NamPower
Powering the Nation and beyond

ANNUAL FINANCIAL STATEMENTS 2023

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NAMPOWER, plays a crucial role in providing electricity and energy services to the people of Namibia. Sustaining the "needs of the present while preserving the ability of future generations to meet their own needs" is a fundamental principle of sustainable development.

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 2023, 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 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 30 November 2023 and signed by:

M MBOMBO
Acting Chairperson

KS HAULOFU
Managing Director

S HORNUNG
Audit & Risk Management
Committee (Board Committee)

VALUE ADDED STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023

	CONSOLIDATED AND COMPANY			
	2023		2022 - Restated	
	N$'000	%	N$'000	%
VALUE ADDED				
Turnover	**7,208,687**		6,481,507	
Less: Cost of primary energy, materials and services	**5,852,550**		5,513,998	
Value added by operations	**1,356,137**	**60.35**	967,509	60.29
Interest and sundry income	**891,101**	**39.65**	637,158	39.71
	2,247,238	**100.00**	1,604,667	100.00
VALUE DISTRIBUTED				
To remunerate employees	**911,378**	**40.56**	992,546	61.85
To providers of debt	**38,624**	**1.72**	48,305	3.01
	950,002	**42.28**	1,040,851	64.86
VALUE RETAINED				
To maintain and develop operations	**1,297,236**	**57.72**	563,816	35.14
	2,247,238	**100.00**	1,604,667	100.00

INDEPENDENT AUDITOR'S REPORT

To the Member of Namibia Power Corporation (Proprietary) Limited

OUR QUALIFIED OPINION

In our opinion, except for the effect and possible effects of the matters described in the Basis for qualified opinion section of our report, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Namibia Power Corporation (Proprietary) Limited (the Company) and its subsidiary (together the Group) as at 30 June 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

What we have audited

Namibia Power Corporation (Proprietary) Limited's consolidated and separate financial statements set out on pages 7 to 127 comprise:

- the directors' report for the year ended 30 June 2023;
- the consolidated and separate statements of financial position as at 30 June 2023;
- 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$991,502,000 in the consolidated statement of financial position as at 30 June 2023. Namibia Power Corporation (Proprietary) Limited's share of loss of associates of N$17,883,000 and its share of other comprehensive income of associates of N$185,812,000 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 2023 and Namibia Power Corporation (Proprietary) Limited's share of this associate's profit and other comprehensive income for the year then ended in the consolidated financial statements of the Group, as well as the related deferred tax impacts, 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. Our audit opinion on the financial statements for the period ended 30 June 2022 was similarly modified, and as a result, our opinion on the current period's financial statements is also modified because of the effect of this matter on the comparability of the current period's figures and the corresponding figures.

Furthermore, the share of other comprehensive income of associates for the current year includes an amount of N$185,812,000 that relates to cumulative revaluation gains on the property, plant and equipment of Central-North Electricity Distribution Company (Proprietary) Limited that arose during the 2023 and multiple prior financial years. These revaluations were processed prospectively in the current year financial statements of the Group. However, a portion of the revaluation gains relate to prior periods, which 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'. However, we are unable to determine the quantum of such adjustments needed in the absence of revaluation assessments being performed in the preceding years. This matter results in misstatements with respect to the amounts included in the current and prior year share of other comprehensive income of associates, the investment in the associate, the movement in the capital revaluation reserve, related deferred tax balances 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. Our audit opinion on the financial statements for the period ended 30 June 2022 was modified with respect to the fact that different accounting policies were applied at the Group compared to the associate with respect to the measurement of property, plant and equipment. Our opinion on the current period's financial statements is also modified because of the effect of this matter on the comparability of the current period's figures and the corresponding figures.

Furthermore, the share of other comprehensive income of associates for the comparative period 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 2017 to 2021 financial years. These revaluations for all these financial years were processed in the 2022 comparative period in the financial statements of the Group based on the completion of the financial statements for Nored Electricity (Proprietary) Limited for the 2017 to 2021 financial years during the 2022 comparative period. These revaluations should have been retrospectively corrected and disclosed as a prior period error in the 2022 prior year financial statements in accordance with International Accounting Standard ("IAS") 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Our audit opinion on the financial statements for the period ended 30 June 2022 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

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 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.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

OTHER INFORMATION

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled "NamPower Annual Financial Statements 2023". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group'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 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 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 financial statements.

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

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

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Samuel Ndahangwapo
Partner
Windhoek
Date: 07 December 2023

DIRECTORS' REPORT

The directors have pleasure in presenting their report for the year ended 30 June 2023.

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 associates comprise:

- The provision of technical, management and other related services; and
- The sale and distribution of electricity; and

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 AND COMPANY	
	2023	2022
	GWh	GWh
Ruacana Hydro Power Station	1,323	781
Van Eck Power Station	30	18
Anixas Power Station	6	2
Omburu PV Power Station	60	14.56
Eskom	466	1,253
ZESCO	1,478	1,018
BPC	0.4	-
ZPC	330	390
SAPP Market	210	256
REFITs	364	364
Total units into system	**4,267.4**	**4,097**
To customers in Namibia	3,530	3,405
Exports	198	169
Orange River^	128	127
Total units sold	**3,856**	**3,701**

^ 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	12.6%	12.8%

DIRECTORS' REPORT (CONTINUED)

Growth

During the year under review there was a increase of 0.5% in GWh units sold to customers in Namibia (2022: increase of 0.5%). The power imported by the Company during the year under review increased by 3.0% (2022: increase of 3.0%).

3. SUBSIDIARIES AND ASSOCIATES

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

4. AUDITORS

PricewaterhouseCoopers Namibia (PwC) was re-appointed as auditors with effect from 30 June 2023 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$1.6 billion (2022: N$1.2 billion). The expenditure on intangible assets during the financial year amounted to N$6.5 million (2022: N$2.9 million).

This expenditure is mainly attributable to:

5.1 Electrification:

- Plot 205 Noordoever (Increase Supply)
- Southern Region Pre-Paid Meters
- EIB MV Line Eengwena Elao & Onehapi
- NP: Otjiyere, Ondjombo Okamaruru Maheke
- Brakwater, Dobra, 11kV Overhead Line
- Driomiposis Settlement 1

5.2 Substation Development:

- Zambezi Substationn: 1 x 40MVA 220/66/22kV Transformer
- Omaheke Substation Transformer upgrade
- Various Substations - PLC replacement
- Externally funded: Lithops Substation 20MVA
- Kokerboom Substaion: 3 x 100MVAr 400kV Shunt Reactors
- Kuiseb Substation: Construct Wall and Roof

5.3 Refurbishment and Upgrading:

- Van Eck Power Station: Rehabilitation
- Ruacana Power Station - Replacement Station Transformers 1&2
- Ruacana Power Station: PABX at Power Station
- Anixas Power Station: Walvis Bay

5.4 Transmission System Development:

- 220kV Walmund - Kuiseb 1 feeder - Protection
- TXMP: 132/66kV Ohama Substation, Ex Boab
- TXMP: Auas-Gerus 400kV Line
- Zambezi TX: Trfr 11 Circuit Breaker Replacement
- Transmission Connection Hardap Solar PV
- TXMP: Khurub-Aussenkehr Strength Phase 4
- Otjikoto TX: Replace Trfr 2 66kV Circuit
- Substation: Bay Processor & RTU Upgrade

5.5 Power Station Development:

- Lüderitz Wind Power Plant
- FIRM Power Project
- Otjikoto Biomass Power Station
- Rosh Pinah Wind 40 MW Power Plant

5.6 Intangible Assets:

- Engineering Drawing Management
- Advance Cyber Security 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 (2022: 165 000 000) ordinary shares at N$1

8. SUBSEQUENT EVENTS

On 30 November 2023, the directors declared a dividend amounting to Nil (2022: Nil) in respect of the year under review.

9. SECRETARY

Ms E. Tuneeko held office as Company Secretary for the year under review. The business and postal addresses are shown on page 129.

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 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 complied with all its debt covenants for the year under review. 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 30 November 2023.

STATEMENTS OF FINANCIAL POSITION AT 30 JUNE 2023

		CONSOLIDATED			COMPANY		
		2023	2022	01 July 2021	2023	2022	01 July 2021
		N$'000	N$'000	N$'000	N$'000	N$'000	N$'000
	Note		* Restated	* Restated		* Restated	* Restated
Assets							
Total non-current assets		**39,912,752**	40,907,962	34,209,966	**39,142,529**	40,305,152	33,823,275
Property, plant and equipment	6	**37,627,345**	37,651,243	31,949,871	**37,627,345**	37,651,243	31,949,871
Investment properties	8	**22,578**	18,473	17,048	**22,578**	18,473	17,048
Intangible assets	9	**18,783**	20,138	29,356	**18,783**	20,138	29,356
Investment in associates	7.2	**991,502**	824,089	607,970	**221,279**	221,279	221,279
Investments	11	**1,232,366**	2,373,659	1,587,554	**1,232,366**	2,373,659	1,587,554
Loans receivable	10	**20,178**	20,360	18,167	**20,178**	20,360	18,167
Total current assets		**9,299,247**	8,860,942	10,958,701	**9,299,247**	8,860,942	10,958,701
Inventories	12	**136,914**	86,063	114,246	**136,914**	86,063	114,246
Trade and other receivables	13	**1,262,971**	1,591,145	1,089,299	**1,262,971**	1,591,145	1,089,299
Current tax receivable		**33,780**	33,780	33,780	**33,780**	33,780	33,780
Investments	11	**6,397,183**	5,340,527	7,370,908	**6,397,183**	5,340,527	7,370,908
Derivative assets	21.1	**50,033**	51,139	571,306	**50,033**	51,139	571,306
Cash and cash equivalents	14	**1,418,366**	1,758,288	1,779,162	**1,418,366**	1,758,288	1,779,162
Total assets		**49,211,999**	49,768,904	45,168,667	**48,441,776**	49,166,094	44,781,976
Equity							
Total equity attributable to equity holders		**33,396,708**	34,044,236	31,052,291	**32,629,979**	33,445,085	30,669,259
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	**1,752,080**	1,816,305	1,865,798	**1,752,080**	1,816,305	1,865,798
Development fund	16.5	**5,906,630**	6,690,561	7,857,619	**5,754,872**	6,520,569	7,698,973
Capital revaluation reserve	16.6	**24,523,165**	24,273,809	20,138,921	**23,908,194**	23,844,650	19,914,535
Strategic inventory revaluation reserve	16.7	**59,733**	153,157	102,847	**59,733**	153,157	102,847
Investment valuation reserve	16.8	**90,100**	45,404	22,106	**90,100**	45,404	22,106
Total equity		**33,396,708**	34,044,236	31,052,291	**32,629,979**	33,445,085	30,669,259
Liabilities							
Total non-current liabilities		**12,553,678**	12,668,695	11,849,222	**12,550,176**	12,665,028	11,845,555
Interest bearing loans and borrowings	17	**336,672**	6,792	516,164	**336,672**	6,792	516,164
Deferred revenue liabilities	18	**1,237,790**	1,098,564	1,108,904	**1,237,790**	1,098,564	1,108,904
Employee benefit provisions	22	**241,673**	277,441	293,960	**241,673**	277,441	293,960
Retention creditors	20.4	**56,449**	80,772	17,610	**56,449**	80,772	17,610
Deferred tax liabilities	19	**10,681,094**	11,205,126	9,912,584	**10,677,592**	11,201,459	9,908,917
Total current liabilities		**3,261,613**	3,055,973	2,267,154	**3,261,621**	3,055,981	2,267,162
Trade and other payables	20	**1,087,843**	1,410,650	1,286,382	**1,087,851**	1,410,658	1,286,390
Derivative liabilities	21.2	**1,381,047**	442,883	-	**1,381,047**	442,883	-
Interest bearing loans and borrowings	17	**100,944**	523,721	244,610	**100,944**	523,721	244,610
Deferred revenue liabilities	18	**691,779**	678,719	736,162	**691,779**	678,719	736,162
Total liabilities		**15,815,291**	15,724,668	14,116,376	**15,811,797**	15,721,009	14,112,717
Total equity and liabilities		**49,211,999**	49,768,904	45,168,667	**48,441,776**	49,166,094	44,781,976

* Certain amounts shown here do not correspond to the 2021 and 2022 financial statements due to errors and reclassifications and reflect adjustments made, refer to note 31.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

		CONSOLIDATED		COMPANY	
		2023	2022	2023	2022
		N$'000	N$'000	N$'000	N$'000
	Note		* Restated		* Restated
Revenue	25	7,208,687	6,481,507	7,208,687	6,481,507
Other income	25	177,663	85,385	177,663	85,385
Cost of Electricity	26 (a)	(5,032,172)	(5,075,449)	(5,032,172)	(5,075,449)
Employee costs	26 (d)	(911,378)	(992,546)	(911,378)	(992,546)
Depreciation and amortisation	26 (b)	(1,747,049)	(1,390,026)	(1,747,049)	(1,390,026)
Other expenses	26 (e)	(777,379)	(620,711)	(777,379)	(620,711)
Net impairment gain/(loss) on financial assets	26 (c)	21,828	(32,834)	21,828	(32,834)
Net fair value and foreign exchange loss on financial instruments	26 (f)	(1,002,993)	(797,254)	(1,002,993)	(797,254)
Loss before net finance income		(2,062,793)	(2,341,928)	(2,062,793)	(2,341,928)
Finance income – net		674,814	503,468	674,814	503,468
Finance income	24	713,438	551,773	713,438	551,773
Finance costs	24	(38,624)	(48,305)	(38,624)	(48,305)
Share of (loss)/profit of associates, net of taxation	7.2	(17,883)	11,346	-	-
Loss before taxation		(1,405,862)	(1,827,114)	(1,387,979)	(1,838,460)
Taxation	15	525,247	590,188	525,247	590,188
		(880,615)	(1,236,926)	(862,732)	(1,248,272)
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Revaluation of property, plant and equipment	15	93,447	5,779,581	93,447	5,779,581
Revaluation of strategic inventory	15	(137,388)	73,985	(137,388)	73,985
Net change in fair value of listed equity instruments	15	138	(215)	138	(215)
Net change in fair value of debt instruments	15	(8,451)	10,607	(8,451)	10,607
Net change in fair value of unlisted equity	15	53,009	12,906	53,009	12,906
Remeasurements of employee benefit provisions	22.3	48,249	29,965	48,249	29,965
Share of other comprehensive income of associates, net of taxation	15	185,296	204,773	-	-
Related tax	15	(1,214)	(1,882,730)	(1,379)	(1,882,730)
		233,086	4,228,873	47,625	4,024,099
Other comprehensive income for the year, net of taxation	15	233,086	4,228,873	47,625	4,024,099
Total comprehensive income for the year		(647,529)	2,991,947	(815,107)	2,775,827

* Certain amounts shown here do not correspond to the 2022 financial statements due to errors and reflect adjustments made, refer to note 31.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

CONSOLIDATED	Note	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000	Development Fund N$'000	Capital Revaluation Reserve N$'000	Strategic Inventory Revaluation Reserve N$'000	Investment Valuation Reserve N$'000	Retained Earnings N$'000	Total Equity N$'000
Balance at 1 July 2022	16	165,000	900,000	1,816,305	6,690,561	24,273,809	153,157	45,404	-	34,044,236
Total comprehensive income for the year										
Loss for the year		-	-	-	-	-	-	-	(880,615)	(880,615)
Other comprehensive income										
Revaluation of property plant and equipment, net of taxation	15	-	-	-	-	63,544	-	-	-	63,544
Revaluation of strategic inventory	15	-	-	-	-	-	(93,424)	-	-	(93,424)
Net changes in fair value of listed, unlisted equity and debt instruments	15	-	-	-	-	-	-	44,696	-	44,696
Share of other comprehensive income of associates, net of taxation		-	-	-	-	185,812	-	-	(351)	185,461
Remeasurements of employee benefit provisions, net of taxation	15	-	-	-	-	-	-	-	32,810	32,810
Total other comprehensive income		-	-	-	-	249,356	(93,424)	44,696	32,459	233,087
Total comprehensive income for the year		-	-	-	-	249,356	(93,424)	44,696	(848,156)	(647,528)
Allocation from retained income		-	-	(64,225)	(783,931)	-	-	-	848,156	-
Transfer to reserve fund	16.4	-	-	(64,225)	-	-	-	-	64,225	-
Funds for capital expenditure requirements	16.5	-	-	-	(783,931)	-	-	-	783,931	-
Balance at 30 June 2023		165,000	900,000	1,752,080	5,906,630	24,523,165	59,733	90,100	-	33,396,708

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

CONSOLIDATED	Note	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000	Development Fund N$'000	Capital Revaluation Reserve N$'000	Strategic Inventory Revaluation Reserve N$'000	Investment Valuation Reserve N$'000	Retained Earnings N$'000	Total Equity N$'000
Balance at 1 July 2021 (as previously reported)	**16**	**165,000**	**900,000**	**1,865,798**	**7,978,090**	**20,138,921**	**102,847**	**22,106**	**-**	**31,172,762**
Adjustment of correction of error	**31**	-	-	-	-	-	-	-	(120,471)	(120,471)
Allocation from retained income		-	-	-	(120,471)	-	-	-	120,471	-
Transfer to reserve fund		-	-	-	-	-	-	-	-	-
Funds for capital expenditure requirements		-	-	-	(120,471)	-	-	-	120,471	-
Balance at 1 July 2021 (restated)	**16**	**165,000**	**900,000**	**1,865,798**	**7,857,619**	**20,138,921**	**102,847**	**22,106**	**-**	**31,052,291**
Total comprehensive income for the year										
Adjustment of correction of errors		-	-	-	-	-	-	-	(24,536)	(24,536)
Loss for the year		-	-	-	-	-	-	-	(1,212,391)	(1,212,391)
Other comprehensive income										
Revaluation of property plant and equipment, net of taxation	**15**	-	-	-	-	3,930,115	-	-	-	3,930,115
Revaluation of strategic inventory	**15**	-	-	-	-	-	50,310	-	-	50,310
Net changes in fair value of listed, unlisted equity and debt instruments	**15**	-	-	-	-	-	-	23,298	-	23,298
Share of other comprehensive income of associates, net of taxation		-	-	-	-	204,773	-	-	-	204,773
Remeasurements of employee benefit provisions, net of taxation	**15**	-	-	-	-	-	-	-	20,376	20,376
Total other comprehensive income		**-**	**-**	**-**	**-**	**4,134,888**	**50,310**	**23,298**	**20,376**	**4,228,872**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**4,134,888**	**50,310**	**23,298**	**(1,216,551)**	**2,991,945**
Allocation from retained income		**-**	**-**	**(49,493)**	**(1,167,058)**	**-**	**-**	**-**	**1,216,551**	**-**
Transfer to reserve fund	**16.4**	-	-	(49,493)	-	-	-	-	49,493	-
Funds for capital expenditure requirements	**16.5**	-	-	-	(1,167,058)	-	-	-	1,167,058	-
Balance at 30 June 2022		**165,000**	**900,000**	**1,816,305**	**6,690,561**	**24,273,809**	**153,157**	**45,404**	**-**	**34,044,236**

