but however 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.

29. FINANCIAL INSTRUMENTS (continued)

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						
	Bonds	Fixed deposits	Treasury bills	Subtotal	City of Windhoek	Alten Solar Power (Hardap) Pty Ltd	Total
	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
Balance as at 1 July 2020	29,326	37,321	3,357	70,005	58	488	70,550
Increase/(decrease) in loss allowance	(26,145)	(34,599)	(2,907)	(63,651)	(58)	161	(63,548)
Balance as at 30 June 2021	**3,182**	**2,722**	**450**	**6,354**	**-**	**649**	**7,002**
(Decrease)/increase/in loss allowance	317	(611)	(386)	(680)	-	(608)	(1,288)
Balance as at 30 June 2022	**3,498**	**2,111**	**64**	**5,674**	**-**	**41**	**5,714**

29.4.4 Investments and cash and cash equivalents

	CONSOLIDATED AND COMPANY	
	2022	2021
	N$'000	N$'000 * Restated
Investments		
BBB- - AAA	**3,858,713**	5,085,830
BB+ - B-	**2,586,028**	3,712,356
	6,444,741	8,798,186
Cash and cash equivalents		
BBB- - AAA	**442,602**	528,994
BB+ - B-	**1,315,686**	1,250,168
	1,758,288	1,779,162

* Certain amounts shown here do not correspond to the 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

The ratings are performed per financial institution. Included in the above ratings are money market instruments and bonds. The remaining investments are held with credible institutions.

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. FINANCIAL INSTRUMENTS (continued)

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.

2022

Consolidated and Company	Carrying amount	Total contractual cash flows	Less than 6 months	6 - 12 months	1- 5 years	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	-	-	-	-	-	-
- ZAR denominated loans	(517,635)	(653,819)	(64,299)	(589,520)	-	-
- NAD denominated loans	(12,878)	(13,429)	-	(6,086)	(7,343)	-
Non-current retention creditors	(80,772)	(80,772)	-	-	(80,772)	-
Trade and other payables	(1,098,245)	(1,098,245)	-	(1,098,245)	-	-
Derivative financial liabilities						
- Interest rate swaps and cross currency interest rate swaps used for hedging	-	-	-	-	-	-
2021						
Non-derivative financial liabilities						
Secured long term loans						
- GBP fixed rate loan	(39,195)	(30,602)	(30,602)	-	-	-
- ZAR denominated loans	(704,841)	(891,340)	(171,632)	(65,889)	(461,944)	(191,875)
- NAD denominated loans	(16,738)	(18,258)	-	(6,086)	(12,172)	-
Non-current retention creditors	(17,610)	(17,610)	-	-	(17,610)	-
Trade and other payables *	(1,000,068)	(1,000,068)	-	(1,000,068)	-	-
Derivative financial liabilities						
- Interest rate swaps and cross currency interest rate swaps used for hedging	-	5,849	-	5,849	-	-

* Certain amounts shown here do not correspond to the 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

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	
	2022	**2021**
	N$'000	**N$'000**
Net interest rate and cross currency swaps	**-**	5,781
Forward exchange contracts	**1,023,153**	383,985
	1,023,153	389,766

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:

	CONSOLIDATED AND COMPANY	
	2022 N$'000	2021 N$'000
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 2021 was 7.5%.

The Group holds the following pre-approved facilities at various financial institutions to facilitate the operations:

	2022 N$'000	2021 N$'000
SB VAF fleet cards	**1,100**	1,100
FEC	**100,000**	100,000
Derivative	**350,000**	350,000
	451,100	451,100

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$1.0 billion (2021: N$1.4 billion gain). The embedded derivative liability at 30 June 2022 was N$442.3 million (2021: N$564.3 million asset) 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)

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

			CONSOLIDATED		COMPANY	
			2022	2021	2022	2021
	Reference note	Variable and fixed rate	Carrying amount N$ '000	Carrying amount N$ '000	Carrying amount N$ '000	Carrying amount N$ '000
Variable rate financial instruments						
Financial assets						
Collective investment schemes	11		**2,083,683**	2,291,952	**2,083,683**	2,291,952
Financial liabilities						
Development Bank of Namibia	17.1.5	Prime less 4.5%	**(12,878)**	(16,738)	**(12,878)**	(16,738)
			2,070,805	2,275,214	**2,070,805**	2,275,214
Fixed rate financial instruments						
Financial assets						
Loans and receivables	10		**20,360**	18,167	**20,360**	18,167
Non-current investments	11		**2,373,659**	1,587,554	**2,373,659**	1,587,554
Fixed deposits and Treasury bills at amortised cost	11		**3,525,660**	4,430,610	**3,525,660**	4,430,610
Money market funds *	11		**1,915,834**	2,054,462	**1,915,834**	2,054,462
Cash and cash equivalents *	14		**1,758,288**	1,779,162	**1,758,288**	1,779,162
Trade and other receivables	13		**1,275,454**	892,590	**1,275,454**	892,590
Financial liabilities	17		**(517,635)**	(744,036)	**(517,635)**	(744,036)
			10,351,620	10,018,509	**10,351,620**	10,018,509

* Refer to note 31 for details regarding the restatement in the 2021 annual financial statements.

