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Our Branch Network



Strategic Outline

High Level Statements

Vision

To be the medical laboratory service provider of choice.

Mission

To provide accessible, affordable and excellent medical laboratory services.

Values

Accountability:	We take full responsibility for our actions.		
Commitment:	We will respond immediately to the needs of our stakeholders, and will strive to provide excellent services at all times.		
Team Collaboration:	We exhibit a positive team spirit in working together towards shared goals.		
Fairness:	We are fair and transparent in all that we do.		
Accessible:	We guarantee accessible and affordable services to our valued customers.		
Integrity:	We maintain ethical standards at all times.		
Respect:	We treat our stakeholders with utmost respect, including the environment in which we operate.		

Meeting Our Strategic Goals

NIP is a state-owned enterprise that delivers key healthcare services to all citizens on behalf of the Government of the Republic of Namibia. Our operations are directed by a seven-member Board of Directors appointed by the Minister of Health and Social Services, in accordance with the Namibia Institute of Pathology Act (Act No. 15 of 1999) and the Companies Act (Act No. 61 of 1973). The Chief Executive Officer (CEO) provides vision and strategic direction to the institute as well as supervision of daily operational management of the institution. The CEO is ably supported by an experienced and knowledgeable team of five executives, who assist to ensure that NIP meets its strategic goals.

Strategic Pillars

NIP's strategic framework is built on six pillars that stand for the key result areas that help to guide the institution. These pillars that are at the heart of our decision-making processes are as follows:

- Quality
- Market growth
- Capacity
- Delivery of service
- Innovation
- Public health



Our Services

In its quest to become, the laboratory pathology service provider of choice and the only pathology service provider with a national footprint, NIP has a vital role to play in Namibia's healthcare system.

With thirty-nine (39) medical laboratories spread across the country serving 80% of the population, we carry out important diagnostic tests everyday that can make a real difference to people's lives. We provide both state as well as private pathology services as mandated by NIP's enabling legislation on a commercial basis. Mutually beneficial strategic partnerships are being fostered to aid NIP in achieving its strategic objectives.

i. Key Strategic Activities

- NIP plays a major role in helping to maintain public health in Namibia through our epidemiology, active surveillance and effective outbreak response activities.
- We support the national Anti-Retroviral Treatment (ART) rollout programme through CD4 count,

- viral load testing, and HIV treatment monitoring.
- We provide quality assurance for national Voluntary Counselling and Testing (VCT) sites.
- We provide TB diagnosis and treatment monitoring.
- We screen for cervical cancer.
- We provide internships for medical technicians, medical technologist and scientists.

ii. Scope of Services

Through our network of medical laboratories and four patient service centres (specimen collection sites), we are able to offer a broad range of clinical laboratory tests that are used by healthcare professionals in the diagnosis, treatment and monitoring of diseases. In response to client requirements, we have also developed several independent units with specialized testing capabilities for oncology, HIV, immuno-histochemistry, human immunodefiency virus deoxyribonucleic acid (HIV DNA) polymerase chain reaction, and viral load testing.



What is Pathology?

Pathology is a branch of medical expertise that focuses on determining the causes, effects and behaviour of diseases. For this reason, it has a central role to play in all stages of the human lifecycle – from the unborn child through to the elderly. Pathology is vital for the detection and treatment of medical conditions, including cancer, diabetes, heart disease, infections, allergies, and infertility. By analysing and testing body tissue and fluids, pathology enables effective diagnoses and treatment.

The pathology we provide combines sophisticated technology along with highly skilled, caring staff committed to giving families, medical staff, clients and Government, the best possible service. Pathology services are an essential element of almost all patients' healthcare requirements and as such, we have an important role to play in improving the medical outcomes for thousands of Namibians and their loved ones every year.

i. Importance of Pathology to Namibia

Without professional pathology service providers, it simply would not be possible to maintain the high standard of Namibia's healthcare provision that we all benefit from today.

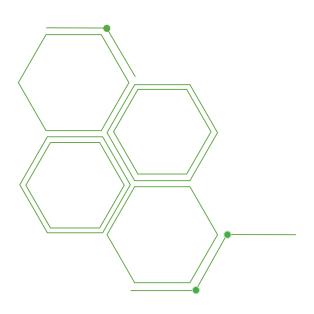
With its position at the heart of healthcare provided to clients and the community, pathology services underpin both the quality and the cost effectiveness of healthcare in our country.