* Certain amounts shown here do not correspond to the 2021 and 2022 financial statements due to errors and reflect adjustments made, refer to note 31.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

COMPANY	Note	Issued Share Capital N$'000	Share Premium N$'000	Reserve Fund N$'000	Development Fund N$'000	Capital Revaluation Reserve N$'000	Strategic Inventory Revaluation Reserve N$'000	Investment Valuation Reserve N$'000	Retained Earnings N$'000	Total Equity N$'000
Balance at 1 July 2022	**16**	**165,000**	**900,000**	**1,816,305**	**6,520,569**	**23,844,650**	**153,157**	**45,404**	**-**	**33,445,085**
Total comprehensive income for the year										
Loss for the year		-	-	-	-	-	-	-	(862,732)	(862,732)
Other comprehensive income										
Revaluation of property plant and equipment, net of tax	15	-	-	-	-	63,544	-	-	-	63,544
Revaluation of strategic inventory	15	-	-	-	-	-	(93,424)	-	-	(93,424)
Net changes in fair value of listed , unlisted equity and debt instruments	15	-	-	-	-	-	-	44,696	-	44,696
Remeasurements of employee benefit provisions, net of taxation	15	-	-	-	-	-	-	-	32,810	32,810
Total other comprehensive income		-	-	-	-	63,544	(93,424)	44,696	32,810	47,625
Total comprehensive income for the year		-	-	-	-	63,544	(93,424)	44,696	(829,922)	(815,106)
Allocation from retained income		-	-	(64,225)	(765,697)	-	-	-	829,922	-
Transfer to reserve fund	16.4	-	-	(64,225)	-	-	-	-	64,225	-
Funds for capital expenditure requirements	16.5	-	-	-	(765,697)	-	-	-	765,697	-
Balance at 30 June 2023		**165,000**	**900,000**	**1,752,080**	**5,754,872**	**23,908,194**	**59,733**	**90,100**	**-**	**32,629,979**

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

COMPANY	Note	Issued Share Capital N$'000	Reserve Premium N$'000	Development Fund N$'000	Capital Fund N$'000	Strategic Revaluation Reserve N$'000	Investment Inventory Revaluation Reserve N$'000	Retained Valuation Reserve N$'000	Total Earnings N$'000	Equity N$'000
Balance at 1 July 2021 (as previously reported)		**165,000**	**900,000**	**1,865,798**	**7,819,444**	**19,914,535**	**102,847**	**22,106**	**-**	**30,789,730**
Adjustment of correction of error	31	-	-	-	-	-	-	-	(120,471)	(120,471)
Allocation from retained income		-	-	-	(120,471)	-	-	-	120,471	-
Transfer to reserve fund		-	-	-	-	-	-	-	-	-
Funds for capital expenditure requirements		-	-	-	(120,471)	-	-	-	120,471	-
Balance at 1 July 2021 (restated)	16	**165,000**	**900,000**	**1,865,798**	**7,698,973**	**19,914,535**	**102,847**	**22,106**	**-**	**30,669,259**
Total comprehensive income for the year										
Adjustment of correction of errors	31	-	-	-	-	-	-	-	(24,536)	(24,536)
Loss for the year		-	-	-	-	-	-	-	(1,223,737)	(1,223,737)
Other comprehensive income										
Revaluation of property plant and equipment, net of tax	15	-	-	-	-	3,930,115	-	-	-	3,930,115
Revaluation of strategic inventory	15	-	-	-	-	-	50,310	-	-	50,310
Net changes in fair value of listed, unlisted equity and debt instruments	15	-	-	-	-	-	-	23,298	-	23,298
Remeasurements of employee benefit provisions, net of taxation	15	-	-	-	-	-	-	-	20,376	20,376
Total other comprehensive income		**-**	**-**	**-**	**-**	**3,930,115**	**50,310**	**23,298**	**20,376**	**4,024,099**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**3,930,115**	**50,310**	**23,298**	**(1,227,897)**	**2,775,826**
Allocation from retained income		**-**	**-**	**(49,493)**	**(1,178,404)**	**-**	**-**	**-**	**1,227,897**	**-**
Transfer to reserve fund	16.4	-	-	(49,493)	-	-	-	-	49,493	-
Funds for capital expenditure requirements	16.5	-	-	-	(1,178,404)	-	-	-	1,178,404	-
Balance at 30 June 2022		**165,000**	**900,000**	**1,816,305**	**6,520,569**	**23,844,650**	**153,157**	**45,404**	**-**	**33,445,085**

* Certain amounts shown here do not correspond to the 2021 and 2022 financial statements due to errors and reflect adjustments made, refer to note 31.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

		CONSOLIDATED		COMPANY	
		2023	2022	2023	2022
		N$'000	N$'000	N$'000	N$'000
	Note		* Restated		* Restated
Cash flows from operating activities					
Cash receipts from customers	30 (h)	**7,390,185**	6,064,929	**7,390,185**	6,064,929
Cash paid to suppliers and employees		**(6,901,252)**	(6,415,152)	**(6,901,251)**	(6,415,152)
Cash generated/(utilised) by operations	30 (a)	**488,933**	(350,223)	**488,934**	(350,223)
Interest received	30 (c)	**78,568**	71,612	**78,568**	71,612
Net cash from / (used in) operating activities		**567,501**	(278,611)	**567,502**	(278,611)
Cash flows from investing activities					
Proceeds from the sale of property, plant and equipment	26	**-**	2,911	**-**	2,911
Acquisitions of intangible assets	9.	**(6,461)**	(2,942)	**(6,461)**	(2,942)
Extension and replacement of property, plant and equipment to maintain operations	6.	**(1,634,346)**	(1,196,918)	**(1,634,346)**	(1,196,918)
Interest received	30 (c)	**359,091**	336,040	**359,091**	336,040
Dividend received	26	**73**	67	**73**	67
Proceeds from collective investment schemes		**515,000**	396,000	**515,000**	396,000
Proceeds from fixed deposits and treasury bills		**1,922,525**	3,117,066	**1,922,525**	3,117,066
Proceeds from money market funds		**295,000**	325,000	**295,000**	325,000
Payments for collective investment schemes		**-**	(60,000)	**-**	(60,000)
Payments for fixed deposits and treasury bills		**(2,258,238)**	(2,243,111)	**(2,258,238)**	(2,243,111)
Payments for money market funds		**-**	(100,000)	**-**	(100,000)
Proceeds from loans receivable	30 (j)	**2,641**	2,425	**2,641**	2,425
Net cash (used in) / from investing activities		**(804,715)**	576,538	**(804,715)**	576,538
Cash flows from financing activities					
Interest paid	30 (d)	**(42,639)**	(55,340)	**(42,639)**	(55,340)
Repayments	30 (i)	**(91,298)**	(212,072)	**(91,298)**	(212,072)
Net cash used in financing activities		**(133,937)**	(267,412)	**(133,937)**	(267,412)
Net (drecrease) / increase in cash and cash equivalents		**(371,151)**	30,515	**(371,150)**	30,515
Cash and cash equivalents at 1 July		**1,758,288**	1,779,162	**1,758,288**	1,779,162
Effect of exchange rate fluctuations on cash held		**31,228**	(51,389)	**31,228**	(51,389)
Cash and cash equivalents at 30 June	14.	**1,418,366**	1,758,288	**1,418,366**	1,758,288

* Certain amounts shown here do not correspond to the 2022 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 2023 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:

- **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
  - Omburu PV Station: Plant 1 - 25 years
- Transmission and Distribution Systems: 8 - 60 years
- Machinery and Equipment: 3 - 35 years
- Buildings: 23 - 50 years
- Aircraft fleet: 10 - 35 years

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, money market funds 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 model:

- market interest rates and
- growth rates

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on investments and loans receivables has increased significantly since initial recognition when contractual payments are more than 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. (a) significant financial difficulty of the customer, issuer or the borrower;
b. (b) a breach of contract, such as a default or past due event;
c. (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. (d) it is becoming probable that the customer or borrower will enter bankruptcy or other financial reorganisation; or
e. (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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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; or

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

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

Financial liabilities measured subsequently at amortised cost

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

(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.

(xv) 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(xvi) 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

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 2023.

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 2023.

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 30.4 - 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 2023 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	Units	2024	2025	2026	2027	2028
US CPI	Year-on-year (%)	2.49%	2.38%	2.45%	2.52%	2.61%
United States PPI - ZESCO 100MW	Year-on-year (%)	2.46%	2.34%	2.42%	2.49%	2.58%
United States PPI - ZESCO 80MW	Year-on-year (%)	2.45%	2.34%	2.41%	2.49%	2.58%
NAD/USD	NAD per USD	19.592	20.419	21.530	22.773	24.290
United States interest rates	Annual effective %	5.30%	4.74%	4.32%	4.04%	3.85%
Rand interest rates	Annual effective %	8.69%	8.60%	8.54%	8.63%	8.81%

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 2023 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 2023

At the date of authorisation of the financial statements of the Group for the year ended 30 June 2023, 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 2022
Amendment to IFRS 3 - Business combinations	Annual reporting periods beginning on or after 1 January 2022
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.

STANDARDS AND INTERPRETATIONS (CONTINUED)

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	Carrying amount
	N$'000	N$'000	N$'000
2023			
Ruacana power station	**7,973,226**	**(513,495)**	**7,459,731**
Van Eck power station	**1,282,933**	**(127,923)**	**1,155,010**
Anixas power station	**574,695**	**(27,033)**	**547,662**
Omburu PV station	**377,189**	**(13,825)**	**363,364**
Transmission and distribution systems	**25,558,822**	**(969,710)**	**24,589,112**
Aircraft fleet	**78,743**	**(3,608)**	**75,135**
Machinery and equipment	**234,640**	**(70,191)**	**164,449**
Land and buildings	**424,027**	**(13,448)**	**410,579**
Assets under construction	**2,015,320**	**-**	**2,015,320**
Strategic inventory	**846,983**	**-**	**846,983**
Total	**39,366,578**	**(1,739,233)**	**37,627,345**
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**

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	Transmission and Distribution Systems N$'000	Aircraft Fleet N$'000	Machinery and Equipment N$'000	Land and Buildings N$'000	Assets under Construction N$'000	Strategic Inventory N$'000	Total N$'000
CONSOLIDATED AND COMPANY												
2023												
Carrying amount at 1 July 2022		7,644,500	1,278,296	518,879	359,872	24,866,124	58,250	163,586	370,741	1,659,116	731,879	37,651,243
- At cost/valuation		8,005,484	1,389,808	540,314	361,018	25,661,566	61,122	226,978	384,020	1,659,116	731,879	39,021,305
- Accumulated depreciation		(360,984)	(111,512)	(21,435)	(1,146)	(795,442)	(2,872)	(63,392)	(13,279)	-	-	(1,370,062)
Additions		-	12	-	-	-	-	56,551	14	1,163,156	420,267	1,640,000
Assets under construction completed		1,717	5,030	51,187	10,628	877,022	-	20,156	8,987	(974,727)	-	-
Strategic inventory items issued		-	-	-	-	-	-	-	-	167,775	(167,775)	-
Transfer to intangible assets	9	-	-	-	-	-	-	(5,653)	-	-	-	(5,653)
Assets transferred from customers		-	-	-	-	124,929	-	-	-	-	-	124,929
Revaluation		327,009	(405)	4,629	6,689	(309,253)	20,493	-	44,285	-	(137,388)	(43,941)
Disposals		-	-	-	-	-	-	-	-	-	-	-
- At cost/valuation		-	-	-	-	-	-	-	-	-	-	-
- Accumulated depreciation		-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year		(513,495)	(127,923)	(27,033)	(13,825)	(969,710)	(3,608)	(70,191)	(13,448)	-	-	(1,739,233)
Carrying amount at 30 June 2023		7,459,731	1,155,010	547,662	363,364	24,589,112	75,135	164,449	410,579	2,015,320	846,983	37,627,345
- At cost/valuation [1]		7,973,226	1,282,933	574,695	377,189	25,558,822	78,743	234,640	424,027	2,015,320	846,983	39,366,578
- Accumulated depreciation [1]		(513,495)	(127,923)	(27,033)	(13,825)	(969,710)	(3,608)	(70,191)	(13,448)	-	-	(1,739,233)

[1] Accumulated depreciation at 01 July 2022 were reversed against the cost during the 2023 financial year.

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Ruacana Power Station	Van Eck Power Station	Anixas Power Station	Omburu PV Station	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$'000	N$'000	N$'000	N$'000	N$'000
CONSOLIDATED AND COMPANY												
2022												
Carrying amount at 1 July 2021		**6,621,241**	**1,226,516**	**483,799**	**-**	**21,330,737**	**52,935**	**181,123**	**380,776**	**1,006,125**	**666,619**	**31,949,871**
- At cost/valuation		6,840,592	1,334,297	502,314	-	21,892,282	56,670	228,582	400,286	1,006,125	666,619	32,927,767
- Accumulated impairment		-	-	-	-	(104,544)	-	-	(6,790)	-	-	(111,334)
- Accumulated depreciation		(219,351)	(107,781)	(18,515)	-	(457,001)	(3,735)	(47,459)	(12,720)	-	-	(866,562)
Additions		-	-	-	-	-	-	52,146	-	1,041,428	103,344	1,196,918
Assets under construction completed		796	-	1,970	361,018	128,335	-	3,951	4,436	(500,506)	-	-
Strategic inventory items issued		-	-	-	-	-	-	-	-	112,069	(112,069)	-
Transfer to investment property	8	-	-	-	-	-	-	-	(1,192)	-	-	(1,192)
Transfer to intangible assets	9	-	-	-	-	-	-	(2,305)	-	-	-	(2,305)
Assets transferred from customers		-	-	-	-	32,384	-	-	-	-	-	32,384
Revaluation		1,383,447	163,292	54,545	-	4,170,110	8,187	-	-	-	73,985	5,853,566
Disposals		-	-	-	-	-	-	(133)	-	-	-	(133)
- At cost/valuation		-	-	-	-	-	-	(7,937)	-	-	-	(7,937)
- Accumulated depreciation		-	-	-	-	-	-	7,804	-	-	-	7,804
Depreciation for the year		(360,984)	(111,512)	(21,435)	(1,146)	(795,442)	(2,872)	(71,196)	(13,279)	-	-	(1,377,866)
Carrying amount at 30 June 2022		**7,644,500**	**1,278,296**	**518,879**	**359,872**	**24,866,124**	**58,250**	**163,586**	**370,741**	**1,659,116**	**731,879**	**37,651,243**
- At cost/valuation [1]		8,005,484	1,389,808	540,314	361,018	25,661,566	61,122	226,978	384,020	1,659,116	731,879	39,021,305
- Accumulated depreciation [1]		(360,984)	(111,512)	(21,435)	(1,146)	(795,442)	(2,872)	(63,392)	(13,279)	-	-	(1,370,062)

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

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

6.1 Assets under construction

CONSOLIDATED AND COMPANY	Power Stations	Transmission and Distribution systems	Machinery and equipment	Land and buildings	Total
	N$'000	N$'000	N$'000	N$'000	N$'000
2023					
Opening balance	**267,112**	**1,351,150**	**29,009**	**11,845**	**1,659,116**
Additions	**493,573**	**816,898**	**14,412**	**6,048**	**1,330,931**
Assets under construction completed	**(68,564)**	**(877,021)**	**(20,155)**	**(8,987)**	**(974,727)**
Closing balance	**692,121**	**1,291,027**	**23,266**	**8,906**	**2,015,320**
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**

6.2 Land and buildings (owner-occupied properties)

The revaluation of land and buildings were performed externally effective 30 June 2023 by independent valuer, Kamau Town Planning and Development Specialist. Kamau Town Planning and Development Specialist 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.

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 2023 and 30 June 2022 for the power stations, transmission and distribution systems, strategic inventory and aircraft fleet by independent valuers namely, MPAMOT Africa Pty Ltd, based on external independent input and on the basis of the 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 Power stations increased mainly due to increases in 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 decrease in the replacement value of the Transmission systems are attributed to the relatively modest increase in the present day replacement cost as the increase driven by inflation of labour and installation cost is absorbed by the decrease in commodity prices (LME). Because indexation is applied on the present day replacement cost of the prior year, the yielding depreciating replacement cost estimate may fluctuate above or below the prior year's DRC estimate.

Compared to the prior year which was broadly characterised by notable price increases largely across the entire spectrum of materials and equipment given the impact of the COVID-19 pandemic, rises in energy prices and unrest in Europe/Ukrainere similar increases were not observed for the 2023 valuation and in respect of many areas, there were downward corrections given the more recent slowdown in global manufacturing indexes etc.

The valuators derived the annual price change for 2023 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 2023 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 separately disclosed and are therefore not available.

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

6.8 Reconciliation of the revaluation surplus

	Consolidated	Company	Consolidated	Company
	Capital Revaluation Reserve (net of tax) N$'000	Capital Revaluation Reserve (net of tax) N$'000	Strategic Inventory Revaluation Reserve N$'000	Strategic Inventory Revaluation Reserve N$'000
Opening balance at 1 July 2022	**(24,120,881)**	**(23,896,495)**	**(153,157)**	**(153,157)**
Change for the period	(63,544)	(63,544)	93,424	93,424
Revaluation	(63,544)	(63,544)	93,424	93,424
Closing balance at 30 June 2023	**(24,184,425)**	**(23,960,039)**	**(59,733)**	**(59,733)**
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)**

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 based on significant unobservable 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.