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 2021.

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 2022				
Variable rate instruments				
Interest rate swap				
- DBN				
NAD Curve	**(88)**	**88**	**(129)**	**129**
Fixed deposits	**-**	**-**	**276**	**(276)**
Variable rate notes	**-**	**-**	**404**	**(404)**
30 June 2021				
Variable rate instruments				
Interest rate swap				
- DBN				
NAD Curve	(114)	114	(167)	167
Fixed deposits	-	-	369	(369)
Variable rate notes	-	-	95	(95)

A change of 500 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 500 bp increase	Equity 500 bp decrease	Profit or (loss) 500 bp increase	Profit or (loss) 500 bp decrease
30 June 2022				
Collective Investment Schemes	-	-	103,508	(103,508)
30 June 2021				
Collective Investment Schemes	-	-	114,598	(114,598)

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	CONSOLIDATED AND COMPANY	
	2022	2021
	N$'000	N$'000
Carrying Amount (Current and Non-Current)	-	5,781
Notional Amount (N$'000)	-	24,691
Maturity	-	15/09/2021
Hedge Ratio	**1:1**	1:1
Change in fair value of Outstanding hedging Instruments since 1st July	**(5,781)**	(9,719)
Change in fair value of Hedged item used to determine the Hedge Effectiveness	**5,781**	9,719
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)

Consolidated

The currency position at 30 June 2022 is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR
Assets			
Derivative assets	21.1	-	-
Loans receivable	10	20,360	-
Trade and other receivables	13	790,057	-
Investments	11	6,383,076	1,331,110
Cash and cash equivalents	14	670,902	678,588
		7,864,395	2,009,698
Liabilities			
Interest bearing loans and borrowings	17	(12,878)	(517,635)
Derivative liabilities	21.2	-	-
Trade and other payables	20.1	(612,741)	(221,962)
Non-current retention creditors	20.4	(80,772)	-
		(706,391)	(739,597)
Gross statement of financial position exposure		7,158,004	1,270,101
Next year's forecast sales		7,016,986	-
Next year's forecast purchases		(549,293)	(1,469,913)
Gross exposure		13,625,697	(199,812)
Foreign exchange contracts [1]		-	-
Net exposure		13,625,697	(199,812)

The estimated sales and purchases include transactions for the next 12 months.
[1] The Group had forward exchange contracts outstanding at 30 June 2022 to the value of USD62 million at an average rate of USD/NAD 15.3.

US$	Euro	GBP	Total
51,139	-	-	51,139
-	-	-	20,360
485,397	-	-	1,275,454
-	-	-	7,714,186
408,716	32	50	1,758,288
945,252	32	50	10,819,427
-	-	-	(530,513)
(442,516)	(367)	-	(442,883)
(262,679)	(863)	-	(1,098,245)
-	-	-	(80,772)
(705,195)	(1,230)	-	(2,152,413)
240,057	(1,198)	50	8,667,014
-	-	-	7,016,986
(2,732,029)	-	-	(4,751,234)
(2,491,972)	(1,198)	50	10,932,766
51,139	-	-	51,139
(2,440,833)	(1,198)	50	10,983,905

Currency translation rates:	30 June 2022
1 SA Rand	N$1.0
1 US Dollar	N$16.2
1 Euro	N$16.9
1 GBP	N$19.7

29. FINANCIAL INSTRUMENTS (continued)

Consolidated

The currency position at 30 June 2021 - Restated is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR
Assets			
Derivative assets	21.1	5,781	-
Loans receivable	10	18,167	-
Trade and other receivables	13	538,396	-
Investments*	11	5,995,312	2,963,150
Cash and cash equivalents*	14	732,105	718,927
		7,289,761	**3,682,077**
Liabilities			
Interest bearing loans and borrowings	17	(16,738)	(704,841)
Trade and other payables	20.1	(395,214)	(457,880)
Non-current retention creditors	20.4	(17,610)	-
		(429,562)	**(1,162,721)**
Gross statement of financial position exposure		**6,860,199**	**2,519,356**
Next year's forecast sales		6,374,599	-
Next year's forecast purchases		(568,530)	(1,698,843)
Gross exposure		**12,666,268**	**820,514**
Foreign exchange contracts [1]		-	-
Net exposure		**12,666,268**	**820,514**

* Certain amounts shown here do not correspond to the 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31

The estimated sales and purchases include transactions for the next 12 months.