- Pathology services are fundamental to modern medical practice in caring for health of the population in our country.
- Pathology services are important for diagnosis, treatment, and management of an ever-increasing range of clinical conditions.
- Pathology investigations are an integral part of

- the clinical consultation and procedural process. Studies indicate that 70-80% of all healthcare decisions effecting diagnosis or treatment of a condition will involve a pathology investigation.
- Pathology is essential to early detection, diagnosis, and treatment of many of the leading causes of disease in Namibia, including cancer, cardiovascular disease and diabetes.

ii. Pathology's Place in the World

Studies carried out across the world confirm just how important pathology is in a global context. On average, pathology testing is ordered during one in every five healthcare client visits. Worldwide, about 40% of pathology testing is used for diagnostic purposes, 40% for monitoring and 20% for preventative purposes.







Our Story

he Namibia Institute of Pathology Limited (NIP) was established as a public enterprise (PE) on 1 December 2000. NIP provides laboratory services across Namibia to both private and state healthcare facilities.

When operations started, NIP had 23 laboratories across the country that we took over from the Ministry of Health and Social Services. At the time, these facilities were facing a number of challenges, such as staff shortages, limited and dilapidated infrastructure, outdated technology and limited resources.

Since then, NIP has expanded geographically and increased the type of medical services offered to its clients. At present, we operate thirty-nine (39) laboratories across the country, providing real medical solutions to individuals, institutions, doctors and pathology service users. The growth or an addition of 16 new facilities since 2000 is evidence of strong management – staff synergy, professionalism and company pride, effective strategic planning and positioning since NIP's inception.

Our company remains at the forefront in testing for serious, life-impacting diseases such as HIV/AIDS, Tuberculosis (TB) and Malaria in order for patients to get the appropriate medical attention and care at the earliest possible time. NIP has been committed to assisting medical facilities with diseases monitoring and data collection.

Our technical services and laboratories have been developed to not only meet the rising demand of our diagnostic and testing services, but also align



Our technical services and laboratories have been developed to not only meet the rising demand of our diagnostic and testing services, but also align our services to global standards.

our services to global standards. Our laboratories implement a Quality Management System (QMS) that complies with the International Organization for Standardization 15189 and national regulatory requirements.

Over the years, NIP's innovation includes the establishment of a Molecular Diagnostics Unit at the Windhoek Central Reference Laboratory that allows for comprehensive diagnostics based on the technique of polymerase chain reactions. We are proud to be at the forefront in providing much needed services that are centered on HIV testing for adults and children, including measurement viral load levels as well as diagnoses of Chlamydia and Gonorrhea.

In addition, NIP is committed to high levels of quality and to this end, a Quality Assurance Unit monitors and controls all aspects of our services, in order to provide accurate, thorough results and ultimate peace of mind to all our customers.



Board of Directors



Bryan EisebBoard Chairperson



Ingatutala Frieda Ekandjo Deputy Board Chairperson



Jennifer Hamukwaya Board Member



Dr Eino Mvula Board Member



Ben NangombeBoard Member



Dr Taati IthindiBoard Member



Vanessa Tjijenda Board Member

Executive Management



Dr David /UirabActing Chief Executive Officer



Jason KafidiActing Chief Human Capital Officer



Gibson Imbili Company Secretary



Melvin AprilActing Chief Technology Officer



Johannes Klemens Acting Chief Strategy & Business Development Officer



Boniface MakumbiActing Chief Operations Officer



Mr Bryan Eiseb Board Chairperson

Chairperson's Statement

n behalf of the Namibia Institute of Pathology (NIP) Board of Directors, I am pleased to present the Company's annual report for the 2019/20 financial year, closing the books with a profit of N\$68 million and increased revenue by 0.32%, from N\$624 million in 2018/2019 to N\$626 million. The NIP's asset base continues to increase and is now at N\$934 million.