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(ii) Level 3 fair values

Reconciliation of Level 3 fair values

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

Consolidated and Company	**2023 N$'000**	**2022 N$'000**
Power stations, transmission and distribution systems and strategic inventory		
Opening balance 1 July	**35,417,568**	**30,346,930**
Additions and reclassification from property, plant and equipment	1,323,017	515,778
Depreciation	(1,651,986)	(1,290,519)
Loss included in other comprehensive income		
- Changes in fair value (unrealised)	(108,720)	5,845,379
Closing balance 30 June	**34,979,880**	**35,417,568**
(ii) Level 3 fair values (continued)		
Land and buildings		
Opening balance 1 July	**370,741**	**380,776**
Additions and reclassification from property, plant and equipment	9,001	3,244
Depreciation	(13,448)	(13,279)
Loss included in other comprehensive income		
- Changes in fair value (unrealised)	44,285	-
Closing balance 30 June	**410,581**	**370,741**

(iii) Transfers between levels

There were no transfers between the fair value hierarchy levels.

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

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

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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.	Increases in the cost of supply (equipment, materials, labour, etc) will increase the fair value and vice versa.
					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	A decrease in the assigned useful life will result in a reduced 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.	Not applicable	The following were considered: - Ancillary costs - Labour costs - Material costs - Ex. Works pricing - Depreciation - Probable remnant lives	An increase in labour and materials costs would result in an increase in the fair value and vice versa.
			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.		- Useful lives policies - Maximum lives of equipment types - Namibian Network Assessment Register (NENA) database for the distribution assets - Exchange rates	A decrease in maximum lives results in a decrease in fair value and vice versa.

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Property, plant and equipment item	Level	Valuation technique	Description of valuation technique		Significant unobservable inputs of level 3 item	Inter-relationship between key unobservable inputs and fair value measurement
Aircraft fleet	2	Market comparable prices	The fair value of the aircraft fleet was determined through consideration of the published aircraft bluebook as well as consideration of prevailing prices for similar aircraft fleet of a similar age and operating hours (both for the engines and airframes) on the international market.	Market prices	Not applicable	Not applicable
Land and buildings	3	Depreciated cost approach	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 11-12% (2022: 11.5%) Expected market rental growth 6-11% (2022: 2-3%)	The estimated fair value would increase (decrease) if:
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 5-12% (2022: 7-12%)	• 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 10% (2022: 5-8%)	• 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 20% (2022: 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 strategic 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)	In 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.

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.

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2023		2022	
	1% increase in US$ and Equipment cost		1% increase in US$ and Equipment cost	
	- 1% Labour cost	+ 1% Labour cost	- 1% Labour cost	+ 1% Labour cost
Ruacana power station	7,478,776	7,498,724	7,765,135	7,796,196
Van Eck power station	1,156,441	1,157,945	1,296,669	1,300,671
Anixas power station	549,183	550,982	524,638	526,889
Distribution lines	761,349	765,164	580,078	582,599
Transmission lines	30,357,695	30,543,023	17,201,347	17,294,095
Transmission substations	6,892,848	6,921,597	6,938,384	6,963,814
Strategic inventory	847,085	847,194	727,677	730,286
	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	7,420,736	7,440,684	7,495,046	7,525,327
Van Eck power station	1,152,078	1,153,582	1,256,112	1,260,035
Anixas power station	544,344	546,143	510,940	513,158
Distribution lines	751,738	755,553	572,103	574,625
Transmission lines	30,032,963	30,218,291	17,002,717	17,095,465
Transmission substations	6,798,767	6,827,516	6,890,146	6,915,576
Strategic inventory	846,772	846,881	715,627	718,232

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

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

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

The CFO validates fair value estimates by:

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

Land and Buildings

The valuation committee challenged the inputs and assumptions used by the sworn appraiser on the valuation of a significant property. Based on the review and outcome of the inputs of the valuation for reasonableness, the valuation committee resolved to adjust the valuation of the property to N$189.7 million.

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

6.10 Fair value of the assets

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

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

7. INTERESTS IN SUBSIDIARIES AND ASSOCIATES

7.1 Subsidiary companies

	Nature of operation	Country of incorporation	Date of incorporation	Issued Share Capital	Percentage holding		Shares at Cost		Total Investment	
					2023	2022	2023	2022	2023	2022
				N$'000	%	%	N$'000	N$'000	N$'000	N$'000
Name										
Directly held										
* Capricorn Power Supply (Pty) Ltd	Dormant	Republic of Namibia	25/02/1999	**2.5**	**100**	100	**2**	2	**2**	2
Less: accumulated 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.

INTERESTS IN SUBSIDIARIES AND ASSOCIATES (CONTINUED)

7.2 Associates

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Carrying amount of associates				
Carrying amount at beginning of year	**824,089**	607,970	**221,279**	221,279
Equity accounted earnings	**(17,883)**	11,346	**-**	-
Share of other comprehensive income of associates - gain on property valuation, net of tax	**185,812**	204,773	**-**	-
Share of other comprehensive income of associates - remeasurement of employee benefits	**(516)**	-	**-**	-
	991,502	824,089	**221,279**	221,279
Post-acquisition reserves				
Retained earnings	**534,324**	366,911		
Share of opening retained earnings	**366,911**	150,792		
Share of current year income	**167,413**	216,119		
Non-distributable reserves	**457,178**	457,178		
Share of opening revaluation and development reserve	**457,178**	457,178		
	991,502	824,089		

INTERESTS IN SUBSIDIARIES AND ASSOCIATES (CONTINUED)

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

	CONSOLIDATED	
	2023	**2022**
	N$'000	**N$'000**
Statement of financial position		
Non current assets	**2,719,919**	2,491,363
Current assets	**233,941**	246,136
Non current liabilities	**(1,026,970)**	(923,426)
Current liabilities	**(542,948)**	(477,332)
	1,383,942	1,336,741
Statement of comprehensive income		
Revenue	**1,298,347**	1,110,272
Expenditure	**(1,291,751)**	(1,122,477)
Profit/(loss) before taxation	**6,596**	(12,205)
Profit/(loss) from continuing operations for the year	**6,596**	(12,205)
Total comprehensive income/(loss)	**6,596**	(12,205)

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.

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	
Statement of financial position	**2023 N$'000**	**2022 N$'000**
Non current assets	**645,223**	675,220
Current assets	**210,851**	188,562
Non current liabilities	**(215,522)**	(217,494)
Current liabilities	**(165,408)**	(159,397)
	475,144	486,891
Statement of comprehensive income		
Revenue	**692,758**	647,302
Expenditure	**(677,619)**	(616,040)
Profit before taxation	**15,139**	31,262
Taxation	**(25)**	-
Profit from continuing operations for the year	**15,114**	31,262
Other comprehensive income	**(54)**	-
Total comprehensive income	**15,060**	31,262

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 Information about the associates

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	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Opening balance	**18,473**	17,048	**18,473**	17,048
Fair value adjustment	**4,105**	233	**4,105**	233
Transfer from land and buildings	**-**	1,192	**-**	1,192
Closing balance	**22,578**	18,473	**22,578**	18,473

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 obligation 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 2023 by an independent qualified property valuer, Kamau Town Planning and Development Specialist 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$22.6 million (2022: N$18.5 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	**18,473**	17,048	**18,473**	17,048
Additions and reclassification from property, plant and equipment	**-**	1,192	**-**	1,192
Gain included in 'other income'				
- Changes in fair value (unrealised)	**4,105**	233	**4,105**	233
Closing balance	**22,578**	18,473	**22,578**	18,473

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% (2022: 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. The method calculates the market value by comparing the property's characteristics with those of comparable properties which have recently sold in similar transactions.	• Expected market rental growth: Commercial and residential properties 6-11% (2022: 2-3%) • Void periods (Commercial properties average 1 months and residential properties average 1 month after the end of each lease) • Occupancy rate - Commercial: 100% (2022: 100%) and Residential: 88% (2022: 85%) • Rent-free periods (Nil) • Risk-adjusted discount rates: Commercial and residential properties 5-12% (2022: 7-12%)	• expected market rental growth were higher (lower); • void periods were shorter (longer); • the occupancy rate were higher (lower); • rent-free periods were shorter (longer); or • the risk-adjusted discount rate were lower (higher).	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.

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

9. INTANGIBLE ASSETS

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Computer software - purchased				
Opening carrying amount - 1 July	**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)
Additions	**808**	637	**808**	637
Transfer from property, plant and equipment (purchased software)	**5,653**	2,305	**5,653**	2,305
Amortisation	**(7,816)**	(12,160)	**(7,816)**	(12,160)
Closing carrying amount - 30 June	**18,783**	20,138	**18,783**	20,138
- At cost	**143,051**	136,590	**143,051**	136,590
- Accumulated amortisation and accumulated impairment	**(124,268)**	(116,452)	**(124,268)**	(116,452)

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 2023 is an amount of N$2.0 million related to SAP Portfolio and Project Management with a remaining amortisation period of 5 years.

10. LOANS RECEIVABLE

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Employee loans	**3,454**	2,842	**3,454**	2,842
Loan to the Alten Solar Power (Hardap) Pty Ltd	**16,761**	17,559	**16,761**	17,559
- Expected credit losses	**(37)**	(41)	**(37)**	(41)
	20,178	20,360	**20,178**	20,360

The fair value amount of the loans receivable for Alten Solar Power (Hardap) Pty Ltd amount to N$14.4 million (2022: N$15.9 million).

The fair value was based on a rate of 13.4% (2022: 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 approved 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	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Non-current investments	**1,232,366**	2,373,659	**1,232,366**	2,373,659
Debt instruments and fixed deposits at amortised cost	**1,032,604**	2,229,022	**1,032,604**	2,229,022
- Expected credit losses	**(1,890)**	(3,567)	**(1,890)**	(3,567)
Inflation linked bonds: FVTOCI - designated	**91,112**	90,670	**91,112**	90,670
- Expected credit losses	**(240)**	(237)	**(240)**	(237)
Investment in unlisted equities: FVTOCI - designated	**110,780**	57,771	**110,780**	57,771
Erongored (Pty) Ltd	**69,675**	29,202	**69,675**	29,202
Alten Solar Power (Hardap) Pty Ltd	**41,105**	28,569	**41,105**	28,569
Current investments	**6,397,182**	5,340,527	**6,397,183**	5,340,527
- Listed equity: Sanlam shares FVTOCI - designated	**1,473**	1,335	**1,473**	1,335
Inflation linked bonds: FVTOCI - designated	**2,049**	44,908	**2,049**	44,908
- Expected credit losses	**-**	(38)	**-**	(38)
Financial assets mandatorily measured at FVTPL				
- collective investment schemes	**1,721,160**	2,083,683	**1,721,160**	2,083,683
Debt instruments, fixed deposits and treasury bills at amortised cost	**2,925,578**	1,296,637	**2,925,578**	1,296,637
- Expected credit losses	**(3,013)**	(1,832)	**(3,013)**	(1,832)
Money market funds mandatorily measured at FVTPL	**1,750,148**	1,915,834	**1,750,148**	1,915,834
- Expected credit losses	**(212)**	-	**(212)**	-
Total investments	**7,629,549**	7,714,186	**7,629,549**	7,714,186

The fair value amount of the debt instruments measured at amortised cost approximate N$1.7 billion (2022: N$1.7 billion).
The fair value amount of the fixed deposits measured at amortised cost approximate N$2.2 billion (2022: N$1.8 billion).
The fair value amount of the treasury bills measured at amortised cost approximate N$163.4 million (2022: N$98.4 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 (2022: Nil) 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.

INVESTMENTS (CONTINUED)

(i) Level 3 fair value

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

	Equity investments - unlisted investments
Balance at 1 July 2022	57,771
Total gains or losses:	
– in other comprehensive income	53,009
Balance at 30 June 2023	110,780

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.

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

Sensitivity analysis	CONSOLIDATED AND COMPANY		CONSOLIDATED AND COMPANY	
	2023		2022	
	Increase	Decrease	Increase	Decrease
	N$'000	N$'000	N$'000	N$'000
Erongored (Pty) Ltd:				
1% change in discount rate	**65,838**	73,943	**27,632**	30,962
1% change in growth rate	**71,662**	67,876	**30,049**	28,444
Alten Solar Power (Hardap) Pty Ltd:				
1% change in cost of equity	**38,034**	44,572	**26,535**	30,869

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

12. INVENTORIES

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Maintenance spares and consumables	**29,005**	25,574	**29,005**	25,574
Fuel and coal	**140,409**	60,489	**140,409**	60,489
Obsolete stock recognised in profit or loss	**(32,500)**	-	**(32,500)**	-
	136,914	86,063	**136,914**	86,063

No inventory was pledged as security.
There are no items of inventory that are stated at net realisable value.
Inventory amounting to N$9.2 million (2022: N$7.2 million) was recognised in profit or loss.

13. TRADE AND OTHER RECEIVABLES

		* Restated		* Restated
Financial instruments:				
Trade receivables at amortised cost	**1,124,575**	1,275,454	**1,124,575**	1,275,454
- Gross receivables	**1,802,899**	1,984,397	**1,802,899**	1,984,397
- expected credit losses	**(678,324)**	(708,943)	**(678,324)**	(708,943)
Non-financial instruments:				
Prepayments	**137,266**	271,857	**137,266**	271,857
Project and other advances	**1,115**	1,004	**1,115**	1,004
Receiver of Revenue - VAT Refund	**-**	9,239	**-**	9,239
Other receivables	**15**	33,591	**15**	33,591
Total trade and other receivables	**1,262,971**	1,591,145	**1,262,971**	1,591,145

* Certain amounts shown here do not correspond to the 2022 financial statements due to errors and reflect adjustments made, refer to note 31.

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	**1,124,575**	1,275,454	**1,124,575**	1,275,454
Non-financial instruments	**138,395**	306,452	**138,395**	315,691
	1,262,970	1,581,906	**1,262,970**	1,591,145

Expected credit losses (ECL) of N$21.5 million - reversed (2022: N$34.1 million - raised) in respect of trade receivables were recognised in profit or loss.

TRADE AND OTHER RECEIVABLES (CONTINUED)

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 Expected Credit Losses for Categories A to D is calculated using the Provision Matrix Approach. 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 and some customers in Category A and C are assessed individually and expected credit loss based on the individual customer history.

TRADE AND OTHER RECEIVABLES (CONTINUED)

30 June 2023	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 (%)	8.19%	37.56%	61.91%	88.20%	
Net carrying amount at default [2]	413,221	95,364	100,428	406,284	1,015,297
Loss allowance	33,831	35,818	62,178	358,362	490,189
Individually assessed for impairment: Category A Customers - Electricity transmission customers					
Expected credit loss rate (%)	100.00%	100.00%	100.00%	100.00%	
Net carrying amount at default [2]	-	-	-	25,195	25,195
Loss allowance	-	-	-	25,195	25,195
Collectively assessed for impairment: Category B Customers - Electricity cross border customers					
Expected credit loss rate (%)	43.90%	65.61%	78.14%	84.26%	
Net carrying amount at default [2]	10,964	8,382	0.6	-	19,347
Loss allowance	4,813	5,500	0.5	-	10,313
Collectively assessed for impairment: Category C Customers - Electricity distribution customers					
Expected credit loss rate (%)	1.23%	22.59%	41.84%	80.66%	
Net carrying amount at default [2]	14,921	1,130	1,378	806	18,235
Loss allowance	183	255	577	650	1,665
Individually assessed for impairment: Category C Customers - Electricity distribution customers					
Expected credit loss rate (%)	100.00%	100.00%	100.00%	100.00%	
Net carrying amount at default [2]	-	-	2	4,004	4,006
Loss allowance	-	-	2	4,004	4,006
Collectively assessed for impairment: Category D Customers - Government departments/ agents electricity customers					
Expected credit loss rate (%)	8.22%	47.29%	65.55%	95.53%	
Net carrying amount at default [2]	31,519	12,329	10,506	126,112	180,466
Loss allowance	2,590	5,830	6,886	120,470	135,777
Individually assessed for impairment: Category E Customers - Sundry					
Expected credit loss rate (%)	2.59%	86.21%	23.68%	7.66%	
Estimated total gross carrying amount at default	60,103	507	240	119,193	180,043
Loss allowance	1,555	437	57	9,130	11,178
Total loss allowance	**42,972**	**47,841**	**69,700**	**517,811**	**678,324**

[1] For category A, 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.