[1] The Group had forward exchange contracts outstanding at 30 June 2021 to the value of USD26.2 million at an average rate of USD/NAD 14.6.

US$	Euro	GBP	Total
565,447	78	-	571,306
-	-	-	18,167
354,194	-	-	892,590
-	-	-	8,958,462
328,069	44	17	1,779,162
1,247,710	**122**	**17**	**12,219,687**
-	-	(39,195)	(760,774)
(146,765)	(201)	-	(1,000,060)
-	-	-	(17,610)
(146,765)	**(201)**	**(39,195)**	**(1,778,444)**
1,100,945	**(79)**	**(39,178)**	**10,441,243**
-	-	-	6,374,599
(1,858,566)	-	-	(4,125,939)
(757,621)	**(79)**	**(39,178)**	**12,689,903**
1,062	-	-	1,062
(756,559)	**(79)**	**(39,178)**	**12,690,965**

Currency translation rates:	30 June 2021
1 SA Rand	N$1.0
1 US Dollar	N$14.3
1 Euro	N$17.0
1 GBP	N$19.8

29. FINANCIAL INSTRUMENTS (continued)

Company

The currency position at 30 June 2022 is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR
Assets			
Derivative assets	21.1	-	-
Loans receivable	10	20,360	-
Trade and other receivables	13	790,057	-
Investments	11	6,383,076	1,331,110
Cash and cash equivalents	14	670,902	678,588
		7,864,395	2,009,698
Liabilities			
Interest bearing loans and borrowings	17	(12,878)	(517,635)
Derivative liabilities	21.2	-	-
Trade and other payables	20.1	(612,749)	(221,962)
Non current retention creditors	20.4	(80,772)	-
		(706,398)	(739,597)
Gross statement of financial position exposure		7,157,997	1,270,101
Next year's forecast sales		7,016,986	-
Next year's forecast purchases		(549,293)	(1,469,913)
Gross exposure		13,625,690	(199,812)
Foreign exchange contracts [1]		-	-
Net exposure		13,625,690	(199,812)

The estimated sales and purchases include transactions for the next 12 months.

[1] The Group had forward exchange contracts outstanding at 30 June 2022 to the value of USD62 million at an average rate of USD/NAD 15.3.

US$	Euro	GBP	Total
51,139	-	-	51,139
-	-	-	20,360
485,397	-	-	1,275,454
-	-	-	7,714,186
408,716	32	50	1,758,288
945,252	32	50	10,819,427
-	-	-	(530,513)
(442,516)	(367)	-	(442,883)
(262,679)	(863)	-	(1,098,253)
-	-	-	(80,772)
(705,195)	(1,230)	-	(2,152,421)
240,057	(1,198)	50	8,667,006
-	-	-	7,016,986
(2,732,029)	-	-	(4,751,234)
(2,491,972)	(1,198)	50	10,932,758
51,139	-	-	51,139
(2,440,833)	(1,198)	50	10,983,897

Currency translation rates:	30 June 2022
1 SA Rand	N$1.0
1 US Dollar	N$16.2
1 Euro	N$16.9
1 GBP	N$19.7

29. FINANCIAL INSTRUMENTS (continued)

Company

The currency position at 30 June 2021 - Restated is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR
Assets			
Derivative assets	21.1	5,781	-
Loans receivable	10	18,167	-
Trade and other receivables	13	538,396	-
Investments*	11	5,995,312	2,963,150
Cash and cash equivalents*	14	732,105	718,927
		7,289,761	**3,682,077**
Liabilities			
Interest bearing loans and borrowings	17	(16,738)	(704,841)
Trade and other payables	20.1	(395,222)	(457,880)
Non current retention creditors	20.4	(17,610)	-
		(429,570)	**(1,162,721)**
Gross statement of financial position exposure		**6,860,191**	**2,519,355**
Next year's forecast sales		6,374,599	-
Next year's forecast purchases		(568,530)	(1,698,843)
Gross exposure		**12,666,260**	**820,513**
Foreign exchange contracts [1]		-	-
Net exposure		**12,666,260**	**820,513**

* Certain amounts shown here do not correspond to the 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.
The estimated sales and purchases include transactions for the next 12 months.
[1] The Group had forward exchange contracts outstanding at 30 June 2021 to the value of USD26.2 million at an average rate of USD/NAD 14.6.