During the 2019/20 financial year, an event that stood out was the outbreak of Coronavirus disease 2019 (COVID-19). After it was reported to the World Health Organization (WHO) on December 31, 2019, WHO declared the COVID-19 outbreak a global health emergency on the 30th of January 2020. Subsequently, on the 11th of March 2020, the WHO declared COVID-19 a global pandemic and coincidentally, NIP tested its first COVID-19 sample on the 10th of March 2020, putting the Company at an added advantage in terms of preparedness for local testing.

On that note, it is delightful to report that we have concluded yet another year with consistent focus on delivering quality diagnostic services by our highly trained staff, to the Namibian nation. Furthermore we pride ourselves with the fact that our service is rendered through a laboratory network, subscribing to the International Organization of Standardization (ISO) 15189:2012 standards. Of note is that fourteen (14) laboratories are internationally accredited compared to eight (8) at the end of the 2018/19 financial year. This achievement is a clear indication that at NIP, quality matters.

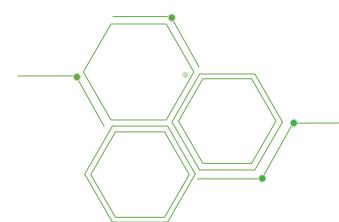
The audited financial statements indicate an overall sound performance during the financial year. The revenue increased from N\$624,019,917 to N\$626 034 857 by 0.32%. Overall, our profit for the year has decreased by 9.7% than the previous financial year, and this was mainly attributed to a slow growth in revenue and increase in expenses. We believe that

long term opportunities are awaiting in the pathology sector and NIP will remain agile and responsive to the ever-changing landscape.

On behalf of the Board, I would like to thank our employees for their diligence and continued commitment toward a worthy cause. Furthermore, I would also like to extend my appreciation to our customers, stakeholders, development partners and shareholder for their unrelenting trust, confidence, and support throughout the year as we grow from strength to strength.









Dr David /Uirab
Acting Chief Executive Officer

Chief Executive Officer's Statement

espite various challenges faced in the healthcare sector, NIP continued to provide quality medical laboratory services during the period under review. With its laboratory footprint in all 14 regions, the Company offers a comprehensive range of clinical laboratory tests. These tests are used for prediction, early detection, diagnostic screening, confirmation and/or monitoring of disease.

NIP understands the importance of raising the bar for quality and continuously identify laboratories within its network that needs to undergo international accreditation. For those laboratories that are not internationally accredited, NIP uses the World Health Organisation guide for Stepwise Laboratory Improvement Process Towards Accreditation (SLIPTA) to improve quality in the laboratories.

Operations were adversely affected by reagent stock outs, which had a direct impact on turnaround time (TAT) and patient management for the samples that could not be referred for testing. Thus, NIP will be working on putting measures in place to mitigate the service interruptions, because of stock outs.

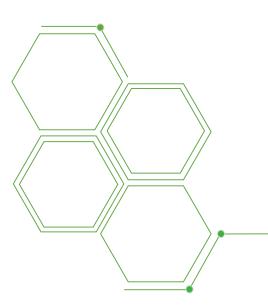
Although financially stable, the cash flow balance remained a challenge during the financial year. Therefore, robust engagements were held in order to devise mechanisms on how to improve the state of affairs and to aide NIP to fly higher. As a Public Enterprise, the funds owed will not only strengthen our finances but will also help the organization to remain financially sustainable and to be a responsive and sustainable public enterprise.

With a clear belief in the potential of the industry, we believe that our vision is still achievable and that targeted initiatives will pave way to further grow and expand our operations soon.

I humbly extend gratitude to the NIP Board of Directors for the guidance and support during this financial year. I equally thank all our employees and stakeholders for being a vital part of the NIP journey.

Trab

With a clear belief in the potential of the industry, we believe that our vision is still achievable and that targeted initiatives will pave way to further grow and expand our operations soon.



Financial Review

The financial year 2020 has been marked with an unprecedent event as Namibia and the world were confronted with one of the greatest health threats of our generation, one that greatly impacted the global economy.