TRADE AND OTHER RECEIVABLES (CONTINUED)

30 June 2022	Impairment Analysis: Trade receivables – days past due				
	Not past due	30 days past due	60 days past due	90 days past due	Not past due
	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 (%)	1.76%	7.55%	15.00%	90.10%	
Gross carrying amount at default	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%	
Gross carrying amount at default	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%	
Gross carrying amount at default	12,669	2,264	494.45	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%	
Gross carrying amount at default	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%	
Estimated total gross carrying amount at default	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

TRADE AND OTHER RECEIVABLES (CONTINUED)

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 2021	**212,816**	**345,309**	**25,778**	**86,628**	**4,698**	**675,229**
(Decrease)/increase 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)
Opening loss allowance as at 01 July 2022	**269,635**	**339,520**	**5,321**	**84,149**	**10,318**	**708,943**
Increase/(decrease) in loss allowance recognised in profit loss during the year	220,593	(320,377)	25,632	51,627	1,019	(21,506)
Receivables written off during the year as uncollectible	-	(8,830)	(125)	-	(158)	(9,112)
Closing loss allowance as at 30 June 2023	**490,228**	**10,313**	**30,828**	**135,776**	**11,179**	**678,324**

14. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Cash and cash equivalents consist of:				
Cash on hand	**31**	62	**31**	62
Call account - Long run marginal cost1	**290,259**	309,849	**290,259**	309,849
Bank balances	**380,552**	831,083	**380,552**	831,083
Short term deposits2	**747,524**	617,294	**747,524**	617,294
	1,418,366	1,758,288	**1,418,366**	1,758,288

[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	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Namibian company tax				
Deferred taxation	**(525,247)**	(590,188)	**(525,247)**	(590,188)
Taxation recognised in profit or loss	**(525,247)**	(590,188)	**(525,247)**	(590,188)
Taxation recognised in other comprehensive income	**1,213**	1,882,730	**1,379**	1,882,730
Total taxation	**(524,034)**	1,292,542	**(523,868)**	1,292,542
Tax rate reconciliation	**%**	%	**%**	%
Standard Tax Rate	**32.00**	32.00	**32.00**	32.00
Adjusted for:				
Social Responsibility	**(0.18)**	(0.14)	**(0.18)**	(0.14)
Donations	**(0.01)**	-	**(0.01)**	-
Other Items not deductible for tax purposes				
Legal fees not allowed for tax purposes	**-**	(0.01)	**-**	(0.01)
Research cost	**(0.01)**	-	**(0.01)**	-
Investment Properties	**0.08**	-	**0.08**	-
Short term insurance	**(0.03)**	(0.05)	**(0.03)**	(0.05)
Government grant	**2.55**	0.79	**2.55**	0.79
Capital contributions by customers	**1.79**	1.79	**1.79**	1.79
Deferred tax on assets with no tax values	**(5.13)**	(1.87)	**(5.13)**	(1.87)
Gains & losses on non-current financial instruments	**0.16**	0.04	**0.16**	0.04
Prior year charge	**3.03**	-	**3.03**	-
Effective tax rate	**34.26**	32.54	**34.26**	32.54

15. TAXATION (CONTINUED)

Taxation recognised in other comprehensive income

	CONSOLIDATED			COMPANY		
		Tax expense			Tax expense	
2023	**Before tax**	**(benefit)**	**Net of tax**	**Before tax**	**(benefit)**	**Net of tax**
Remeasurements of employee benefit provisions	**(48,249)**	**15,440**	**(32,809)**	**(48,249)**	**15,440**	**(32,810)**
Share of other comprehensive income of associates	**(185,296)**	**-**	**(185,296)**	**-**	**-**	**-**
Valuation of listed equity instruments	**(138)**	**-**	**(138)**	**(138)**	**-**	**(138)**
Valuation of debt-instruments	**8,451**	**-**	**8,451**	**8,451**	**-**	**8,451**
Valuation of unlisted equity instruments	**(53,009)**	**-**	**(53,009)**	**(53,009)**	**-**	**(53,009)**
Revaluation of property, plant and equipment	**(93,447)**	**29,903**	**(63,544)**	**(93,447)**	**29,903**	**(63,544)**
Revaluation of strategic inventory	**137,388**	**(43,964)**	**93,424**	**137,388**	**(43,964)**	**93,424**
	(234,300)	**1,213**	**(233,086)**	**(49,003)**	**1,379**	**(47,625)**
2022						
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	(12,907)	-	(12,907)	(12,907)	-	(12,907)
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)

16. SHARE CAPITAL AND RESERVES

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	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 (2022: 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.

(2022: 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 2023 Carrying amount N$'000	30 June 2023 Face value N$'000	30 June 2022 Carrying amount N$'000	30 June 2022 Face value N$'000
17.1.1 Development Bank of Namibia [1]	NAD	**Prime less 4.5%**	**Prime less 4.5%**	2024	**5,888**	**5,888**	12,878	12,878
17.1.2 European Investment Bank - loan III [1]	ZAR	**9.26%**	**9.26%**	2029	**146,762**	**142,902**	169,340	164,887
17.1.3 Agence Francaise de Development II [1]	ZAR	**6.10%**	**6.10%**	2027	**101,913**	**99,265**	124,560	121,324
17.1.4 KFW Bankengruppe III [1]	ZAR	**8.26%**	**8.26%**	2027	**183,053**	**178,702**	223,735	218,414
					437,616	**426,757**	530,513	517,503
Less: Instalments payable within one year transferred to current liabilities					**100,944**	**90,086**	523,721	510,711
					336,672	**336,671**	6,792	6,792

[1] 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.

Debt covenants

The Group has met all the debt covenant ratio requirements as at 30 June 2023.

The ratios below are calculated based on/aligned to the definitions as per loan agreements with lenders.

Ratios

	Agreement requirement	2023	2022
Debt Service Coverage (12 months)	Above 1.3	9.12	0.87
Two-year average debt service coverage ratio	Above 1.4	4.99	1.25
Debt to total debt and equity ratio	Below 65%	1.29%	1.53%
Net debt to EBITDA ratio	Below 4	-11.91	-383.13

Defaults and breaches

There were no defaults or breaches of the loan agreements during the year under review.

Loan covenants prescribe for certain key financial ratios to be met. During the prior year, 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 in the prior year, the lenders were 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 the 2022 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 was presented as a current liability at 30 June 2022.

18. DEFERRED REVENUE LIABILITIES

		CONSOLIDATED		COMPANY	
		2023	2022	2023	2022
	Notes	N$'000	N$'000	N$'000	N$'000
Non-current liability					
Deferred revenue government grant: generation assets	18.1	**152,702**	161,567	**152,702**	161,567
Transfers of assets from customers	18.3	**268,817**	254,965	**268,817**	254,965
Interest rate subsidy - EIB Loan III	18.2	**5,498**	7,581	**5,498**	7,581
Deferred revenue: Capital contributions received	18.4	**810,773**	674,451	**810,773**	674,451
		1,237,790	1,098,564	**1,237,790**	1,098,564
Current liability					
Interest rate subsidy - EIB Loan III	18.2	**2,083**	2,416	**2,083**	2,416
Deferred revenue government grant: generation assets	18.1	**6,857**	6,857	**6,857**	6,857
Deferred revenue: Long-run marginal cost	18.5	**290,259**	309,849	**290,259**	309,849
Transfers of assets from customers	18.3	**67,137**	31,055	**67,137**	31,055
Deferred revenue: Omburu PV	18.6	**325,443**	328,542	**325,443**	328,542
		691,779	678,719	**691,779**	678,719

18.1 Deferred revenue - government grants

18.1.1 Government grant - generation assets

Reconciliation of deferred revenue - government grant

Opening balance	**168,424**	177,288	**168,424**	177,288
Recognised in profit or loss	**(8,864)**	(8,864)	**(8,864)**	(8,864)
Closing balance	**159,560**	168,424	**159,560**	168,424

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 (2022: N$8.9 million) was recognised as income during the current year while the N$159.6 million (2022: N$168.4 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.
There was no unfulfilled conditions and other contingencies attached to the Government grant.

DEFERRED REVENUE LIABILITIES (CONTINUED)

18.2 Interest rate subsidy - EIB Loan III

Reconciliation of deferred revenue - Interest rate subsidy

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Opening balance	**9,997**	12,746	**9,997**	12,746
Recognised in profit or loss	**(2,416)**	(2,749)	**(2,416)**	(2,749)
Closing balance	**7,581**	9,997	**7,581**	9,997

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$2.4 million (2022: N$2.7 million) was recognised as income during the current year whilst the remaining N$7.6 million (2022: N$10.0 million) represents deferred income and will be recognised over the period of the loan of 20 years.

18.3 Transfers of assets from customers

transfers of assets from customers comprise of assets constructed by customer and transferred to the group, as well as capital/cash contributions made by customers towards assets constructed by the Group. The Power Supply Agreements (PSA) state that assets will be transferred or contribution will be made in order to connect the customer to the Group's electricity network system.

Opening balance	**286,020**	286,020	**286,020**	259,047
Additions in the current period	**124,929**	119,845	**124,929**	119,845
Recognised in profit or loss	**(74,995)**	(92,872)	**(74,995)**	(92,872)
Closing balance	**335,954**	286,020	**335,954**	286,020
Current	**67,137**	31,055	**67,137**	31,055
Non-current	**268,817**	254,965	**268,817**	254,965
	335,954	286,020	**335,954**	286,020

Transfers of assets from customers increased by N$ 124.9 million as a result of assets constructed and transferred to the group in respect of new customer contracts. The increase in 2022 was mainly due to customer funded assets constructed by the Group.

The Group expects that 20% (N$67.1 million) of the unsatisfied performance obligations as of 30 June 2023 will be recognised as revenue during the next reporting period. The remaining 80% (N$269 million) will be recognised in the financial periods from 2024 onwards.

DEFERRED REVENUE LIABILITIES (CONTINUED)

18.4 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	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Opening balance	**674,451**	725,513	**674,451**	725,513
Payments received	**174,059**	45,679	**174,059**	45,679
Transfers to capital contributions	**-**	(87,460)	**-**	(87,460)
Project costs incurred	**(37,737)**	(9,280)	**(37,737)**	(9,280)
Closing balance	**810,773**	674,451	**810,773**	674,451

Capital contributions received from customers increased by N$ 174.1 million mainly as a result of contributions in respect of new customer contracts. The decrease in 2022 was mainly due to transfer of completed customer funded assets to deferred revenue: Transfers of assets from customers.

The Group expects that 17% (N$136.3 million) of the unsatisfied performance obligations as of 30 June 2023 will be recognised as transfers of assets from customers during the next reporting period. The remaining 83% (N$674.5 million) will be recognised in the financial periods from 2024 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$32.4 million (2022: N$50.0 million) of the LRMC utilised as fuel cost subsidy for the Van Eck and Anixas Powerstations in respect of the 2022 financial year.

Opening balance	**309,849**	495,483	**309,849**	495,483
Interest received	**23,020**	21,238	**23,020**	21,238
LRMC utilised - Van Eck and Anixas Powerstations fuel cost subsidy	**(32,435)**	(50,000)	**(32,435)**	(50,000)
LRMC utilised-Subsidy to Omburu PV	**(10,175)**	(156,872)	**(10,175)**	(156,872)
Closing balance	**290,259**	309,849	**290,259**	309,849

DEFERRED REVENUE LIABILITIES (CONTINUED)

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$10.2 million (2022: N$156.9 million) was withdrawn from the LRMC fund with the approval of the ECB. Of these funds N$13.3 million (2022: N$3.3 million) was recognised as income during the current year while the N$325.4 million (2022: N$328.5 million) represents deferred income and will be recognised on a systematic basis over the useful life of the power plant. The last tranche of this grant was received in the 2023 financial year.

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Opening balance	**328,542**	174,989	**328,542**	174,989
Recognised in profit or loss	**(13,274)**	(3,319)	**(13,274)**	(3,319)
Received from LRMC	**10,175**	156,872	**10,175**	156,872
Closing balance	**325,443**	328,542	**325,443**	328,542

19. DEFERRED TAX LIABILITIES

	CONSOLIDATED		COMPANY	
	2023	**2022**	**2023**	**2022**
	N$'000	**N$'000**	**N$'000**	**N$'000**
Balance at the beginning of the year	**11,205,126**	9,912,584	**11,201,459**	9,908,917
Current charge recognised in profit or loss	**(603,872)**	(624,025)	**(603,872)**	(624,025)
Current year (loss)/profit	**(603,872)**	(624,025)	**(603,872)**	(624,025)
Temporary differences	**(502,695)**	(483,686)	**(502,695)**	(483,686)
Unused tax loss	**(101,177)**	(140,339)	**(101,177)**	(140,339)
Timing differences for current period recognised through profit/loss - additions with no tax value	**78,626**	33,837	**78,626**	33,837
Current charge recognised in other comprehensive income	**1,214**	1,882,730	**1,379**	1,882,730
Balance at end of year	**10,681,094**	11,205,126	**10,677,592**	11,201,459
The balance comprises:				
Deferred tax liabilities	**11,704,638**	11,829,966	**11,701,136**	11,826,299
Deferred tax assets	**(1,023,544)**	(624,840)	**(1,023,544)**	(624,840)
Total net deferred tax liability/asset	**10,681,094**	11,205,126	**10,677,592**	11,201,459
Deferred tax liabilities:				
Deferred tax liabilities to be recovered after more than 12 months	**11,691,372**	11,824,028	**11,687,870**	11,820,361
Deferred tax liability to be recovered within 12 months	**13,266**	5,938	**13,266**	5,938
	11,704,638	11,829,966	**11,701,136**	11,826,299
Deferred tax assets:				
Deferred tax assets to be recovered after more than 12 months	**(1,023,544)**	(624,840)	**(1,023,544)**	(624,840)
	(1,023,544)	(624,840)	**(1,023,544)**	(624,840)
Property, plant and equipment	**11,358,780**	11,530,200	**11,355,278**	11,526,533
Strategic inventory	**271,035**	234,201	**271,035**	234,201
Inventory write off	**(10,400)**	-	**(10,400)**	-
Prepayments	**13,266**	5,938	**13,266**	5,938
Inventories	**4,637**	6,447	**4,637**	6,447
Unused tax loss	**(241,516)**	(140,339)	**(241,516)**	(140,339)
Expected credit losses on investments	**(1,714)**	(1,815)	**(1,714)**	(1,815)
Severance pay liability	**(13,449)**	(18,033)	**(13,449)**	(18,033)
Fair value swaps, loans and unrealised foreign exchange losses	**56,920**	53,180	**56,920**	53,180
Retention creditors	**(36,238)**	(26,648)	**(36,238)**	(26,648)
Post retirement medical benefit	**(63,887)**	(70,748)	**(63,887)**	(70,748)
Power purchase and power sales agreement- embedded derivative	**(441,210)**	(141,554)	**(441,210)**	(141,554)
Provisions and advance payments	**(60,146)**	(63,530)	**(60,146)**	(63,530)
Trade receivables	**(154,984)**	(162,173)	**(154,984)**	(162,173)
	10,681,094	11,205,126	**10,677,592**	11,201,459

DEFERRED TAX LIABILITIES (CONTINUED)

Movements - Deferred tax assets	Property, plant and equipment N$'000	Employee benefits N$'000	Embedded derivative N$'000	Provisions N$'000	Trade receivable N$'000	Other N$'000	Total N$'000
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 1 July 2022	**-**	**(88,781)**	-	**(63,530)**	**(162,173)**	**(310,356)**	**(624,840)**
(Charged)/credited							
- to profit or loss	**-**	**-**	-	**3,384**	**7,189**	**(420,722)**	**(410,149)**
- to other comprehensive income	**-**	**11,446**	-	**-**	**-**	**-**	**11,445**
At 30 June 2023	**-**	**(77,336)**	-	**(60,146)**	**(154,984)**	**(731,078)**	**(1,023,544)**

Movements - Deferred tax liabilities

	Property, plant and equipment N$'000	Employee benefits N$'000	Embedded derivative N$'000	Provisions N$'000	Trade receivable N$'000	Other N$'000	Total N$'000
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 1 July 2022	**11,526,533**	**-**	**180,577**	**-**	**-**	**119,188**	**11,826,298**
(Charged)/credited							
- to profit or loss	**-**	**-**	**-**	**-**	**-**	**46,093**	**46,093**
- to other comprehensive income	**(171,255)**	**-**	**-**	**-**	**-**	**-**	**(171,255)**
At 30 June 2023	**11,355,278**	**-**	**180,577**	**-**	**-**	**165,281**	**11,701,136**

20. TRADE AND OTHER PAYABLES

	CONSOLIDATED			COMPANY		
	2023	**2022**	**2021**	**2023**	**2022**	**2021**
	N$'000	**N$'000**	**N$'000**	**N$'000**	**N$'000**	**N$'000**
		Restated	**Restated**		**Restated**	**Restated**
Financial instruments:						
Trade payables *	**794,842**	1,249,986	1,095,980	**794,850**	1,249,994	1,095,988
Value Added Tax *	**74,908**	-	23,995	**74,908**	-	23,995
Retention creditors	**56,795**	2,505	556	**56,795**	2,505	556
Non-financial instruments:						
Leave and bonus accruals	**161,298**	158,159	165,851	**161,298**	158,159	165,851
Total trade and other payables	**1,087,843**	1,410,650	1,286,382	**1,087,851**	1,410,658	1,286,390

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	**926,545**	1,252,491	1,120,531	**926,553**	1,252,499	1,120,539
Non-financial instruments	**161,298**	158,159	165,851	**161,298**	158,159	165,851
	1,087,843	1,410,650	1,286,382	**1,087,851**	1,410,658	1,286,390

* 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.

TRADE AND OTHER PAYABLES (CONTINUED)

20.2 Leave and bonus accruals

The Group accrues for leave pay and bonuses for all employees. The values at 30 June 2023 for leave accruals were N$141.6 million (2022: N$138.1 million) and bonus accruals were N$19.7 million (2022: N$20.1 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

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Non-Current	**56,449**	80,772	**56,449**	80,772
Current (included in trade payables)	**56,795**	2,505	**56,795**	2,505
	113,244	83,277	**113,244**	83,277

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

21. DERIVATIVES

21.1 Derivative assets

Forward exchange contract assets	**50,033**	51,139	**50,033**	51,139
	50,033	51,139	**50,033**	51,139

21.2 Derivative liabilities

Valuation firm commitments	**2,265**	527	**2,265**	527
Current: Embedded derivative - Power Purchase Agreement (PPA)	**1,378,782**	442,356	**1,378,782**	442,356
	1,381,047	442,883	**1,381,047**	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.

DERIVATIVES (CONTINUED)

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.

The key driver for the significant increase in the liability is attributed to the depreciation in the exchange rate NAD:USD. The higher forecasted US PPI index is an additional factor which contributed to the increased liability for the 100MW contract.

Valuation assumptions

The contracted electricity price used to value embedded derivatives is based on a combination of factors in the table below over the contracted period.

Forecast sales volumes are based on the most likely future sales volumes which have been back-tested against historic volumes.

The fair value of embedded derivatives takes into account the inherent uncertainty relating to the future cash flows of embedded derivatives, such as liquidity, model risk and other economic factors.

The following valuation assumptions for the future electricity price curve discussed above for the valuation of embedded derivatives were used and are regarded as the best estimates by the board:

		Year ended 30 June 2023				
Input	**Unit**	**30-Jun-24**	**30-Jun-25**	**30-Jun-26**	**30-Jun-27**	**30-Jun-28**
US CPI	% YOY	2.49%	2.38%	2.45%	2.52%	2.61%
US PPI - ZESCO 100MW	% YOY	2.46%	2.34%	2.42%	2.49%	2.58%
US PPI - ZESCO 80MW	% YOY	2.45%	2.34%	2.41%	2.49%	2.58%
USD:ZAR	rate	19.592	20.419	21.530	22.773	24.290
US Interest Rate	%	5.30%	4.74%	4.32%	4.04%	3.85%
SA Interest Rate	%	8.69%	8.60%	8.54%	8.63%	8.81%

22. EMPLOYEE BENEFIT PROVISIONS

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Post Retirement Medical Benefits	**199,646**	221,089	**199,646**	221,089
Severance pay liability	**42,027**	56,352	**42,027**	56,352
	241,673	277,441	**241,673**	277,441

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 dependents. 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 2023, as determined by an actuarial valuation, was N$199.6 million (2022: N$221.1 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$172.7 million (2022: N$157.9 million) in contributions to the defined benefit plans in 2024.