US$	Euro	GBP	Total
565,447	78	-	571,306
-	-	-	18,167
354,194	-	-	892,590
-	-	-	8,958,462
328,069	44	17	1,779,162
1,247,710	**122**	**17**	**12,219,687**
-	-	(39,195)	(760,774)
(146,765)	(201)	-	(1,000,068)
-	-	-	(17,610)
(146,765)	**(201)**	**(39,195)**	**(1,778,452)**
1,100,945	**(79)**	**(39,178)**	**10,441,235**
-	-	-	6,374,599
(1,858,566)	-	-	(4,125,939)
(757,621)	**(79)**	**(39,178)**	**12,689,895**
1,062	-	-	1,062
(756,559)	**(79)**	**(39,178)**	**12,690,957**

Currency translation rates:	30 June 2021
1 SA Rand	N$1.0
1 US Dollar	N$14.3
1 Euro	N$17.0
1 GBP	N$19.8

29. FINANCIAL INSTRUMENTS (continued)

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
Sensitivity analysis				
A strengthening of the N$ against the following currencies at 30 June 2022 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 2021.				
US Dollar (10 percent strengthening)	**1,402,847**	895,946	**1,402,847**	895,946
Euro (10 percent strengthening)	**(83)**	(71)	**(83)**	(71)
GBP (10 percent strengthening)	**5**	(3,843)	**5**	(3,843)
A weakening of the N$ against the following currencies at 30 June 2022 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 2021.				
US Dollar (10 percent weakening)	**(1,402,847)**	(895,946)	**(1,402,847)**	(895,946)
Euro (10 percent weakening)	**83**	71	**83**	71
GBP (10 percent weakening)	**(5)**	3,843	**(5)**	3,843

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 production price index (PPI). 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.

ALCO is monitoring the exposure to price risk on a quarterly basis.

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:

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:

	CONSOLIDATED		COMPANY	
	2022	**2021**	**2022**	**2021**
	N$'000	**N$'000**	**N$'000**	**N$'000**
	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	**(274,783)**	(285,490)	**(274,783)**	(285,490)
1% decrease	**291,305**	274,330	**291,305**	274,330
Unit price				
5% increase	**103,508**	114,598	**103,508**	114,598
5% decrease	**(103,508)**	(114,598)	**(103,508)**	(114,598)

29. FINANCIAL INSTRUMENTS (continued)

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
	Equity N$'000	Equity N$'000	Profit or (Loss) N$'000	Profit or (Loss) N$'000
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:				
Share price				
5% increase	**45**	53	**67**	77
5% decrease	**(45)**	(53)	**(67)**	(77)

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.

	CONSOLIDATED		COMPANY	
	2022	2021	2022	2021
	N$'000	N$'000	N$'000	N$'000
The Group manages the following as capital:				
Ordinary share capital	**1,065,000**	1,065,000	**1,065,000**	1,065,000
Reserve fund	**1,816,305**	1,865,798	**1,816,305**	1,865,798
Development fund	**6,835,568**	7,978,090	**6,665,576**	7,819,444
Debt	**4,365,296**	4,241,663	**4,365,304**	4,241,671
	14,082,169	15,150,551	**13,912,185**	14,991,913

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 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 0.87 (2021: 1.73), debt to EBITDA of -4.76 (2021: -4.76) and a debt equity ratio of 9:91 (2021: 2:98). 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. FINANCIAL INSTRUMENTS (continued)

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**
2022			
Financial liabilities			
Interest bearing loans and borrowings	**530,513**	**-**	**530,513**
Total	**530,513**	**-**	**530,513**
2021			
Financial liabilities			
Interest bearing loans and borrowings	760,774	-	760,774
Total	760,774	-	760,774