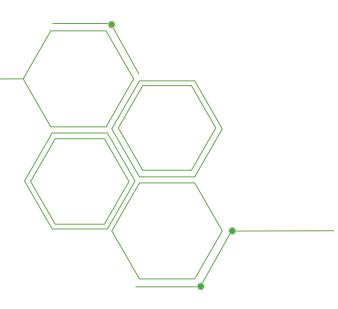
NIP entered the crisis in a position of strength in terms of its resources, including financial resources. The Bank of Namibia implemented measures to alleviate the impact of COVID-19 on the domestic economy with a reduction in repo rates in February 2020, and by March 2020, the reduction totalled to 125 basis points (bps). With NIP operating in the healthcare sector, and its crucial service that it offers, the company is deemed to benefit from the global pandemic and the impact thereof is reflected in the succeeding years.

NIP continues to create value for its shareholder and stakeholders whilst honouring its mandate. Revenue for the year increased by 0.32%, from N\$624 million in 2018/2019 to N\$626 million for the period under review. For operating expenses for the year, an increase of 2.94% has been observed and that translates to N\$350 million, from N\$340 million in the previous financial year, 2018/2019. Furthermore, profit for the year under review decreased by 9.7% to N\$68 million, from N\$75 million in 2018/2019.

The NIP's asset base continues to increase by 21% to N\$ 934 million (2018/2019: N\$770 million) and total liabilities also increased by 61% to N\$ 259 million (2018/2019: N\$ 160 million). The increase in trade receivables balance poses a challenge to the cashflow position of NIP. However, constant engagement with stakeholders continue to keep the situation manageable.

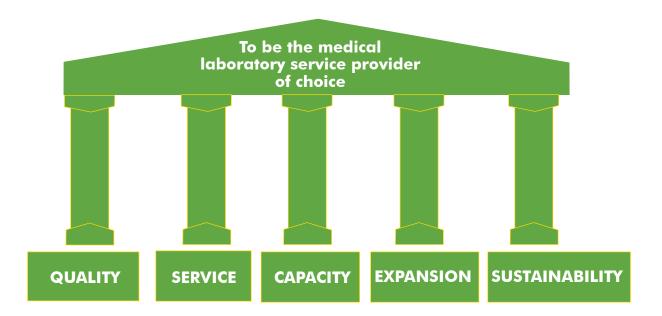
The adoption of International Financial Reporting Standards 9 (IFRS 9) has resulted in the entity adopting a forward-looking expected credit losses approach. Management assessed the exposure for all debt instruments not held at fair value through profit and loss and have recognized a gain on debt instruments at fair value through Other Comprehensive Income (OCI) of N\$ 31 533 (2018/2019: nil) during the year and a loss on equity instruments at fair value through OCI of N\$2.8 million (2018/2019: N\$8 million).





Strategic Thrusts: Performance

The NIP Strategic Business Plan focused on five strategic thrusts: Quality, Service, Capacity, Expansion and Sustainability. Therefore, this section provides an account on NIP's performance on the strategic objectives for each thrust.



Strategic Thrust 1: Quality

Quality is one of the key thrusts, with a strategic goal to become the leader in implementing Total Quality Management (TQM) in the medical laboratory industry. The two strategic objectives associated with this goal are:

- 1) To become a central hub for quality improvement; and
- 2) Achieve and sustain a healthy and safe working environment.

Objective 1: To become a central hub for quality improvement

The key performance indicator (KPI) for this strategic objective is Achieved Quality Excellence, expressed in percentage (%), and the target for the financial year is 90%. In NIP context, Quality Excellence is defined to consist of three aspects, namely:

- 1. International accreditation of laboratories to ISO 15189,
- 2. Performance of non-accredited laboratories in the Internal Quality Stepwise Laboratory Quality Improvement Process Towards Accreditation (SLIPTA) audits; and
- 3. Training of staff on the Strengthening Laboratory Management Towards Accreditation (SLMTA) curriculum.

The table below presents the performance target for each of the aspects making up Quality Excellence.

Table 1: Quality Excellence (2019 – 2020)

Key performance indicator definition area	Performance target
Number of laboratories internationally accredited to ISO 15189.	11
Percentage of laboratories with at least 3 SLIPTA star rating	65%
Number of staff trained in at least 2 SLMTA workshops	15

International Accreditation of Laboratories to ISO 15189

As at 31 March 2020, 14 laboratories were internationally accredited to ISO 15189:2012. The target to have 11 laboratories internationally accredited to ISO 15189 by March 2020 was surpassed by three (3) laboratories or by 27.3%. Seven (50%) of the fourteen laboratories are accredited under the South Africa National Accreditation System (SANAS), while the other seven (50%) are under the Southern African Development Community Accreditation Services (SADCAS). The table below presents the laboratories that are internationally accredited to ISO 15189.