EMPLOYEE BENEFIT PROVISIONS (CONTINUED)

Membership data

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

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Current (in service) employees				
Number of active employees	**303**	320	**303**	320
Subsidy weighted average age	**55.7**	54.4	**55.7**	54.4
Subsidy weighted average past service	**28.5**	27.1	**28.5**	27.1
Average monthly subsidy payable during retirement (N$)	**4,200**	4,460	**4,200**	4,460
Continuation members (pensioners)				
Number of continuation members	**144**	147	**144**	147
Subsidy weighted average age	**70.5**	70.4	**70.5**	70.4
Average monthly subsidy (N$)	**4,650**	4,230	**4,650**	4,230
Liability for defined benefit obligations				
The following were the principal actuarial assumptions at the reporting date:				
Discount rate at 30 June (%)	**13.37**	13.09	**13.37**	13.09
Medical cost trend rate (%)	**9.37**	10.09	**9.37**	10.09
Consumer price inflation (%)	**7.87**	8.59	**7.87**	8.59
Net effective discount rate	**3.66**	2.73	**3.66**	2.73

EMPLOYEE BENEFIT PROVISIONS (CONTINUED)

Discount rate

The nominal and real zero yield curves as at 30 June 2023, 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 13.4 (2022: 15.3) 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.

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

	CONSOLIDATED AND COMPANY	
Longevity (years) at age 65	**2023**	**2022**
Males	**11.2**	11.2
Females	**16.1**	16.1

EMPLOYEE BENEFIT PROVISIONS (CONTINUED)

Spouses and Dependents

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			
Changes to in service membership as at the valuation dates:	**30-06-2023 Valuation**	**30-06-2022 Valuation**	**% Change**
Number of active employees	**303**	320	-5.3%
Subsidy weighted average age	**55.70**	54.40	2.5%
Subsidy weighted average age	**28.45**	27.10	5.0%
Average monthly subsidy (N$)	**4,200**	4,460	-5.8%
Changes to continuation membership (pensioners' membership) as at the valuation dates:			
Number of principal members	**144**	147	-2.0%
Subsidy weighted average age	**70.46**	70.41	0.1%
Average monthly subsidy (N$)	**4,650**	4,230	9.9%
Changes in the valuation assumptions as at the valuation dates:			
Financial variable			
Discount rate	**13.37%**	13.09%	2.1%
Consumer price inflation	**7.87%**	8.59%	-8.4%
Medical aid Inflation	**9.37%**	10.09%	-7.2%
Net effective discount rate	**3.66%**	2.73%	34.1%

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	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Net liability for defined obligations as at 1 July	**221,089**	226,644	**221,089**	226,644
Interest cost	**28,992**	27,266	**28,992**	27,266
Current service costs	**4,658**	4,559	**4,658**	4,559
Benefits paid				
- Employer	**(1,046)**	(1,001)	**(1,046)**	(1,001)
- Continuation members	**(5,798)**	(5,400)	**(5,798)**	(5,400)
Remeasurements				
- Gain from economic assumptions	**(25,543)**	(2,189)	**(25,543)**	(2,189)
- (Gain)/loss from experience	**(22,706)**	(28,790)	**(22,706)**	(28,790)
Net liability for defined obligations as at 30 June	**199,646**	221,089	**199,646**	221,089

The main reasons for the actuarial gain 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 of around N$25.5 million.

The actual increase of the subsidies to the medical aid over the past year turned out to be less than expected. Along with this, many members also changed to less expensive schemes, which resulted in a decrease in the overall subsidies. This resulted in a decrease in liability of around N$14.7 million.

There have been some changes in membership data and other experience items during the year under review. There has been a decrease of 5% in the number of in-service members and a decrease of 2.0% in the number of continuation members. Along with this, some of the continuation members also changed to less expensive schemes and other smaller changes resulted in a decrease in the liability of N$8.0 million.

EMPLOYEE BENEFIT PROVISIONS (CONTINUED)

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

Discount rate	**-1% discount rate**		**+1% discount rate**	
	2023	**2022**	**2023**	**2022**
Defined benefit obligation	**224,704**	252,786	**178,718**	195,045
Service cost	**4,173**	5,558	**3,047**	3,936
Interest cost	**27,760**	30,688	**25,520**	27,462

Medical aid inflation / Consumer Price Inflation (CPI)	**-1% medical aid inflation**		**+1% medical aid inflation**	
	2023	**2022**	**2023**	**2022**
Defined benefit obligation	**177,839**	194,180	**225,451**	253,417
Service cost	**3,026**	3,913	**4,192**	5,576
Interest cost	**23,624**	25,398	**30,106**	33,310

Mortality rate	**-20% mortality rate**		**+20% mortality rate**	
	2023	**2022**	**2023**	**2022**
Defined benefit obligation	**216,634**	241,868	**185,694**	204,200
Service cost	**3,891**	5,145	**3,270**	4,256
Interest cost	**28,857**	31,713	**24,735**	26,783

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.

EMPLOYEE BENEFIT PROVISIONS (CONTINUED)

The total liability for key management is given below.

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Key Management	**2,552**	2,623	**2,552**	2,623

Expected maturity analysis of the post retirement medical benefits:

Within one year	**8,424**	7,932	**8,424**	7,932
Between 1 - 5 years	**36,230**	34,966	**36,230**	34,966
More than 5 years	**154,992**	178,191	**154,992**	178,191
Total	**199,646**	221,089	**199,646**	221,089

22.1.3 Expense recognised in profit or loss

Current service costs	**4,658**	4,559	**4,658**	4,559
Interest cost	**28,992**	27,266	**28,992**	27,266
	33,650	31,825	**33,650**	31,825

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

22.2 Severance pay liability

Present value of net obligations	**42,027**	56,352	**42,027**	56,352
Present value of unfunded obligations	**42,027**	56,352	**42,027**	56,352
Recognised liability for defined benefit obligations	**42,027**	56,352	**42,027**	56,352

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

EMPLOYEE BENEFIT PROVISIONS (CONTINUED)

Severance pay must be an amount equal to at least one week's remuneration for each year of continuous service with the employer. Allowing for retrenchments is very company dependent and therefore not provided for in the valuation.

The Group expects to pay N$1.8 million (2022: N$4.8 million) in contributions to this plan in 2024.

Membership data

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

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Current employees	**1,107**	1,126	**1,107**	1,126
Average annual salary (N$)	**599,462**	601,114	**599,462**	601,114
Salary weighted average past service (Years)	**14.52**	14.20	**14.52**	14.20

22.2.1 Liability for severance pay obligations

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

Discount rate at 30 June (%)	**10.79**	11.27	**10.79**	11.27
Salary inflation rate at 30 June (%)	**6.90**	9.00	**6.90**	9.00
Net effective discount rate	**3.64**	2.08	**3.64**	2.08

Discount rate

The nominal and real zero yield curves as at 30 June 2023, 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 6.12 (2022: 7.38) 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%.

EMPLOYEE BENEFIT PROVISIONS (CONTINUED)

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 60
Males	**11.20**	**15.28**
Females	**16.12**	**19.12**

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

Discount rate	-1% discount rate		+1% discount rate	
	2023	**2022**	**2023**	**2022**
Severance pay obligation	**44,424**	60,503	**39,843**	52,650
Service cost	**1,645**	2,549	**1,445**	2,128
Interest cost	**4,292**	6,279	**4,617**	6,513
Normal salary inflation	-1% normal salary inflation		+1% normal salary inflation	
	2023	**2022**	**2023**	**2022**
Severance pay obligation	**39,747**	52,545	**44,491**	60,553
Service cost	**1,441**	2,122	**1,648**	2,552
Interest cost	**4,215**	5,970	**4,738**	6,897
Mortality rate	-20% mortality rate		+20% mortality rate	
	2023	**2022**	**2023**	**2022**
Severance pay obligation	**40,611**	53,778	**43,416**	58,827
Service cost	**1,438**	2,129	**1,638**	2,509
Interest cost	**4,322**	6,123	**4,608**	6,685

The severance pay liability is 100% unfunded. No dedicated assets had been set aside to meet this liability in the future.

EMPLOYEE BENEFIT PROVISIONS (CONTINUED)

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.

22.2.2 Movements in the net liability for defined benefit obligations recognised in the Group and Company statements of financial position

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Net liability for defined obligations as at 1 July	**56,352**	67,316	**56,352**	67,316
Interest cost	**6,410**	5,396	**6,410**	5,396
Current service costs	**2,323**	2,643	**2,323**	2,643
Benefits paid	**(4,800)**	(20,017)	**(4,800)**	(20,017)
Actuarial loss/(gain) on obligation:				
- Financial assumptions	**(8,529)**	(1,200)	**(8,529)**	(1,200)
- Loss/(gain) from experience	**(9,729)**	2,214	**(9,729)**	2,214
Net liability for defined obligations as at 30 June	**42,027**	56,352	**42,027**	56,352

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 of around N$4.1 million.

Over the past year, it was expected that the salary of the members would increase by 9%, but the actual increase for the members was less than that. This resulted in a decrease in the liability of around N$4.4 million.

EMPLOYEE BENEFIT PROVISIONS (CONTINUED)

Some changes were also made to update the model used in the previous valuation. In the previous report, an assumption was made about the NRA for employees. By request from the Company, this assumption was changed to use the actual ages for when the employees are estimated to leave the Company, as was provided by the Company. The net effect of this was a decrease in the liability of around N$5.9 million.

Over the past year, there were various changes in membership data. This included a reduction in total members, as well as a reduction in members who receive benefits of both death and retirement. Of the members who are eligible for both death and retirement benefits, some of those who withdrew, were younger than 65 and hence did not receive benefits. This, along with some other smaller assumption changes, resulted in a decrease in liability of around N$3.8 million.

Expected maturity analysis of the severance pay liability:

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Within one year	**2,838**	1,270	**2,838**	1,270
Between 1 - 5 years	**19,042**	23,774	**19,042**	23,774
More than 5 years	**20,147**	31,308	**20,147**	31,308
Total	**42,027**	56,352	**42,027**	56,352

22.2.3 Expense recognised in the Group and Company statements of profit or loss

Current service costs	**2,323**	2,643	**2,323**	2,643
Interest on obligation	**6,410**	5,396	**6,410**	5,396
	8,733	8,039	**8,733**	8,039

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	**(48,249)**	(30,979)	**(48,249)**	(30,979)
Remeasurements of severance pay liability - actuarial loss	**-**	1,014	**-**	1,014
	(48,249)	(29,965)	**(48,249)**	(29,965)

Actuarial gain recognised in profit or loss

Remeasurements of severance pay liability - actuarial gain	**(18,258)**	-	**(18,258)**	-

23. CAPITAL COMMITMENTS

Projects for Capital Expenditure

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Approved by Board of Directors	**12,521,135**	13,002,390	**12,521,135**	13,002,390
Less: Expenditure to 30 June	**(1,306,207)**	(2,218,759)	**(1,306,207)**	(2,218,759)
Amount still to be expended	**11,214,928**	10,783,631	**11,214,928**	10,783,631
Amounts contracted for year end	**719,941**	1,324,546	**719,941**	1,324,546
	719,941	1,324,546	**719,941**	1,324,546

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

Interest income on:	**713,438**	551,773	**713,438**	551,773
- Financial assets at amortised cost	**391,150**	286,205	**391,150**	286,205
- Financial assets at fair value through profit or loss	**322,288**	265,568	**322,288**	265,568
Interest costs on:	**(38,624)**	(48,305)	**(38,624)**	(48,305)
- Financial liabilities mandatorily measured at fair value through profit or loss	**(116)**	(205)	**(116)**	(205)
- Financial liabilities at amortised cost	**(38,508)**	(48,100)	**(38,508)**	(48,100)
	674,814	503,468	**674,814**	503,468

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).

Disaggregation of revenue - Per performance obligation

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
		* Restated		* Restated
Revenue Comprises				
Over time				
- Sales of electricity	**4,224,075**	3,831,815	**4,224,075**	3,831,815
- Services	**35,130**	33,917	**35,130**	33,917
- SAPP market sales	**170,131**	51,317	**170,131**	51,317
- Transfer of assets from customers - Capital contributions by customers	**83,177**	95,863	**83,177**	95,863
- Maximum demand	**966,333**	907,244	**966,333**	907,244
- Network charges	**842,115**	776,415	**842,115**	776,415
- Reliability Charges	**366,089**	335,606	**366,089**	335,606
- Losses Charges	**409,795**	345,770	**409,795**	345,770
- Other	**111,842**	103,560	**111,842**	103,560
	7,208,687	6,481,507	**7,208,687**	6,481,507

Per customer type- Revenue Comprises

	CONSOLIDATED 2023	CONSOLIDATED 2022	COMPANY 2023	COMPANY 2022
Transmission customers				
- Sales of electricity	**3,827,952**	3,476,520	**3,827,952**	3,476,520
- Services	**13,738**	12,991	**13,738**	12,991
- Maximum demand	**800,490**	744,982	**800,490**	744,982
- Network charges	**841,886**	776,211	**841,886**	776,211
- Reliability Charges	**366,089**	335,606	**366,089**	335,606
- Losses Charges	**409,795**	345,770	**409,795**	345,770
- Other charges	**73,124**	66,532	**73,124**	66,532
- Transfer of assets from customers - Capital contributions by customers	**83,174**	95,863	**83,174**	95,863
	6,416,248	5,854,475	**6,416,248**	5,854,475
Support services customers				
- Sales of electricity	**384,883**	344,678	**384,883**	344,678
- Sales of electricity - prepaid	**11,241**	10,617	**11,241**	10,617
- Services	**21,391**	20,926	**21,391**	20,926
- Maximum demand	**165,843**	187,667	**165,843**	162,262
- Network charges	**229**	204	**229**	204
- SAPP market sales	**170,131**	51,317	**170,131**	51,317
- Other charges	**38,721**	37,028	**38,721**	37,028
	792,439	627,032	**792,439**	627,032
	7,208,687	6,481,507	**7,208,687**	6,481,507

* Certain amounts shown here do not correspond to the 2022 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

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:

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

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	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Other income comprises of:				
- Government grant	**122,139**	44,620	**122,139**	44,620
- Grant funding other	**525**	491	**525**	491
- Fibre optic lease revenue	**15,578**	15,259	**15,578**	15,259
- Sundry income	**39,420**	25,015	**39,420**	25,015
	177,663	85,385	**177,663**	85,385

Government grant comprises of N$19.9 million (2022: N$12.2 million) accrued in respect of generation asset and N$100.0 million from NEF (2022: N$32.4 million - LRMC) in respect of fuel cost of Van Eck and Anixas Power Stations that was included in the 2023 approved tariffs. The NEF and LRMC were allowed as part of NamPower's generation revenue to mitigate the impact of the high tariff 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

Profit before taxation is stated after charging/(crediting):

		CONSOLIDATED		COMPANY	
		2023	**2022**	**2023**	**2022**
		N$'000	**N$'000**	**N$'000**	**N$'000**
	Dividends received from listed equity designated through OCI	**(73)**	(67)	**(73)**	(67)
	Gain on disposal of property, plant and equipment	**-**	(2,779)	**-**	(2,779)
(a)	**Cost of Electricity**	**5,032,172**	5,075,449	**5,032,172**	5,075,449
	- Imports [1]	**4,475,626**	4,554,624	**4,475,626**	4,554,624
	- Local	**55,667**	42,456	**55,667**	42,456
	- REFIT IPPs and other IPPs [1]	**500,880**	478,369	**500,880**	478,369
	[1] Comparative figures have been restated due to a classification error.				
(b)	**Depreciation and amortisation**	**1,747,049**	1,390,026	**1,747,049**	1,390,026
(c)	**Movement in expected credit losses**	**(21,828)**	32,834	**(21,828)**	32,834
	- Loans and receivables	**(4)**	(608)	**(4)**	(608)
	- Investments	**(318)**	(680)	**(318)**	(680)
	- Trade receivables	**(21,506)**	34,122	**(21,506)**	34,122
(d)	**Employee cost**	**911,378**	992,546	**911,378**	992,546
	Salaries and wages	**808,705**	918,722	**808,705**	918,722
	Company contribution: Provident Fund	**102,673**	73,824	**102,673**	73,824
(e)	**Other expenses**	**777,379**	620,711	**777,379**	620,711
	Directors' emoluments paid by Company for services as directors	**6,594**	7,646	**6,594**	7,646
	- paid to non-executive directors	**2,008**	2,085	**2,008**	2,085
	- paid to executive directors	**4,586**	5,561	**4,586**	5,561
	Auditors' remuneration				
	- audit services	**4,875**	4,540	**4,875**	4,540
	Consultancy fees	**26,164**	12,965	**26,163**	12,965
	- managerial services	**262**	137	**262**	137
	- technical services	**3,150**	1,561	**3,150**	1,561
	- other professional services	**22,752**	11,267	**22,752**	11,267
	Marketing expenses	**294**	-	**294**	-
	Maintenance and repairs	**285,567**	259,046	**285,567**	259,046
	Eskom 400kV Connection	**259,943**	169,508	**259,943**	169,508
	Travel and accommodation	**35,483**	30,692	**35,483**	30,692
	Municipal levies	**16,888**	15,961	**16,888**	15,961
	Social responsibility	**21,604**	22,702	**21,604**	22,702
	Insurance cost	**20,369**	20,310	**20,369**	20,310
	Sundry expenses	**24,611**	7,573	**24,611**	7,573
	Fines and penalties	**43**	102	**43**	102
	Post Retirement Benefit	**45,976**	46,214	**45,976**	46,214
	Administrative expenses	**7,889**	6,483	**7,889**	6,483
	Other expenses	**21,079**	16,969	**21,079**	16,969

PROFIT BEFORE TAXATION (CONTINUED)

Financial income and expenses - Recognised in profit or loss

		CONSOLIDATED		COMPANY	
		2023	2022	2023	2022
		N$'000	N$'000	N$'000	N$'000
(f)	**Net fair value and foreign exchange loss/(gain) on financial instruments**	**1,002,993**	797,254	**1,002,993**	797,254
	Foreign exchange loss/(gain) on financial assets and liabilities	**64,829**	(214,996)	**64,829**	(214,996)
	IFRS 9 Fair value adjustments	**938,163**	1,012,249	**938,163**	1,012,249
	- Net loss/(gain) on derivative contracts	**-**	4,822	**-**	4,822
	- Valuation on foreign denominated loans (unrealised)	**-**	80	**-**	80
	- Unrealised loss on embedded derivative Power Purchase Agreement (PPA)	**936,425**	1,006,661	**936,425**	1,006,661
	- Fair value loss on firm commitments	**1,738**	687	**1,738**	687

Recognised in other comprehensive income

Net change in fair value of listed and unlisted equity	**(53,147)**	(12,691)	**(53,147)**	(12,691)
* FVTPL - Fair value through profit or loss				
Government grants recognised in profit or loss	**(122,139)**	(44,618)	**(122,139)**	(44,618)
Income generating Investment Property				
- rental income	**(3,119)**	(2,816)	**(3,119)**	(2,816)
- direct operating expenses	**435**	490	**435**	490
Non-income generating Investment Property				
- direct operating expenses	**103**	94	**103**	94
Proceeds from the sale of property, plant and equipment	**-**	2,911	**-**	2,911
Fair value adjustment on investment properties	**(4,105)**	(233)	**(4,105)**	(233)

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.