30. NOTES TO THE STATEMENTS OF CASH FLOWS

	NOTE	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000 *Restated	COMPANY 2022 N$'000	COMPANY 2021 N$'000 *Restated
30 (a) CASH (UTILISED)/GENERATED BY OPERATIONS					
(Loss)/profit before net finance income		**(2,317,393)**	1,098,716	**(2,317,393)**	1,098,716
Adjustments for:					
- Dividend received from listed and unlisted investment	**26.**	**(67)**	(872)	**(67)**	(872)
- Interest capitalised		**(2,471)**	(2,137)	**(2,471)**	(2,137)
- Net movement in currency swap valuations on interest bearing loans and borrowings	**26(g)**	**(5,739)**	(10,945)	**(5,739)**	(10,945)
- Effect of exchange rate fluctuations on cash held		**51,389**	(69,767)	**51,389**	(69,767)
- Fair value gain on interest bearing loans and borrowings		**80**	81	**80**	81
- Movement in interest rate and cross currency swaps	**26(g)**	**5,781**	9,719	**5,781**	9,719
- Fair value (gain)/loss on firm commitments	**26(g)**	**687**	(2,611)	**687**	(2,611)
- Fair value movements on embedded derivative - Power Purchase Agreement (PPA)	**26(g)**	**1,006,661**	(1,356,165)	**1,006,661**	(1,356,165)
- Coal valuation		**(5,428)**	3,440	**(5,428)**	3,440
- Fair value movements on investment properties	**26.**	**(233)**	2,057	**(233)**	2,057
- Movement in expected credit loss on trade and other receivables	**13.**	**34,122**	(60,633)	**34,122**	(60,633)
- Movement in expected credit loss on investments	**11.**	**(680)**	(63,650)	**(680)**	(63,650)
- Movement in expected credit loss on loans receivable	**10.**	**(608)**	103	**(608)**	103
- Depreciation on property, plant and equipment	**6.**	**1,377,866**	876,729	**1,377,866**	876,729
- Fair value movements on investments		**(22,581)**	(63,972)	**(22,581)**	(63,972)
- Amortisation on intangible assets	**9.**	**12,160**	8,951	**12,160**	8,951
- Government grant recognised in income	**26.**	**(8,863)**	(8,864)	**(8,863)**	(8,864)
- Gain on disposal of property, plant and equipment	**26.**	**(2,779)**	(4,531)	**(2,779)**	(4,531)
- Transfer to transmission system	**6.**	**(32,384)**	(34,977)	**(32,384)**	(34,977)
- Impairment losses on property, plant and equipment revaluation	**6.**	**-**	111,334	**-**	111,334
Cash flows generated from operations		**89,520**	432,006	**89,520**	432,006

30. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

	NOTE	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000 *Restated	COMPANY 2022 N$'000	COMPANY 2021 N$'000 *Restated
Changes in working capital:					
Movement in accrued interest payable		**(7,035)**	(13,536)	**(7,035)**	(13,536)
Fair value movements on forward exchange contracts	**21.1**	**(50,078)**	44,392	**(50,078)**	44,392
Movement in non-current retention creditors	**20.4**	**63,161**	5,213	**63,161**	5,213
Movement in deferred revenue liability	**30 (f)**	**(58,920)**	19,137	**(58,920)**	19,137
Movement in employee benefit obligations	**22.**	**29,965**	(12,055)	**29,965**	(12,055)
- Employee benefits paid - defined benefit obligation	**22.1.2 & 22.2.2**	**20,017**	3,902	**20,017**	3,902
- Movement in employee benefits	**22.1.2 & 22.2.2**	**(36,536)**	36,275	**(36,536)**	36,275
Transfer to intangible assets	**9.**	**2,305**	18,549	**2,305**	18,549
Movement in inventories	**12.**	**33,611**	(34,222)	**33,611**	(34,222)
Movement in trade and other receivables	**30 (e)**	**(526,729)**	426,314	**(526,729)**	426,314
Movement in trade payables	**30 (g)**	**90,497**	66,444	**90,497**	66,444
		(350,223)	992,419	**(350,223)**	992,419

* Certain amounts shown here do not correspond to the 2021 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

30 (b) TAXATION PAID

	CONSOLIDATED 2022	CONSOLIDATED 2021	COMPANY 2022	COMPANY 2021
Amount from/(due) to the Receiver of Revenue at beginning of year	**33,780**	(24,078)	**33,780**	(24,078)
Current taxation	**-**	(229,403)	**-**	(229,403)
Taxation paid	**-**	287,261	**-**	287,261
Amount due to the Receiver of Revenue at end of year	**33,780**	33,780	**33,780**	33,780