Table 2: Internationally Accredited Laboratories

Nan	ne of Laboratory	Accreditation body
1.	Windhoek Central Reference Core Laboratory	SANAS
2.	Windhoek Central Reference Molecular Diagnostic Unit	SANAS
3.	Windhoek Central Reference TB Biological Safety Level 2	SANAS
4.	Katutura State Hospital Laboratory	SADCAS
5.	Windhoek Laboratory	SADCAS
6.	Swakopmund Laboratory	SANAS
7.	Onandjokwe Regional Laboratory	SANAS
8.	Keetmanshoop Laboratory SANAS	
9.	Rundu Regional Laboratory	SANAS
10.	Rundu Private Laboratory	SADCAS
11.	Oshakati Regional Laboratory	SADCAS
12.	Ongwediva Medipark Laboratory	SADCAS
13.	Otjiwarongo Regional Laboratory	SADCAS
14.	Katima Mulilo Laboratory	SADCAS

Performance of non-accredited laboratories in Internal Quality - Stepwise Laboratory Quality Improvement Process towards Accreditation (SLIPTA) Audits

During the period under review, Internal Quality Audits were conducted in all the laboratories that are not yet internationally accredited to ISO 15189. The World Health Organization African region (WHO/AFRO) SLIPTA checklist was used for the quality auditing process. The WHO/AFRO SLIPTA checklist is weighted and it quantitates

the laboratory's compliance to quality requirements as a percentage score and a Star rating, and is illustrated in the diagram below.

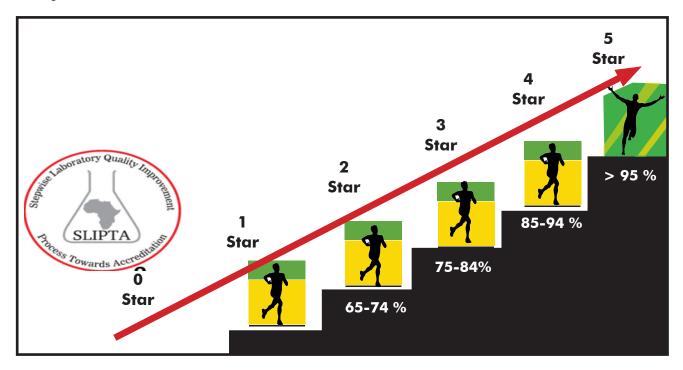


Fig. 1

A total of 52% laboratory achieved the required star rating.

Training of staff on the SLMTA curriculum

In realising the strategic objective to become a central hub for quality improvement, two Stepwise Laboratory Quality Improvement Process towards Accreditation (SLMTA) workshops were conducted, and 22 staff members were trained. In summary, the overall performance of this objective is a whooping 99,1% Quality Excellence achieved against the target of 90%.

Table 3: Quality Excellence – Laboratory Performance (2019 – 2020)

Key Performance Indicator	Performance Target	Actual Performance	Weighting % Contribution - Quality Excellence	% Contribution - Quality Excellence
Number of laboratories internationally accredited to ISO 15189	11	14 (127%)	50%	63.6%
Percentage of laboratories with at least 3 SLIPTA star rating	65%	52.%	40%	20.8%
Number of staff trained in at least 2 SLMTA workshops	15	22 (146.7%)	10%	14.7%
Overall % Achieved Quality Excellence				99.1%

Objective 2: Achieve and sustain a healthy and safe environment

The key performance indicator for the second strategic objective under the Quality Thrust is the percentage compliance to annual occupational health and safety programme with a set target of 95%. For this financial period, overall achievement stands at 95.21% and the table below summarises the performance achieved in line with the defined key performance indicators.