Transactions with key management personnel

The key management personnel compensations are as follows:

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Short-term employee benefits	**18,959**	18,832	**18,959**	18,832
Post-retirement employment benefits	**852**	797	**852**	797
Other long-term employment benefits	**2,664**	1,524	**2,664**	1,524
	22,475	21,153	**22,475**	21,153

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 25.

Sales				
Investments				
Erongored (Pty) Ltd	**960,900**	870,885	**960,900**	870,885
- Electricity sales	**949,754**	859,843	**949,754**	859,843
- Service level agreement and technical support	**9**	17	**9**	17
- Capital contribution received	**106**	-	**106**	-
- Municipal services	**31**	25	**31**	25
- Guarantees received	**11,000**	11,000	**11,000**	11,000

RELATED PARTIES (CONTINUED)

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
Investments	N$'000	N$'000	N$'000	N$'000
Alten Solar Power (Hardap) Pty Ltd	**104,208**	99,768	**104,208**	99,768
- Electricity sales	**1,445**	1,340	**1,445**	1,340
- Electricity purchases	**102,763**	98,429	**102,763**	98,429
Associates [1]				
Cenored (Pty) Ltd	**483,722**	432,234	**483,722**	432,234
- Electricity sales	**483,421**	432,150	**483,421**	432,150
- Service level agreement and technical support	**301**	84	**301**	84
Nored Electricity (Pty) Ltd	**875,227**	761,584	**875,227**	761,584
- Electricity sales	**874,891**	761,432	**874,891**	761,432
- Rental income	**336**	136	**336**	136
- Service level agreement and technical support	**-**	16	**-**	16
Municipal services from related parties	**5,280**	3,710	**5,280**	3,710
- Nored Electricity (Pty) Ltd	**4,287**	2,924	**4,287**	2,924
- Cenored (Pty) Ltd	**993**	786	**993**	786

Fellow government owned entities [2]

The individually significant sales transactions with fellow government owned entities are listed below:

Electricity Sales	**2,074,310**	1,895,819	**2,074,310**	1,895,819
- Namibia Water Corporation	**58,275**	164,952	**58,275**	164,952
- City of Windhoek	**1,687,312**	1,438,946	**1,687,312**	1,438,946
- Namdeb Diamond Corporation (Pty) Ltd	**212,747**	188,088	**212,747**	188,088
- Rehoboth Municipality	**66,410**	61,337	**66,410**	61,337
- Mariental Municipality	**49,566**	42,496	**49,566**	42,496

RELATED PARTIES (CONTINUED)

Related party balances from electricity sales and other purchases

Due from / (due to)

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Investments	**97,385**	86,619	**97,385**	86,619
- Erongored (Pty) Ltd	**97,388**	86,619	**97,388**	86,619
- Erongored (Pty) Ltd	**(3)**	-	**(3)**	-
Associates [1]	**458,337**	358,929	**458,337**	358,929
- Cenored (Pty) Ltd	**47,781**	63,854	**47,781**	63,854
- Cenored (Pty) Ltd	**(54)**	(46)	**(54)**	(46)
- Nored Electricity (Pty) Ltd	**411,680**	295,375	**411,680**	295,375
- Nored Electricity (Pty) Ltd	**(1,070)**	(254)	**(1,070)**	(254)
Fellow government owned entities [2]	**567,120**	594,361	**567,120**	594,361
- Namdeb Diamond Corporation (Pty) Ltd	**30,997**	26,115	**30,997**	26,115
- City of Windhoek	**247,020**	310,862	**247,020**	310,862
- Namibia Water Corporation (Pty) Ltd	**(23,338)**	16,992	**(23,338)**	16,992
- Rehoboth Municipality	**187,908**	156,090	**187,908**	156,090
- Mariental Municipality	**124,533**	84,302	**124,533**	84,302
Guarantees received	**17,978**	15,431	**17,978**	15,431
- Cenored (Pty) Ltd [1]	**2,219**	-	**2,219**	-
- Nored Electricity (Pty) Ltd [1]	**6,205**	6,205	**6,205**	6,205
- Namdeb Diamond Corporation (Pty) Ltd	**4,041**	4,032	**4,041**	4,032
- Namibia Water Corporation (Pty) Ltd	**5,513**	5,194	**5,513**	5,194

[1] Certain amounts shown here do not correspond to the 2022 financial statements and reflect adjustments made, refer to note 31.

[2] Comparative figures of the fellow government owned entities have been restated to include more significant transactions.

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	**(5,888)**	(12,878)	**(5,888)**	(12,878)

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 2023, 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$103.0 million (2022: N$74 million).

The Company's contribution paid to the Fund for the key management amounted to N$2.7 million (2022: N$1.5 million).

29. FINANCIAL INSTRUMENTS

29.1 Classes and categories of financial instruments and their fair values

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair
value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

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

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

2023		Carrying value				
		Financial assets				
in thousands of Namibia Dollar	Reference notes	FVTPL – designated	FVTPL – mandatorily measured	FVTOCI	FVTOCI – designated	Amortised cost
Financial assets						
Listed equity	11	-	-	-	1,473	-
Collective investment schemes	11	-	1,721,160	-	-	-
Derivative financial assets	21.1	-	50,033	-	-	-
Loans and receivables	10		-	-	-	20,178
Inflation linked bonds	11	-	-	-	93,161	-
Unlisted equity	11	-	-	-	110,780	-
Debt instruments, fixed deposits and treasury bills	11	-	-	-	-	3,958,182
Money market funds	11	-	1,750,148	-	-	-
Cash and cash equivalents	14	-	-	-	-	1,418,366
Trade and other receivables1	13	-	-	-	-	1,124,575
		-	3,521,341	-	205,414	6,521,301
Financial liabilities						
Derivative financial liabilities	21.2	-	-	-	-	-
Interest bearing loans and borrowings	17	-	-	-	-	-
Trade and other payables2	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.

There have been no transfers between the fair value hierarchy levels (2022: no transfers).

[1] Project and other advances and prepayments of N$479.9 million (2022: N$306.5 million) that are not financial assets are not included.

[2] Accrued expenses of N$161.3 million (2022: N$158.2 million) that are not financial liabilities are not included.

The table above analyses financial instruments carried at fair value as the amounts are a reasonable approximation of fair value.

Carrying value				Fair value			
Financial liabilities				Level			
FVTPL – designated	FVTPL – mandatorily measured	Amortised cost	Total	1	2	3	Total
-	-	-	1,473	1,473	-	-	1,473
-	-	-	1,721,160	-	1,721,160	-	1,721,160
-	-	-	50,033	-	50,033	-	50,033
-	-	-	20,178	-	-	-	-
-	-	-	93,161	-	91,112	-	91,112
-	-	-	110,780	-	-	110,780	110,780
-	-	-	3,958,182	-	-	-	-
-	-	-	1,750,148	-	1,750,148	-	1,750,148
-	-	-	1,418,366	-	-	-	-
-	-	-	1,124,575	-	-	-	-
-	-	-	10,248,056	1,473	3,612,453	110,780	3,724,706
-	(1,381,047)	-	(1,381,047)	-	-	(1,381,047)	(1,381,047)
-	-	(437,616)	(437,616)	-	-	-	-
-	-	(926,545)	(926,545)	-	-	-	-
-	-	(56,449)	(56,449)	-	-	-	-
-	(1,381,047)	(1,420,610)	(2,801,657)	-	-	(1,381,047)	(1,381,047)

FINANCIAL INSTRUMENTS (CONTINUED)

29.1 CONSOLIDATED AND COMPANY

2022		Carrying value				
		Financial assets				
in thousands of Namibia Dollar	**Reference notes**	**FVTPL – designated**	**FVTPL – mandatorily measured**	**FVTOCI**	**FVTOCI – designated**	**Amortised cost**
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		-	-	-	20,360
Inflation linked bonds	11	-	-	-	135,578	-
Unlisted equity	11	-	-	-	57,771	-
Debt instruments, fixed deposits and treasury bills	11	-	-	-	-	3,525,660
Money market funds	11	-	1,915,834	-	-	-
Cash and cash equivalents	14	-	-	-	-	1,758,288
Trade and other receivables[1]	13	-	-	-	-	1,275,454
		-	**4,050,656**	**-**	**194,684**	**6,579,762**
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 2022 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.

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

[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.

The table above analyses financial instruments carried at fair value as the amounts are a reasonable approximation of fair value.

Carrying value				Fair value			
Financial liabilities				Level			
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	-	-	-	-
-	-	-	135,578	-	90,670	-	90,670
-	-	-	57,771	-	-	57,771	57,771
-	-	-	3,525,660	-	-	-	-
-	-	-	1,915,834	-	1,915,834	-	1,915,834
-	-	-	1,758,288	-	-	-	-
-	-	-	1,275,454	-	-	-	-
-	**-**	**-**	**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)	-	-	-	-
-	-	(1,252,499)	(1,252,499)	-	-	-	-
-	-	(80,772)	(80,772)	-	-	-	-
-	**(442,883)**	**(1,863,784)**	**(2,306,667)**	**-**	**-**	**(442,883)**	**(442,883)**

FINANCIAL INSTRUMENTS (CONTINUED)

29.1 Classes and categories of financial instruments and their fair values (continued)

	CONSOLIDATED AND COMPANY	
A reconciliation has been performed for fair value measurements in level 3 of the fair value hierarchy as follows:	**2023**	**2022**
	N$'000	**N$'000**
Embedded derivative liabilities		
Carrying value at beginning of the year	**(442,883)**	-
Net fair value unrealised loss on embedded derivatives recognised in profit or loss	**(938,164)**	(442,883)
Carrying value at end of the year	**(1,381,047)**	(442,883)
Unlisted equity		
Carrying value at beginning of the year	**57,771**	44,864
Net fair value gain on unlisted equities through OCI	**53,010**	12,907
Carrying value at end of the year	**110,781**	57,771

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.

FINANCIAL INSTRUMENTS (CONTINUED)

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.

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 2023 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.

There has been no change to the manner in which the Goup's credit risks are managed and measured.

FINANCIAL INSTRUMENTS (CONTINUED)

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	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
Inflation linked bonds	**93,161**	135,578	**93,161**	135,578
Unlisted equity	**110,780**	57,771	**110,780**	57,771
Listed equity: Sanlam shares	**1,473**	1,335	**1,473**	1,335
Collective investment schemes	**1,721,160**	2,083,683	**1,721,160**	2,083,683
Debt instruments, fixed deposits and treasury bills	**3,958,182**	3,525,660	**3,958,182**	3,525,660
Money market funds	**1,750,148**	1,915,834	**1,750,148**	1,915,834
Loans receivables	**20,178**	20,360	**20,178**	20,360
Trade and other receivables	**1,124,575**	1,275,454	**1,124,575**	1,275,454
Cash and cash equivalents	**1,418,366**	1,758,288	**1,418,366**	1,758,288
Forward exchange contract assets and interest rate and cross currency swaps	**50,033**	51,139	**50,033**	51,139
	10,248,057	10,825,102	**10,248,056**	10,825,102

There has been no change to the Group's exposure to credit risks.

FINANCIAL INSTRUMENTS (CONTINUED)

The tables below detail the credit quality of the Group's financial assets:

Company internal credit rating as at 30 June 2023	External credit rating	12-month or lifetime ECL?	Expected credit loss rate	Gross carrying amount
				N$'000
High	AAA	12-month ECL	0.000%	1,473
	AA	12-month ECL	0.004%	1,382,376
	AA	N/A	0.000%	670,842
	A	12-month ECL	0.011%	1,335,596
Moderate	BBB	-	-	-
	BB	12-month ECL	0.058%	974,322
	B	12-month ECL	0.573%	4,577,891
	N/A	N/A	0.183%	20,178
	N/A	N/A	0.000%	160,813
Low	CCC		-	-
	CC		-	-
	C		-	-
Credit Impaired	D		-	-
				9,123,491

Company internal credit rating as at 30 June 2022	External credit rating	12-month or lifetime ECL?	Expected credit loss rate	Gross carrying amount
				N$'000
High	AAA	12-month ECL	0.000%	1,335
	AA	12-month ECL	0.005%	1,599,771
	AA	N/A	0.000%	1,140,995
	A	12-month ECL	0.013%	1,722,119
Moderate	BBB	-	-	-
	BB	12-month ECL	0.029%	967,435
	B	12-month ECL	0.451%	3,988,733
	N/A	N/A	0.202%	20,360
	N/A	N/A	0.000%	108,910
Low	CCC		-	-
	CC		-	-
	C		-	-
Credit Impaired	D		-	-
				9,549,658

* Refer to note 13 for the trade receivables risk profile disclosure.

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 2023 no guarantee was outstanding.

NamPower employee home loans

Suretyship for N$79.6 million (2022: N$75.3 million) to four local banks (Bank Windhoek Limited, First National Bank Namibia and Standard Bank 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, Local Authorities, Regional Councils, Government Departments 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. Trade receivables written off at 30 June 2023 amounted to N$9.1 million (2022: N$409 thousand).

The total cumulative expected credit losses for electricity receivables at 30 June 2023 was N$678.3 million (2022: N$708.9 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.

FINANCIAL INSTRUMENTS (CONTINUED)

The maximum exposure to credit risk for trade receivables at the reporting date by geographic area:

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
	Carrying amount	Carrying amount	Carrying amount	Carrying amount
Domestic- Namibia	**1,079,227**	1,119,660	**1,079,227**	1,119,660
Regional Exports/ Cross border customers	**45,348**	155,794	**45,348**	155,794
	1,124,575	1,275,454	**1,124,575**	1,275,454
The maximum exposure to credit risk for trade and other receivables at the reporting date by type of customer was:				
Distributors	**659,331**	836,726	**659,331**	836,726
Mining	**186,967**	153,596	**186,967**	153,596
End-user customers	**111,333**	68,690	**111,333**	68,690
Other trade receivables	**166,944**	216,442	**166,944**	216,442
	1,124,575	1,275,454	**1,124,575**	1,275,454
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	**59**	66	**59**	66
Mining	**17**	12	**17**	12
End-user customers	**10**	5	**10**	5
Other trade receivables	**14**	17	**14**	17
	100	100	**100**	100

	2023	2023	2022	2022
	N$'000	N$'000	N$'000	N$'000
	Gross	Expected credit losses	Gross	Expected credit losses
CONSOLIDATED AND COMPANY				
29.4.3 Expected credit losses				
Not past due	**771,288**	42,972	**719,312**	42,301
30 days past due	**135,601**	47,841	**144,936**	27,728
60 days past due	**131,764**	69,700	**124,628**	31,504
90 days past due	**764,246**	517,811	**995,521**	607,410
	1,802,899	678,324	**1,984,397**	708,943

Refer to note 13 for a reconciliation of the expected credit losses for the trade receivables.

FINANCIAL INSTRUMENTS (CONTINUED)

The Group uses a combination of two approaches, namely the Provision Matrix approach and the loss rate approach.

Reversal in Expected credit losses of N$21 million is as a result of Rede Nacional De Electricidade (RNT), the Angolan electricity distributor settling the arrears at 30 June 2022 during the financial year under review.

Expected credit losses of N$310.9 million (2022: N$214.4 million) relates to the Municipality of Rehoboth, Municipality of Mariental, Municipality Gobabis, Karasburg Town Council, Aranos Town Council and Maltahohe Village 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$187.1 million (2022: N$55.9 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$25.2 million (2022: N$21.5 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 2023 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 to D customers and loss rate approach for Category E customers.

The Group applies the simplified approach in measuring the loss allowance which uses a lifetime expected loss allowance. The Group recognises an impairment gain or loss in profit or loss for its trade and other receivable with a corresponding adjustment to other comprehensive income.

	CONSOLIDATED AND COMPANY	
	2023	2022
	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	**38,658**	32,343
Regional Exports/Cross Border customers	**316**	316
	38,974	32,659
(b) Bank Guarantees		
Domestic- Namibia	**405,952**	357,372
Cross Border customers	**35**	35
Guarantees - Eskom	**908**	908
	406,895	358,315

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 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.

FINANCIAL INSTRUMENTS (CONTINUED)

The Directors found the use of publicly available data to be fair and accurate as this is objective and easily verifiable.

Furthermore, the Group considered forward-looking information on macro-economic factors, by calibrating the probability of default on annual historical inflation and GDP growth rates using regression analysis. There are no statistically significant relationships between the macro-economic factors and the probability of default, and accordingly the default rates are not adjusted for forward-looking information.

There has been no change to the Group's estimation techniques or significant assumptions during the current reporting period in assessing the loss allowance for these financial assets.

The following table shows the movement in expected credit losses that has been recognised for the respective financial assets:

	12-month expected credit losses						
	Stage 1						
	Bonds	Fixed deposits	Money Market Funds	Treasury bills	Subtotal	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 2021	3,182	2,722	-	450	6,354	649	7,003
Increase in loss allowance arising from new financial assets recognised in the year	848	1,916	-	168	2,932	-	2,932
Decrease in loss allowance arising from derecognition of new financial assets in the year	(531)	(2,527)	-	(554)	(3,612)	(608)	(4,220)
Balance as at 30 June 2022	**3,499**	**2,111**	**-**	**64**	**5,674**	**41**	**5,715**
Increase in loss allowance arising from new financial assets recognised in the year	195	5,095	643	25	5,958	-	5,958
Decrease in loss allowance arising from derecognition of new financial assets in the year	(1,190)	(4,636)	(431)	(19)	(6,276)	(4)	(6,280)
Balance as at 30 June 2023	**2,504**	**2,570**	**212**	**70**	**5,356**	**37**	**5,393**

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.