	NOTE	CONSOLIDATED 2022 N$'000	CONSOLIDATED 2021 N$'000 *Restated	COMPANY 2022 N$'000	COMPANY 2021 N$'000 *Restated
30 (c) INTEREST RECEIVED FROM OPERATING AND INVESTING ACTIVITIES					
Interest received from operations and customers		**71,612**	52,335	**71,612**	52,335
Interest received from investments		**336,040**	411,025	**336,040**	411,025
Reinvested interest		**189,283**	192,603	**189,283**	192,603
Accrued interest		**(45,162)**	(55,334)	**(45,162)**	(55,334)
Finance income	24.	**551,773**	600,629	**551,773**	600,629
30 (d) INTEREST PAID					
Interest paid		**(55,340)**	(93,669)	**(55,340)**	(93,669)
Accrued interest		**7,035**	10,552	**7,035**	10,552
Finance cost	24.	**(48,305)**	(83,117)	**(48,305)**	(83,117)
30 (e) TRADE AND OTHER RECEIVABLES					
Movement in trade and other receivables		**492,607**	(365,681)	**492,607**	(365,681)
Impairment loss on trade and other receivables		**34,122**	(60,633)	**34,122**	(60,633)
		526,729	(426,314)	**526,729**	(426,314)
30 (f) DEFERRED REVENUE LIABILITY					
Movement in deferred revenue liability		**(67,783)**	10,273	**(67,783)**	10,273
Government grant recognised in income		**8,863**	8,864	**8,863**	8,864
		(58,920)	19,137	**(58,920)**	19,137

30. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

		CONSOLIDATED		COMPANY	
	NOTE	2022 N$'000	2021 N$'000 *Restated	2022 N$'000	2021 N$'000 *Restated
30 (g) TRADE AND OTHER PAYABLES					
Movement in trade and other payables		**90,497**	66,444	**90,497**	66,444
		90,497	66,444	**90,497**	66,444
30 (h) CASH RECEIPTS FROM CUSTOMERS					
Electricity sales		**6,506,042**	6,549,907	**6,506,042**	6,549,907
Movement in gross trade receivables		**(416,578)**	552,587	**(416,578)**	552,587
		6,089,464	7,102,494	**6,089,464**	7,102,494
30 (i) INTEREST BEARING LOANS AND BORROWINGS					
Balance at 1 July		**760,774**	1,428,594	**760,774**	1,428,594
Cashflows		**(212,072)**	(633,486)	**(212,072)**	(633,486)
Net swap valuations		**(5,739)**	(10,945)	**(5,739)**	(10,945)
Interest capitalised on loan		**493**	617	**493**	617
Accrued interest		**(13,023)**	(24,087)	**(13,023)**	(24,087)
Fair value gain on interest bearing loans and borrowings		**80**	81	**80**	81
Balance at 30 June		**530,513**	760,774	**530,513**	760,774
30 (j) LOANS RECEIVABLE					
Repayment of loans receivable		**2,425**	1,697	**2,425**	1,697
		2,425	1,697	**2,425**	1,697

30 (k) The Group held cash and cash equivalents of N$1.8 billion at 30 June 2022 (2021 - Restated: N$1.8 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 RESTATEMENT

(i) The Group has previously presented amounts of Value Added Tax ("VAT") receivable and payable separately in trade and other receivables and in trade and other payables, respectively. The Group has the legal right to settle (or claim) these balances on a net basis, has historically done so and will continue to do so. Accordingly, such balances should have been presented on a net (rather than gross) basis. Amounts previously reported have been restated to correct the presentation.

(ii) The composition of cash and cash equivalents as reflected in the statement of financial position and in the statement of cash flows was re-evaluated during the current financial year. Upon such re-assessment, balances invested in money market funds previously included in cash and cash equivalents having to be amended through reclassifying these balances, and amounts invested thereto and withdrawn therefrom into the correct financial statement line items for presentation purposes in the statement of financial position and cash flows, respectively. In addition, dividends received from the investments in these money market funds were previously included in the "Cash (utilised in)/generated from operations" line item in the statement of cash flows. However, since these dividends are automatically reinvested in the respective funds, it is not appropriate to include these dividends as cash items in the statement of cash flows. These reclassification adjustments had no impact on previously reported profits or on the earnings of the group as previously stated. The reclassifications also had no impact on the liquidity of the group as it merely relates to the IAS 7 definition of cash and cash equivalents and its relating impacts on the statement of financial position and the cash flows, respectively.

(iii) In the prior year, a mathematical error was made resulting in a misstatement of the "Cash (utilised in)/generated from operations", "Cash paid to suppliers and employees", "Interest received" and "Interest paid" line items in the statement of cash flows. These amounts are therefore being corrected by restating the amounts previously reported.