Table 4: Compliance to Annual Occupational Health and Safety Programme (2019 -2020)

Key Performance Indicator	Performance Target	Actual Performance	Weighting % contribution - overall Compliance	% Contribution - Compliance		
% of Health & Safety Staff trained on bi-annually	95%	97.8%	25	24.45		
% of medical surveillance done on eligible employees	95%	98.1%	15	14.72		
Number of cases of laboratory acquired diseases through reported incidents	0	0 (100%)	3	3		
% of Safety Inspections conducted	95%	96.3%	7	6.74		
Mean % score in annual safety audits	85%	92.6%	50	46.3		
Overall % Compliance to C	Overall % Compliance to Occupational Health and Safety Programme 95.21%					

Strategic Thrust 2: Service

To be recognised by our stakeholders for rendering excellent services.

In carrying out its core mandate, NIP offers optimal services to all healthcare facilities in both public and private sector at a satisfactory level albeit challenges experienced during the period under review.

Service is the second thrust, with a strategic goal to be recognised by stakeholders for rendering excellent services. The three strategic objectives associated with this goal are:



Objective 1: Ingrain a culture of service excellence

On an annual basis, NIP conducts a Customer Satisfaction survey to gauge on the satisfaction of services rendered. The survey aims to gauge on clients' perception and to rate NIP's services. All 39 NIP laboratories formed part of the survey for review by the medical service providers, and the overall level of satisfaction achieved presents an increase from 76% in the previous financial year to 78%. Although the overall level of satisfaction increased, the results achieved were still below the set target of 80%.

The performance is attributed to poor turnaround time (TAT), which was one of the main concerns raised by the medical doctors using the services of NIP laboratories in all regions. As a response strategy, NIP will develop an action plan to address the identified shortcomings.

Objective 2: Optimise and improve overall operational excellence

The established quality indicators were consistently monitored, and the identified gaps were documented and mitigated. Significant operational challenges experienced during this financial period pertained to reagents and consumables. Reagent stock outs which caused service interruptions affected operational excellence and the management of patients.

The table below provides a summary on the performance of the quality indicators to optimize and improve overall operational excellence during the period under review.

Table 5: Quality Indicators' Performance (2019 – 2020)

Quality Indicators	% Target	% Actual Quality Indicator Performance	
	Compliance requirements	Average for ALL	
Turn Around Times	82	88	
External Quality Assessment	82	90	
Internal Quality Control	100	100	
Phoning of urgent & critical results	100	99	
% of samples not pending beyond TAT	90	97	
Instrument Uptime	85	93	
Stock Management	80	95	
% Minimised Sample Rejections	80	95	
Average	87	95	

On average, the operational excellence was measured to be at 95% against the target of 90%. Most of the quality indicators showed acceptable performance for the period under review. Turnaround times, and sample rejections were mostly affected by stock-outs that were experienced for some critical tests and supplies. Consequently, this contributed to an overall decrease in testing volumes.

On priority diseases, a total number of 10 323 GeneXpert tests were conducted at the Windhoek Central Referral

Tuberculosis laboratory. A total of 64 tests where Mycobacterium Tuberculosis was detected were found to be resistant for Rifampicin. This translated to a 0.62% positivity rate.

Hepatitis E remains a national emergency as the outbreak continued to spread during the financial period under review. NIP supported the response efforts through the evaluation of rapid test kits and the testing of hepatitis E requests was decentralised to 16 laboratories within the NIP laboratory network. As of 8 March 2020, a cumulative number of 7 457 Hepatitis E virus cases were reported since the outbreak began. This included a total of 1 896 laboratory confirmed cases. Khomas Region was the most affected region.

COVID-19 Outbreak

The World Health Organization (WHO) reported an epidemic of a 'Severe Acute Respiratory Syndrome Coronavirus 2' (SARS-CoV-2), which was confirmed as the causative agent - now commonly known as 'Coronavirus Disease 2019' (COVID-19). Since then, the virus has spread to several countries, including Namibia and on 14th March 2020, the outbreak was declared as a health pandemic by the Honourable Minister of Health, Dr. Kalumbi Shangula. On the same day, the National Health Emergency Management Committee on COVID-19 response was immediately activated.

In terms of preparedness for the pandemic, training was necessary for capacity building to ensure the successful implementation of testing processes for Corona virus testing at the Windhoek Central Reference laboratory (WCRL). Consequently, the NIP Chief Medical Scientist and two medical technologists received training from the Robert Koch Institute (RKI) at UNAM from 3 - 5 March 2020. Thereafter, training continued inhouse to ten (10) other technical staff members.