FINANCIAL INSTRUMENTS (CONTINUED)

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.

There has been no change to the Group's exposure to liquidity risks or the manner in which these risks are managed and measured.

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.

2023 **Consolidated and Company**	Carrying amount N$ '000	Total contractual cash flows N$ '000	Less than 6 months N$ '000	6 - 12 months N$ '000	Contractual cash flows 1- 5 years N$ '000	Contractual cash flows 5 years and more N$ '000
Non-derivative financial liabilities						
Secured long term loans:						
- ZAR denominated loans	**(431,727)**	**(527,294)**	**(60,592)**	**(58,622)**	**(372,049)**	**(36,031)**
- NAD denominated loans	**(5,888)**	**(6,330)**	**-**	**(6,330)**	**-**	**-**
Non-current retention creditors	**(56,449)**	**(56,449)**	**-**	**-**	**(56,449)**	**-**
Trade and other payables	**(926,545)**	**(926,545)**	**-**	**(926,545)**	**-**	**-**
2022						
Non-derivative financial liabilities						
Secured long term loans:						
- 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 *	(1,252,499)	(1,252,499)	-	(1,252,499)	-	-

* Certain amounts shown here do not correspond to the 2022 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

FINANCIAL INSTRUMENTS (CONTINUED)

29.5.2 Derivative financial instruments

Derivative financial instruments are used as a means of reducing exposure to fluctuations in foreign exchange rates and interest rates. Whilst these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects on the items being hedged.

Valuation assumptions

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

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Fair values of interest rate swaps reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

The principal or contract amount of derivative financial instruments were:

	CONSOLIDATED AND COMPANY	
	2023	**2022**
	N$'000	**N$'000**
Forward exchange contracts	**889,586**	1,023,153
	889,586	1,023,153

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	
	2023	**2022**
	N$'000	**N$'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 2023 was 11.5%.

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

SB VAF fleet cards	**1,100**	1,100
FEC	**100,000**	100,000
Derivative	**350,000**	350,000
	451,100	451,100

29.6 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.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

FINANCIAL INSTRUMENTS (CONTINUED)

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$936.4 million (2022: N$1.0 billion loss). The embedded derivative liability at 30 June 2023 was N$1.4 billion (2022: N$442.3 million liability) 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.

FINANCIAL INSTRUMENTS (CONTINUED)

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

	Reference note	Variable and fixed rate	CONSOLIDATED 2023 Carrying amount N$ '000	CONSOLIDATED 2022 Carrying amount N$ '000	COMPANY 2023 Carrying amount N$ '000	COMPANY 2022 Carrying amount N$ '000
Variable rate financial instruments						
Financial assets						
Collective investment schemes	11		**1,721,160**	2,083,683	**1,721,160**	2,083,683
Financial liabilities						
Development Bank of Namibia	17.1.1	Prime less 4.5%	**(5,888)**	(12,878)	**(5,888)**	(12,878)
			1,715,272	2,070,805	**1,715,272**	2,070,805
Fixed rate financial instruments						
Financial assets						
Loans and receivables	10		**20,178**	20,360	**20,178**	20,360
Non-current investments	11		**1,232,366**	2,373,659	**1,232,366**	2,373,659
Fixed deposits and Treasury bills at amortised cost	11		**3,958,182**	3,525,660	**3,958,182**	3,525,660
Money market funds	11		**1,750,148**	1,915,834	**1,750,148**	1,915,834
Cash and cash equivalents	14		**1,418,366**	1,758,288	**1,418,366**	1,758,288
Trade and other receivables	13		**1,124,575**	1,275,454	**1,124,575**	1,275,454
Financial liabilities	17		**(431,728)**	(517,635)	**(431,728)**	(517,635)
			9,072,087	10,351,620	**9,072,087**	10,351,620

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.

FINANCIAL INSTRUMENTS (CONTINUED)

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 2022.

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**	**Equity**	**Profit or (loss)**	**Profit or (loss)**
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
30 June 2023				
Variable rate instruments				
Interest rate swap				
- DBN				
NAD Curve	**(40)**	**40**	**(59)**	**59**
Fixed deposits	**-**	**-**	**256**	**(256)**
Variable rate notes	**-**	**-**	**685**	**(685)**
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)

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**	**Equity**	**Profit or (loss)**	**Profit or (loss)**
	500 bp increase	**500 bp decrease**	**500 bp increase**	**500 bp decrease**
30 June 2023				
Collective Investment Schemes	-	-	85,092	(85,092)
30 June 2022				
Collective Investment Schemes	-	-	103,508	(103,508)

FINANCIAL INSTRUMENTS (CONTINUED)

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**	
	2023	**2022**
Hedge Ratio	1:1	1:1
Change in fair value of Outstanding hedging Instruments since 1st July	-	(5,781)
Change in fair value of Hedged item used to determine the Hedge Effectiveness	-	5,781
Weighted Average Hedged Rate for the Year	0.0%	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.

FINANCIAL INSTRUMENTS (CONTINUED)

Consolidated

The currency position at 30 June 2023 is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR	US$	Euro	GBP	Total
Assets							
Derivative assets	21.1	-	-	50,033	-	-	50,033
Loans receivable	10	20,178	-	-	-	-	20,178
Trade and other receivables	13	1,072,031	-	52,545	-	-	1,124,575
Investments	11	6,289,063	973,424	367,062	-	-	7,629,549
Cash and cash equivalents	14	451,232	803,634	163,389	52	59	1,418,366
		7,832,504	1,777,058	633,028	52	59	10,242,701
Liabilities							
Interest bearing loans and borrowings	17	(5,889)	(431,727)	-	-	-	(437,616)
Derivative liabilities	21.2	-	-	(1,379,108)	(1,939)	-	(1,381,047)
Trade and other payables	20.1	(316,168)	(355,203)	(255,174)	-	-	(926,545)
Non current retention creditors	20.4	(56,449)	-	-	-	-	(56,449)
		(378,506)	(786,930)	(1,634,282)	(1,939)	-	(2,801,657)
Gross statement of financial position exposure		7,453,998	990,128	(1,001,254)	(1,887)	59	7,441,044
Next year's forecast sales		8,130,671	-	-	-	-	8,130,671
Next year's forecast purchases		(616,216)	(2,284,752)	(3,279,195)	-	-	(6,180,163)
Gross exposure		14,968,453	(1,294,624)	(4,280,447)	(1,887)	59	9,391,552
Foreign exchange contracts [1]		-	-	50,033	-	-	50,033
Net exposure		14,968,453	(1,294,624)	(4,230,416)	(1,887)	59	9,441,585

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

[1] The Group had forward exchange contracts outstanding at 30 June 2023 to the value of USD47 million at an average rate of USD/NAD 17.6.

Currency translation rates :	30 June 2023
1 SA Rand	N$1.0
1 US Dollar	N$18.7
1 Euro	N$20.4
1 GBP	N$23.7

FINANCIAL INSTRUMENTS (CONTINUED)

Consolidated

The currency position at 30 June 2022 - Restated is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR	US$	Euro	GBP	Total
Assets							
Derivative assets	21.1	-	-	51,139	-	-	51,139
Loans receivable	10	20,360	-	-	-	-	20,360
Trade and other receivables	13	790,057	-	485,397	-	-	1,275,454
Investments	11	6,383,076	1,331,110	-	-	-	7,714,186
Cash and cash equivalents	14	670,902	678,588	408,716	32	50	1,758,288
		7,864,395	2,009,698	945,252	32	50	10,819,427
Liabilities							
Interest bearing loans and borrowings	17	(12,878)	(517,635)	-	-	-	(530,513)
Derivative liabilities	21.2	-	-	(442,516)	(367)	-	(442,883)
Trade and other payables *	20.1	(766,987)	(221,962)	(262,679)	(863)	-	(1,252,491)
Non current retention creditors	20.4	(80,772)	-	-	-	-	(80,772)
		(860,637)	(739,597)	(705,195)	(1,230)	-	(2,306,659)
Gross statement of financial position exposure		7,003,758	1,270,101	240,057	(1,198)	50	8,512,768
Next year's forecast sales		7,016,986	-	-	-	-	7,016,986
Next year's forecast purchases		(549,293)	(1,469,913)	(2,732,029)	-	-	(4,751,235)
Gross exposure		13,471,451	(199,812)	(2,491,972)	(1,198)	50	10,778,519
Foreign exchange contracts 1		-	-	51,139	-	-	51,139
Net exposure		13,471,451	(199,812)	(2,440,833)	(1,198)	50	10,829,658

* Certain amounts shown here do not correspond to the 2022 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 2022 to the value of USD62 million at an average rate of USD/NAD 15.3.

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

FINANCIAL INSTRUMENTS (CONTINUED)

Company

The currency position at 30 June 2023 is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR	US$	Euro	GBP	Total
Assets							
Derivative assets	21.1	**-**	**-**	**50,033**	**-**	**-**	**50,033**
Loans receivable	10	**20,178**	**-**	**-**	**-**	**-**	**20,178**
Trade and other receivables	13	**1,072,031**	**-**	**52,544**	**-**	**-**	**1,124,575**
Investments	11	**6,289,063**	**973,424**	**367,062**	**-**	**-**	**7,629,549**
Cash and cash equivalents	14	**451,232**	**803,634**	**163,389**	**52**	**59**	**1,418,366**
		7,832,504	**1,777,058**	**633,028**	**52**	**59**	**10,242,701**
Liabilities							
Interest bearing loans and borrowings	17	**(5,889)**	**(431,727)**	**-**	**-**	**-**	**(437,616)**
Derivative liabilities	21.2	**-**	**-**	**(1,379,108)**	**(1,939)**	**-**	**(1,381,047)**
Trade and other payables	20.1	**(316,176)**	**(355,203)**	**(255,174)**	**-**	**-**	**(926,553)**
Non current retention creditors	20.4	**(56,449)**	**-**	**-**	**-**	**-**	**(56,449)**
		(378,514)	**(786,930)**	**(1,634,282)**	**(1,939)**	**-**	**(2,801,665)**
Gross statement of financial position exposure		**7,453,990**	**990,128**	**(1,001,254)**	**(1,887)**	**59**	**7,441,036**
Next year's forecast sales		**8,130,671**	**-**	**-**	**-**	**-**	**8,130,671**
Next year's forecast purchases		**(616,216)**	**(2,284,752)**	**(3,279,195)**	**-**	**-**	**(6,180,163)**
Gross exposure		**14,968,445**	**(1,294,624)**	**(4,280,449)**	**(1,887)**	**59**	**9,391,544**
Foreign exchange contracts 1		**-**	**-**	**50,033**	**-**	**-**	**50,033**
Net exposure		**14,968,445**	**(1,294,624)**	**(4,230,416)**	**(1,887)**	**59**	**9,441,577**

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

[1] The Group had forward exchange contracts outstanding at 30 June 2023 to the value of USD47 million at an average rate of USD/NAD 17.6.

Currency translation rates :	30 June 2023
1 SA Rand	N$1.0
1 US Dollar	N$18.7
1 Euro	N$20.4
1 GBP	N$23.7

FINANCIAL INSTRUMENTS (CONTINUED)

Company

The currency position at 30 June 2022 - Restated is set below

in thousands of Namibia Dollar	Reference notes	N$	ZAR	US$	Euro	GBP	Total
Assets							
Derivative assets	21.1	-	-	51,139	-	-	51,139
Loans receivable	10	20,360	-	-	-	-	20,360
Trade and other receivables	13	790,057	-	485,397	-	-	1,275,454
Investments	11	6,383,076	1,331,110	-	-	-	7,714,186
Cash and cash equivalents	14	670,902	678,588	408,716	32	50	1,758,288
		7,864,395	2,009,698	945,252	32	50	10,819,427
Liabilities							
Interest bearing loans and borrowings	17	(12,878)	(517,635)	-	-	-	(530,513)
Derivative liabilities	21.2	-	-	(442,516)	(367)	-	(442,883)
Trade payables and other payables *	20.1	(766,995)	(221,962)	(262,679)	(863)	-	(1,252,499)
Non current retention creditors	20.4	(80,772)	-	-	-	-	(80,772)
		(860,645)	(739,597)	(705,195)	(1,230)	-	(2,306,667)
Gross statement of financial position exposure		7,003,750	1,270,101	240,057	(1,198)	50	8,512,759
Next year's forecast sales		7,016,986	-	-	-	-	7,016,986
Next year's forecast purchases		(549,293)	(1,469,913)	(2,732,029)	-	-	(4,751,235)
Gross exposure		13,471,443	(199,812)	(2,491,972)	(1,198)	50	10,778,511
Foreign exchange contracts [1]		-	-	51,139	-	-	51,139
Net exposure		13,471,443	(199,812)	(2,440,833)	(1,198)	50	10,829,650

* Certain amounts shown here do not correspond to the 2022 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 2022 to the value of USD62 million at an average rate of USD/NAD 15.3

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

FINANCIAL INSTRUMENTS (CONTINUED)

Sensitivity analysis

A strengthening of the N$ against the following currencies at 30 June 2023 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 2022.

	CONSOLIDATED		COMPANY	
	2023	2022	2023	2022
	N$'000	N$'000	N$'000	N$'000
US Dollar (10 percent strengthening)	**1,253,462**	1,402,847	**1,253,462**	1,402,847
Euro (10 percent strengthening)	**5**	(83)	**5**	(83)
GBP (10 percent strengthening)	**6**	5	**6**	5

A weakening of the N$ against the following currencies at 30 June 2023 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 2022.

US Dollar (10 percent weakening)	**(1,253,462)**	(1,402,847)	**(1,253,462)**	(1,402,847)
Euro (10 percent weakening)	**(5)**	83	**(5)**	83
GBP (10 percent weakening)	**(6)**	(5)	**(6)**	(5)

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.

FINANCIAL INSTRUMENTS (CONTINUED)

The following is the sensitivity analysis of the change in the value of the embedded derivatives (relating to customised pricing agreements) as a result of changes in the United States PPI. This analysis has been performed on the same basis as the prior year. The analysis assumes that all other variables remain constant and the possible impact on profit or loss is:

	CONSOLIDATED AND COMPANY	
	2023 Profit or (Loss) N$'000	2022 Profit or (Loss) N$'000
United States PPI		
1% increase	**(280,094)**	(274,783)
1% decrease	**318,566**	291,305

The following is the sensitivity analysis of the change in the value of the collective investment schemes as a result of changes in the unit prices. This analysis has been performed on the same basis as the prior year. The analysis assumes that all other variables remain constant and the possible impact on profit or loss is:

Unit price		
5% increase	**85,092**	103,508
5% decrease	**(85,092)**	(103,508)

The following is the sensitivity analysis of the change in the value of the Sanlam shares as a result of changes in share price. This analysis has been performed on the same basis as the prior year. The analysis assumes that all other variables remain constant and the possible impact on equity and on profit or loss is:

	CONSOLIDATED		COMPANY	
Share price	2023 Equity N$'000	2022 Equity N$'000	2023 Profit or (Loss) N$'000	2022 Profit or (Loss) N$'000
5% increase	**50**	45	**74**	67
5% decrease	**(50)**	(45)	**(74)**	(67)

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 Group manages capital with due care, skill, prudence and diligence with the objective of ensuring capital preservation and providing liquidity in order to meet financial obligations. The Group's investments are diversified to minimise risks through an asset allocation strategy. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividends to ordinary shareholders.

The Group manages the following as capital:

Ordinary share capital	**1,065,000**	1,065,000	**1,065,000**	1,065,000
Reserve fund	**1,752,080**	1,816,305	**1,752,080**	1,816,305
Development fund	**5,906,630**	6,835,568	**5,754,872**	6,665,576
Debt	**5,134,197**	4,365,296	**5,134,205**	4,365,304
	13,857,907	14,082,169	**13,706,157**	13,912,185

FINANCIAL INSTRUMENTS (CONTINUED)

The major items that impact the capital include:

- the revenue received from electricity sales which is a function of price and sales volumes and the cost of funding the business;
- the cost of operating the electricity business;
- the cost of expanding the business to ensure that capacity growth is in line with electricity sales demand (funding and additional depreciation);
- interest paid;
- taxation and
- dividends.

The Board has the responsibility to ensure that the Group is adequately capitalised through debt and equity management.

The NamPower treasury section, within the Finance business unit is tasked with the duties of managing the Group's short-term and long term capital requirements. The treasury section fulfils these functions within the framework that has been approved by the NamPower Board of Directors consisting of and not limited to an overall treasury policy, a hedging policy and investment policy.

Under NamPower's current debt portfolio consisting of local and foreign denominated loans, certain covenants are imposed on NamPower's capital requirements. These covenants being a minimum debt service cover ratio of 1.4, debt to EBITDA of a maximum of 4 and a maximum debt equity ratio of 65:35. The Company maintained the required covenants for the year under review as follows: debt service cover ratio of 9.1 (2022: 0.87), debt to EBITDA of -11.9 (2022: -78.8) and a debt equity ratio of 1.3% (2022: 1.5%). 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.

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.