31. PRIOR PERIOD RESTATEMENT (continued)

31.1 Statements of Financial Position

	Reference	CONSOLIDATED AND COMPANY		
		Previously reported N$'000	Impact of changes N$'000	Restated N$'000
Statement of financial position at 30 June 2021 (extract)				
Assets				
Total current assets				
Trade and other receivables	(i)	1,247,640	(158,341)	1,089,299
Investments	(ii)	5,316,879	2,054,029	7,370,908
Cash and cash equivalents	(ii)	3,833,191	(2,054,029)	1,779,162
		10,397,710	**(158,341)**	**10,239,369**
Liabilities				
Total current liabilities				
Trade and other payables	(i)	1,324,260	(158,341)	1,165,919
		1,324,260	**(158,341)**	**1,165,919**
Statement of financial position at 30 June 2020 (extract)				
Assets				
Total current assets				
Trade and other receivables	(i)	1,565,506	(110,526)	1,454,980
Investments	(ii)	5,948,250	1,534,289	7,482,539
Cash and cash equivalents	(ii)	2,910,025	(1,534,289)	1,375,735
		10,423,781	**(110,526)**	**10,313,254**
Liabilities				
Total current liabilities				
Trade and other payables	(i)	1,210,007	(110,526)	1,099,481
		1,210,007	**(110,526)**	**1,099,481**

31.2 Statement of cash flow for the year ended 30 June 2021

Certain items were reclassified during the current year under review in accordance with the presentation requirements of IAS 7. The impact on the statements of cash flow is summarised below:

		CONSOLIDATED AND COMPANY		
	Reference	Previously reported N$'000	Impact of changes N$'000	Restated N$'000
Cash flows from operating activities				
Cash receipts from customers		7,102,494	-	7,102,494
Cash paid to suppliers and employees	**(iii)**	(6,173,157)	63,082	(6,110,075)
Cash generated/(utilised) from operations	**31.2.1**	**929,337**	**63,082**	**992,419**
Interest received		52,335	-	52,335
Taxation paid		(287,261)	-	(287,261)
Net cash from operating activities		**694,411**	**63,082**	**757,493**
Cash flows from investing activities				
Proceeds from the sale of property, plant and equipment		5,118	-	5,118
Acquisitions of intangible assets		(18,748)	-	(18,748)
Extension and replacement of property, plant and equipment to maintain operations		(660,262)	-	(660,262)
Interest received	**(ii) and (iii)**	548,294	(137,269)	411,025
Dividend received		872	-	872
Proceeds from collective investment schemes		230,000	-	230,000
Proceeds from fixed deposits and treasury bills		4,080,680	-	4,080,680
Proceeds from money market funds	**(ii)**	-	20,000	20,000
Payments for collective investment schemes		(275,000)	-	(275,000)
Payments for fixed deposits and treasury bills		(3,037,060)	-	(3,037,060)
Payments for money market funds	**(ii)**	-	(455,000)	(455,000)
Proceeds from loans receivable		1,697	-	1,697
Net cash used in investing activities		**875,591**	**(572,269)**	**303,322**

31. PRIOR PERIOD RESTATEMENT (continued)

		CONSOLIDATED AND COMPANY		
	Reference	Previously reported N$'000	Impact of changes N$'000	Restated N$'000
Cash flows from financing activities				
Interest paid	(iii)	(83,117)	(10,552)	(93,669)
Repayments		(633,486)	-	(633,486)
Net cash used in financing activities		**(716,603)**	**(10,552)**	**(727,155)**
Net increase in cash and cash equivalents		853,399	(519,739)	333,660
Cash and cash equivalents at 1 July		2,910,025	(1,534,290)	1,375,735
Effect of exchange rate fluctuations on cash held		69,767	-	69,767
Cash and cash equivalents at 30 June		**3,833,191**	**(2,054,029)**	**1,779,162**

31.2.1 Note to the statement of cash flow

Cash generated from operations				
Profit before net finance income		1,098,716	-	1,098,716
Adjustments for:				
- Dividend received from unlisted investments		(872)	-	(872)
- Interest capitalised / reinvested interest	(iii)	(110,665)	108,528	(2,137)
- Net movement in currency swap valuations on interest bearing loans and borrowings		(10,945)	-	(10,945)
- Effect of exchange rate fluctuations on cash held		(69,767)	-	(69,767)
- Fair value gain on interest bearing loans and borrowings		81	-	81
- Movement in interest rate and cross currency swaps		9,719	-	9,719
- Fair value (gain)/loss on firm commitments		(2,611)	-	(2,611)
- Fair value movements on embedded derivative - Power Purchase Agreement (PPA)		(1,356,165)	-	(1,356,165)
- Coal valuation		3,440	-	3,440