Local testing for COVID-19 was performed on the 10th of March 2020 in Windhoek and plans to decentralise will continue beyond this financial period to decentralise testing to strategic regional laboratories.

Objective 3: Adhere to corporate governance principles

During the financial year under review, NIP ensured that the minimum of four board meetings took place. In respect to the financial audited statements, NIP has achieved an unqualified audit and thus representing a positive compliance level to corporate governance principles in this regard.

Risk Management

The Enterprise Risk Management (ERM) framework guided NIP to make risk informed decisions and enhance its risk awareness culture to reduce the time spent on managing occurring risks. As part of the continuation of the ERM Framework and Policy implementation, NIP ensured that risks across the organization were identified, managed and monitored on an on-going basis.

The following table presents the key Strategic Risks during the year 2019/2020 as per the Strategic Objectives:

Table 6: Strategic Risk 2019/2020

Risk	Name	Strategic Objective		Residual Risk Status Q4 of 2019/2020
10.	Customer concentration risk	11.	Expand market share and reach	Catastrophic
8.	Stock Management	4.	Optimise and improve overall operational excellence	Catastrophic
4.	Inadequate Human Capital Capacity	8.	Ensure that the company has effective HR programs in place to achieve its strategic goals	Catastrophic
6.	Cybersecurity	9.	Invest in state-of-the-art technology and infrastructure that follows leading practices.	Catastrophic
19.	Cash Flow Stability	4.	Optimise and improve overall	Critical
1.	Competition for private business	11.	Expand market share and reach	Critical
3.	Operational Inefficiencies	4.	Optimise and improve overall operational excellence	Critical
5.	Limited research and development programs	4.	Optimise and improve overall operational excellence	Critical
7.	Ineffective Internal Communication	4.	Optimise and improve overall operational excellence	Critical
9.	Inefficient contract management system	5.	Adhere to corporate governance principle	Critical
2.	Loss of state revenue	11.	Expand market share and reach	Critical
16.	Non-compliance to occupational health and safety regulations	2.	Achieve and sustain a healthy and safe environment	Critical
15.	Non-compliance to rules, policies, regulations, directives and laws	5.	Adhere to corporate governance principles.	Critical
18.	Fraud	5.	Adhere to corporate governance principles.	Critical

Strategic Thrust 3: Capacity

The Capacity strategic thrust aims to secure adequate resources to support NIP's vision. The four strategic objectives associated with this goal are:

- 1) To strengthen alliances with strategic partners;
- 2) Improve financial position of the company;
- 3) Ensure that the company has effective Human Resources (HR) programmes in place to achieve its strategic goals;
- 4) Invest in state-of-the-art technology and infrastructure that follows leading practices.

Objective 1: Strengthen alliances with strategic Partners

The World has become a global village in terms of disease outbreaks, diagnosis, monitoring, control, and treatment. NIP progressively continues to cement strategic relations with its development partners and endeavours to attract new partners. Equally, NIP values the role that the strategic and development partners continue to play in shaping the healthcare sector in Namibia, and the unswerving support rendered to provision of medical laboratory services.

Undoubtedly, NIP works closely with stakeholders and partners such as the Ministry of Health of Social Services (MoHSS), the World Health Organisation (WHO), United States Agency for International Development (USAID), Centres for Disease Control and Prevention (CDC) Global Fund (GF), Robert Koch Institute (RKI) & President's Emergency Plan for Aids Relief (PEPFAR) in providing laboratory services and monitoring communicable diseases to forge collaboration that would help to manage and control diseases.

During the year under review, we have maintained good relations with local medical laboratories for referral purposes as well as international counterpart referral laboratories such as National Health Laboratory Services (NHLS), Neuberg Global Laboratories and Lancet Laboratories. These relations are important for testing of samples which cannot be processed internally due to a requested test or examination procedure that is outside the scope of our services, and when an NIP laboratory is not able to perform the requested tests due to service interruptions.

All the aforementioned laboratories are approved referral centres and their performance was assessed through monitoring of turnaround times, international accreditation status and performance in external quality assurance programmes and their performance were found to be optimal.