CONSOLIDATED AND COMPANY	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
	N$'000	N$'000	N$'000
2023			
Financial liabilities			
Interest bearing loans and borrowings	**437,616**	**-**	**437,616**
Total	**437,616**	**-**	**437,616**
2022			
Financial liabilities			
Interest bearing loans and borrowings	**530,513**	**-**	**530,513**
Total	530,513	-	530,513

30. NOTES TO THE STATEMENTS OF CASH FLOWS

30 (a) CASH (UTILISED)/GENERATED BY OPERATIONS

		CONSOLIDATED		COMPANY	
		2023	2022	2023	2022
	Notes	N$'000	N$'000	N$'000	N$'000
			*Restated		*Restated
(Loss)/profit before net finance income		**(2,062,793)**	(2,341,928)	**(2,062,793)**	(2,341,928)
Adjustments for:					
- Dividend received from listed and unlisted investment	**26.**	**(73)**	(67)	**(73)**	(67)
- Interest capitalised		**-**	(2,471)	**-**	(2,471)
- Net movement in currency swap valuations on interest bearing loans and borrowings	**26 (f)**	**-**	(5,739)	**-**	(5,739)
- Effect of exchange rate fluctuations on cash held		**(31,229)**	51,389	**(31,229)**	51,389
- Fair value gain on interest bearing loans and borrowings		**-**	80	**-**	80
- Movement in interest rate and cross currency swaps	**26 (f)**	**-**	5,781	**-**	5,781
- Fair value (gain)/loss on firm commitments	**26 (f)**	**1,738**	687	**1,738**	687
- Fair value movements on embedded derivative - Power Purchase Agreement (PPA)	**26 (f)**	**936,425**	1,006,661	**936,425**	1,006,661
- Coal valuation		**14,514**	(5,428)	**14,514**	(5,428)
- Fair value movements on investment properties	**26.**	**(4,105)**	(233)	**(4,105)**	(233)
- Movement in expected credit loss on trade and other receivables	**13.**	**(21,506)**	34,122	**(21,506)**	34,122
- Movement in expected credit loss on investments	**11.**	**(322)**	(680)	**(322)**	(680)
- Movement in expected credit loss on loans receivable	**10.**	**4**	(608)	**4**	(608)
- Depreciation on property, plant and equipment	**6.**	**1,739,233**	1,377,866	**1,739,233**	1,377,866
- Fair value movements on investments		**(71,311)**	(22,581)	**(71,311)**	(22,581)
- Amortisation on intangible assets	**9.**	**7,816**	12,160	**7,816**	12,160
- Deferred revenue recognised in income	**18.**	**(97,133)**	(8,863)	**(97,133)**	(8,863)
- Gain on disposal of property, plant and equipment	**26.**	**-**	(2,779)	**-**	(2,779)
- Transfer to transmission system	**6.**	**-**	(32,384)	**-**	(32,384)
Cash flows generated from operations		**411,258**	64,985	**411,258**	64,985
Changes in working capital:					
Movement in accrued interest payable		**-**	(7,035)	**-**	(7,035)
Fair value movements on forward exchange contracts	**21.1**	**1,106**	(50,078)	**1,106**	(50,078)
Movement in non-current retention creditors	**20.4**	**(24,323)**	63,161	**(24,323)**	63,161
Movement in deferred revenue liability	**30 (f)**	**126,908**	(58,920)	**126,908**	(58,920)
Movement in employee benefit obligations	**22.**	**-**	29,965	**-**	29,965
- Employee benefits paid - defined benefit obligation	**22.1.2 & 22.2.2**	**4,800**	20,017	**4,800**	20,017
- Movement in employee benefits	**22.1.2 & 22.2.2**	**7,681**	(36,536)	**7,681**	(36,536)
Transfer to intangible assets	**9.**	**-**	2,305	**-**	2,305
Movement in inventories	**12.**	**(65,365)**	33,611	**(65,365)**	33,611
Movement in trade and other receivables	**30 (e)**	**349,680**	(535,968)	**349,680**	(535,968)
Movement in trade payables	**30 (g)**	**(322,812)**	124,270	**(322,812)**	124,270
		488,933	(350,223)	**488,933**	(350,223)

* Certain amounts shown here do not correspond to the 2022 financial statements due to reclassifications and reflect adjustments made, refer to note 31.

NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

	Notes	CONSOLIDATED 2023 N$'000	CONSOLIDATED 2022 N$'000	COMPANY 2023 N$'000	COMPANY 2022 N$'000

30 (b) TAXATION PAID

	Notes	CONSOLIDATED 2023 N$'000	CONSOLIDATED 2022 N$'000	COMPANY 2023 N$'000	COMPANY 2022 N$'000
Amount (due)/from to the Receiver of Revenue at beginning of year		**33,780**	33,780	**33,780**	33,780
Amount due to the Receiver of Revenue at end of year		**33,780**	33,780	**33,780**	33,780

30 (c) INTEREST RECEIVED FROM OPERATING AND INVESTING ACTIVITIES

	Notes	CONSOLIDATED 2023 N$'000	CONSOLIDATED 2022 N$'000	COMPANY 2023 N$'000	COMPANY 2022 N$'000
Interest received from operations and customers		**78,568**	71,612	**78,568**	71,612
Interest received from investments		**359,091**	336,040	**359,091**	336,040
Fair value movements on investments		**7,440**	-	**7,440**	-
Reinvested interest		**255,438**	189,283	**255,438**	189,283
Accrued interest		**12,901**	(45,162)	**12,901**	(45,162)
Finance income	**24.**	**713,438**	551,773	**713,438**	551,773

30 (d) INTEREST PAID

	Notes	CONSOLIDATED 2023 N$'000	CONSOLIDATED 2022 N$'000	COMPANY 2023 N$'000	COMPANY 2022 N$'000
Interest paid		**(42,639)**	(55,340)	**(42,639)**	(55,340)
Accrued interest		**4,015**	7,035	**4,015**	7,035
Finance cost	**24**.	**(38,624)**	(48,305)	**(38,624)**	(48,305)

30 (e) TRADE AND OTHER RECEIVABLES

	Notes	CONSOLIDATED 2023 N$'000	CONSOLIDATED 2022 N$'000	COMPANY 2023 N$'000	COMPANY 2022 N$'000
Movement in trade and other receivables		**(328,174)**	501,846	**(328,174)**	501,846
Impairment loss on trade and other receivables		**(21,506)**	34,122	**(21,506)**	34,122
		(349,680)	535,968	**(349,680)**	535,968

30 (f) DEFERRED REVENUE LIABILITY

	Notes	CONSOLIDATED 2023 N$'000	CONSOLIDATED 2022 N$'000	COMPANY 2023 N$'000	COMPANY 2022 N$'000
Movement in deferred revenue liability		**152,286**	(67,783)	**152,286**	(67,783)
Transfers of assets from customers		**(124,929)**	-	**(124,929)**	-
Interest rate subsidy - EIB Loan III		**2,416**	-	**2,416**	-
Deferred revenue recognised in income		**97,133**	8,863	**97,133**	8,863
		126,906	(58,920)	**126,906**	(58,920)

NOTES TO THE STATEMENTS OF CASH FLOWS (CONTINUED)

	Notes	CONSOLIDATED 2023 N$'000	CONSOLIDATED 2022 N$'000	COMPANY 2023 N$'000	COMPANY 2022 N$'000
30 (g) TRADE AND OTHER PAYABLES					
Movement in trade and other payables		**(322,812)**	124,272	**(322,812)**	124,270
		(322,812)	124,272	**(322,812)**	124,270
30 (h) CASH RECEIPTS FROM CUSTOMERS					
Electricity sales		**7,208,687**	6,506,042	**7,208,687**	6,481,507
Movement in gross trade receivables		**181,498**	(416,578)	**181,498**	(416,578)
		7,390,185	6,089,464	**7,390,185**	6,064,929
30 (i) INTEREST BEARING LOANS AND BORROWINGS					
Balance at 1 July		**530,513**	760,774	**530,513**	760,774
Cashflows		**(91,298)**	(212,072)	**(91,298)**	(212,072)
Net swap valuations		**-**	(5,739)	**-**	(5,739)
Interest capitalised on loan		**553**	493	**553**	493
Accrued interest		**(2,153)**	(13,023)	**(2,153)**	(13,023)
Fair value gain on interest bearing loans and borrowings		**-**	80	**-**	80
Balance at 30 June		**437,615**	530,513	**437,615**	530,513
30 (j) LOANS RECEIVABLE					
Repayment of loans receivable		**2,641**	2,425	**2,641**	2,425
		2,641	2,425	**2,641**	2,425

30 (k) The Group held cash and cash equivalents of N$1.4 billion at 30 June 2023 (2022: 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

31.1 Billing Error

(i) The Group discovered that certain bulk supply customers were erroneously overbilled from 2012 until 2022 financial years due to incorrect meter readings. As a result, the Group's retained earnings and tax liabilities were overstated and trade and other payable were understated in the prior periods.

In terms of the customer power supply agreements the Group has a contractual obligation to adjust the customer accounts in the event of incorrect billing due to error in meter readings. Accordingly, the Group adjusted the affected customer's account balances and recognised trade and other payables in respect of the credit customer accounts balances.

Statements of Financial Position

		CONSOLIDATED AND COMPANY		
Statement of financial position at 30 June 2022 (extract)	**Reference**	**Previously reported N$'000**	**Impact of changes N$'000**	**Restated N$'000**
Total current assets				
Trade and other receivables		1,581,906	9,239	1,591,145
Equity				
Total equity attributable to equity holders				
Development fund	(i)	6,665,576	(145,007)	6,520,569
Liabilities				
Total current liabilities				
Trade and other payables	(i)	1,256,412	154,246	1,410,658
Statement of financial position at 30 June 2021 (extract)				
Equity				
Total equity attributable to equity holders				
Development fund	(i)	7,819,444	(120,471)	7,698,973
Liabilities				
Total current liabilities				
Trade and other payables	(i)	1,165,919	120,471	1,286,390

PRIOR PERIOD RESTATEMENT (CONTINUED)

Statements of profit or loss and other comprehensive income for the year ended 30 June 2022

		CONSOLIDATED AND COMPANY		
	Reference	Previously reported N$'000	Impact of changes N$'000	Restated N$'000
Revenue	(i)	6,506,042	(24,535)	6,481,507
Loss before net finance income		**(2,317,393)**	**(24,535)**	**(2,341,928)**
Loss before taxation		**(1,813,925)**	**(24,535)**	**(1,838,460)**
Loss for the year		**(1,223,737)**	**(24,535)**	**(1,248,272)**
Other comprehensive income				
Other comprehensive income for the year, net of taxation		**4,024,099**	**-**	**4,024,099**
Total comprehensive income for the year		**2,800,362**	**(24,535)**	**2,775,827**

PRIOR PERIOD RESTATEMENT (CONTINUED)

Statement of cash flow for the year ended 30 June 2022 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	(i)	6,089,464	(24,535)	6,064,929
Cash paid to suppliers and employees	(i)	(6,439,687)	24,535	(6,415,152)
Cash (utilised)/generated by operations		(350,223)	-	(350,223)
Interest received		71,612	-	71,612
Net cash from operating activities		**(278,611)**	**-**	**(278,611)**
Cash flows from investing activities				
Proceeds from the sale of property, plant and equipment		2,911	-	2,911
Acquisitions of intangible assets		(2,942)	-	(2,942)
Extension and replacement of property, plant and equipment to maintain operations		(1,196,918)	-	(1,196,918)
Interest received		336,040	-	336,040
Dividend received		67	-	67
Proceeds from collective investment schemes		396,000	-	396,000
Proceeds from fixed deposits and treasury bills		3,117,066	-	3,117,066
Proceeds from money market funds		325,000	-	325,000
Payments for collective investment schemes		(60,000)	-	(60,000)
Payments for fixed deposits and treasury bills		(2,243,111)	-	(2,243,111)
Payments for money market funds		(100,000)	-	(100,000)
Proceeds from loans receivable		2,425	-	2,425
Net cash used in investing activities		**576,538**	**-**	**576,538**
Cash flows from financing activities				
Interest paid		(55,340)	-	(55,340)
Repayments		(212,072)	-	(212,072)
Net cash used in financing activities		**(267,412)**	**-**	**(267,412)**
Net increase in cash and cash equivalents		30,515	-	30,515
Cash and cash equivalents at 1 July		1,779,162	-	1,779,162
Effect of exchange rate fluctuations on cash held		(51,389)	-	(51,389)
Cash and cash equivalents at 30 June		**1,758,288**	**-**	**1,758,288**

PRIOR PERIOD RESTATEMENT (CONTINUED)

Note to the statement of cash flow

		CONSOLIDATED AND COMPANY		
	Reference	Previously reported N$'000	Impact of changes N$'000	Restated N$'000
CASH (UTILISED)/GENERATED BY OPERATIONS				
(Loss)/profit before net finance income	(i)	(2,317,393)	(24,535)	(2,341,928)
Adjustments for:				
- Dividend received from unlisted investments		(67)	-	(67)
- Interest capitalised / reinvested interest		(2,471)	-	(2,471)
- Net movement in currency swap valuations on interest bearing loans and borrowings		(5,739)	-	(5,739)
- Effect of exchange rate fluctuations on cash held		51,389	-	51,389
- Fair value gain on interest bearing loans and borrowings		80	-	80
- Movement in interest rate and cross currency swaps		5,781	-	5,781
- Fair value (gain)/loss on firm commitments		687	-	687
- Fair value movements on embedded derivative - Power Purchase Agreement (PPA)		1,006,661	-	1,006,661
- Coal valuation		(5,428)	-	(5,428)
- Fair value movements on investment properties		(233)	-	(233)
- Movement in expected credit loss on trade and other receivables		34,122	-	34,122
- Movement in expected credit loss on investments		(680)	-	(680)
- Movement in expected credit loss on loans receivable		(608)	-	(608)
- Depreciation on property, plant and equipment		1,377,866	-	1,377,866
- Fair value movements on investments		(22,581)	-	(22,581)
- Amortisation on intangible assets		12,160	-	12,160
- Deferred revenue recognised in income		(8,863)	-	(8,863)
- Gain on disposal of property, plant and equipment		(2,779)	-	(2,779)
- Transfer to transmission system		(32,384)	-	(32,384)
Cash flows generated from operations		89,520	(24,535)	64,985

PRIOR PERIOD RESTATEMENT (CONTINUED)

		CONSOLIDATED AND COMPANY		
	Reference	Previously reported N$'000	Impact of changes N$'000	Restated N$'000
Changes in working capital:				
Movement in accrued interest payable		(7,035)	-	(7,035)
Fair value movements on forward exchange contracts		(50,078)	-	(50,078)
Movement in non-current retention creditors		63,161	-	63,161
Movement in deferred revenue liability		(58,920)	-	(58,920)
Movement in employee benefit obligations		29,965	-	29,965
- Employee benefits paid - defined benefit obligation		20,017	-	20,017
- Movement in employee benefits		(36,536)	-	(36,536)
Transfer to intangible assets		2,305	-	2,305
Movement in inventories		33,611	-	33,611
Movement in trade and other receivables		(526,730)	(9,238)	(535,968)
Movement in trade payables	(i)	90,497	33,773	124,270
		(350,223)	-	(350,223)

31.2 Related parties - Associates

An adjustment was made in respect of the consolidated figures due to an error in percentages applied. The figures were previously disclosed at equity interest percentage.

		CONSOLIDATED AND COMPANY		
30 June 2022 (extract)	Reference	Previously reported N$'000	Impact of changes N$'000	Restated N$'000
Sales				
Associates				
Cenored (Pty) Ltd		194,505	237,729	432,234
- Electricity sales		194,467	237,683	432,150
- Service level agreement and technical support		38	46	84
Nored Electricity (Pty) Ltd		253,835	507,749	761,584
- Electricity sales		253,785	507,647	761,432
- Rental income		45	91	136
- Service level agreement and technical support		5	11	16
Municipal services from related parties		1,329	2,381	3,710
- Nored Electricity (Pty) Ltd		975	1,949	2,924
- Cenored (Pty) Ltd		354	432	786
Related party balances from electricity sales and other purchases				
Due from / (due to)				
Associates		127,076	231,853	358,929
- Cenored (Pty) Ltd		28,734	35,120	63,854
- Cenored (Pty) Ltd		(21)	(25)	(46)
- Nored Electricity (Pty) Ltd		98,448	196,927	295,375
- Nored Electricity (Pty) Ltd		(85)	(169)	(254)
Guarantees received				
- Nored Electricity (Pty) Ltd		2,068	4,137	6,205

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$336.0 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

	Generation		Transmission		Support Services		Total	
Amounts in N$'000	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Total revenues - restated	**591,276**	554,647	**7,178,885**	6,648,531	**5,434,119**	4,891,769	**13,204,280**	12,094,949
Intersegment revenue - restated	**(591,276)**	(554,647)	**(617,627)**	(794,056)	**(4,786,690)**	(4,264,738)	**(5,995,593)**	(5,613,442)
Revenue from external customers - restated	**-**	-	**6,561,258**	5,854,474	**647,429**	627,031	**7,208,687**	6,481,507
Cost of electricity	**-**	-	**-**	-	**(5,032,172)**	(5,075,449)	**(5,032,172)**	(5,075,449)
Interest Income	**-**	-	**62,179**	62,166	**651,259**	489,607	**713,438**	551,773
Interest expense	**-**	(664)	**(38,624)**	(54,676)	**-**	7,035	**(38,624)**	(48,305)
Depreciation & amortisation	**(684,724)**	(497,708)	**(857,262)**	(716,877)	**(205,064)**	(175,441)	**(1,747,049)**	(1,390,026)
Staff costs	**(188,303)**	(197,197)	**(359,617)**	(370,971)	**(363,456)**	(424,378)	**(911,378)**	(992,546)
Post retirement medical benefit (interest cost)	**(6,295)**	(5,953)	**(13,210)**	(12,494)	**(14,145)**	(13,378)	**(33,650)**	(31,825)
Foreign exchange gains on trade payables/ receivables, bank balances and loans payable	**-**	-	**-**	-	**464,262**	352,387	**464,262**	352,387
Foreign exchange losses on trade payables/ receivables, bank balances and loans payable	**-**	-	**-**	-	**(529,092)**	(137,391)	**(529,092)**	(137,391)
Share of loss of associates, net of taxation	**-**	-	**-**	-	**(17,883)**	11,346	**(17,883)**	11,346
Segment result (before tax)	**879,430**	765,135	**(4,769,170)**	(4,206,677)	**2,483,878**	1,638,963	**(1,405,862)**	(1,802,579)
Taxation	**-**	-	**-**	-	**525,247**	590,188	**525,247**	590,188

SEGMENT REPORTING
(CONTINUED)

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

	CONSOLIDATED AND COMPANY	
	2023 N$'000	2022 N$'000 * Restated
Domestic- Namibia	**6,896,470**	6,144,021
Regional Exports/ Cross border customers		
Angola	**80,408**	194,781
Botswana	**49,507**	80,524
South Africa	**12,171**	10,864
SAPP Market	**170,131**	51,317
	7,208,687	6,481,507

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$7.2 billion (2022: N$6.5 billion) (see note 33.1 above) are revenues of approximately N$3.4 billion (2022: 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 2023 and 2022 financial years.

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