31.2.1 Note to the statement of cash flow (continued)

	Reference	CONSOLIDATED AND COMPANY Previously reported N$'000	Impact of changes N$'000	Restated N$'000
- Fair value movements on investment properties		2,057	-	2,057
- Movement in expected credit loss on trade and other receivables		(60,633)	-	(60,633)
- Movement in expected credit loss on investments		(62,986)	(664)	(63,650)
- Movement in expected credit loss on loans receivable		103	-	103
- Depreciation on property, plant and equipment		876,729	-	876,729
- Fair value movements on investments		(63,972)	-	(63,972)
- Amortisation on intangible assets		8,951	-	8,951
- Government grant recognised in income		(8,864)	-	(8,864)
- Gain on disposal of property, plant and equipment		(4,531)	-	(4,531)
- Transfer to transmission system		(34,977)	-	(34,977)
- Impairment losses on property, plant and equipment revaluation		111,334	-	111,334
Cash flows generated from operations		324,142	107,864	432,006
Changes in working capital:				
Movement in accrued interest payable	**(iii)**	(24,088)	10,552	(13,536)
Movement in accrued interest receivable	**(iii)**	55,334	(55,334)	-
Fair value movements on forward exchange contracts		44,392	-	44,392
Movement in non-current retention creditors		5,213	-	5,213
Movement in deferred revenue liability		19,137	-	19,137
Movement in employee benefit obligations		(12,055)	-	(12,055)
- Employee benefits paid - defined benefit obligation		3,902	-	3,902
- Movement in employee benefits		36,275	-	36,275
Transfer to intangible assets		18,549	-	18,549
Movement in inventories		(34,222)	-	(34,222)
Movement in trade and other receivables	**(i)**	378,500	47,814	426,314
Movement in trade payables	**(i)**	114,258	(47,814)	66,444
		929,337	**63,082**	**992,420**

32. CONTINGENT LIABILITY

Litigation is in process against the Group relating to a dispute with a customer which is suing the Group for a breach of contract. The Group's lawyers have advised that they do not consider that the claim has merit and there is reasonable to good prospects of success in having the claim dismissed. The possible total loss has been estimated at N$291.0 million.

No provision has been made in the period under review as the Group does not consider that there is any probable loss.

33. SEGMENT REPORTING

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.

33.1 Information about reportable business units

Amounts in N$'000
Total revenues
Intersegment revenue
Revenue from external customers
Cost of electricity
Interest Income
Interest expense
Depreciation and amortisation
Impairment
Staff costs
Post retirement medical benefit
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)
Taxation

Generation		Transmission		Support Services		Total	
2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
554,647	619,469	**6,648,531**	6,396,240	**4,916,305**	5,030,790	**12,002,635**	12,046,500
(554,647)	(619,469)	**(794,056)**	(786,951)	**(4,264,738)**	(4,090,173)	**(5,496,593)**	(5,496,593)
-	-	**5,854,475**	5,609,290	**651,567**	940,617	**6,506,042**	6,549,907
-	-	**-**	-	**(5,075,449)**	(4,457,840)	**(5,075,449)**	(4,457,840)
-	-	**62,166**	39,126	**489,607**	561,503	**551,773**	600,629
(664)	(3,309)	**(54,676)**	(77,553)	**7,035**	(2,255)	**(48,305)**	(83,117)
(497,708)	(348,165)	**(716,877)**	(461,893)	**(175,441)**	(75,623)	**(1,390,026)**	(885,681)
-	-	**-**	(104,544)	**-**	(6,790)	**-**	(111,334)
(197,197)	(201,311)	**(370,971)**	(380,658)	**(424,378)**	(418,717)	**(992,546)**	(996,642)
(5,953)	(5,996)	**(12,494)**	(12,584)	**(13,378)**	(13,475)	**(31,825)**	(32,055)
-	-	**-**	-	**352,387**	131,763	**352,387**	131,763
-	-	**-**	-	**(137,391)**	(288,594)	**(137,391)**	(288,594)
-	-	**-**	-	**11,346**	28,285	**11,346**	28,285
765,135	629,089	**(4,206,677)**	(4,450,566)	**1,638,963**	5,465,554	**(1,802,579)**	1,644,076
-	-	**-**	-	**-**	-	**590,188**	(437,513)

33.2 Geographical information on the Group's revenue from customers by geographical area are:

	2022 N$'000	2021 N$'000
Domestic- Namibia	**6,168,556**	5,913,782
Regional Exports/ Cross border customers		
Angola	**194,781**	188,835
Botswana	**80,524**	84,510
South Africa	**10,864**	10,994
SAPP Market	**51,317**	351,786
	6,506,042	6,549,907

33.3 Information about major customers

Included in total segment revenue arising from the sale of electricity, extension charges, SAPP market sales and contribution by customers of N$6.5 billion (2021: N$6.5 billion) (see note 31.1 above) are revenues of approximately N$3.0 billion (2021: N$3.0 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 2022 and 2021 financial years.

NOTES

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