Objective 2: Improve financial position of the company

NIP continues to create value for its shareholder and stakeholders whilst honouring its mandate. Revenue for the year increased by 0.32%, from N\$ 624 million in 2018/2019 to N\$ 626 million for the period under review. For operating expenses, an increase of 2.94% has been observed and that translates to N\$ 350 million, from N\$ 340 million in the previous financial year, 2018/2019. Furthermore, profit for the year under review decreased by 9.7% to N\$ 68 million, from N\$75 million in 2018/2019.

The NIP's asset base continues to increase by 21% to N\$ 934 million (2018/2019: N\$ 770 million) and total liabilities also increased by 61% to N\$ 259 million (2018/2019: N\$ 160 million). The increase in trade receivables balance poses a challenge to the cashflow position of NIP.

Objective 3: Ensure that the company has effective HR programs in place to achieve its strategic goals.

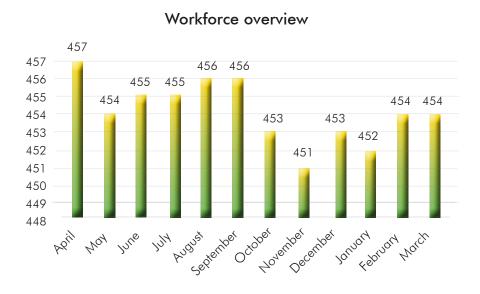
Employees are an integral part of any organisation and thus effective HR programmes are important to guide the organisation to manage employee related matters and strive to make NIP the best company to work for.

Affirmative Action

During the period under review, NIP has complied with the requirements of the Affirmative Action (Employment) Act 29 of 1998 and thus received the Affirmative Action Compliance Certificate from the Employment Equity Commission.

Workforce Overview

As at 31 March 2020, the NIP workforce decreased slightly from 459 in the previous financial year to 454. A total number of 428 representing 94% of the staff complement were permanent employees, whereas 6% (26) were employed on contract. The workforce overview over the financial period under review is exhibited in the figure below.



Workforce distribution by gender (permanent staff)

In terms of gender parity, the majority of NIP's workforce is female, 63.4% (286), whereas males account for 36.6% (168).

Gender Distribution

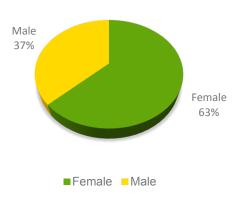


Fig. 3

Staff Movement

During the financial year under review, NIP employed a total of 21 new employees and there were three (3) promotions as well as 26 terminations. No staff transfers were recorded. Graph 4 below provides a graphical presentation of the various reasons that led to staff movement.

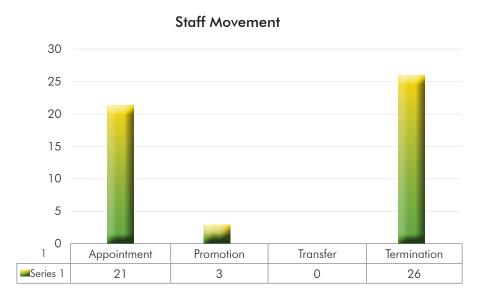


Fig. 4

Staff Training

During the period under review, three (3) training activities were conducted to the tune of N\$ 106 142.44 as depicted in the table below:

Table 6: Staff Training (2019 - 2020)

Training Conducted	Number of participants
Ethics and Confidentiality Training	11
Occupational Health and Safety Training	9
Quality Management System Training	6

With NIP's drive to ensure quality laboratory services, Oshakati Main Laboratory has been successfully reassessed by the Allied Health Professions Council of Namibia (AHPCNA) as an accredited training facility for laboratory science. As a result, accreditation was granted for a period of three (3) years. As a result six (6) students were placed at Oshakati Main Laboratory, for internship.

Similarly, Onandjokwe NIP Laboratory was also accorded the same training status for the first time after successful inspection by AHPCNA. A total of 5 students were placed at Onandjokwe laboratory, as part of experiential learning.

Bursaries and Scholarships

NIP awarded scholarships to Namibians to undertake Medical Pathology and other medical related field of studies at various Universities in the Southern African Development Community (SADC) region. This is NIP's ongoing commitment to building capacity for the organization and subsequently the country at large. These bursaries cover the tuition fees, accommodation, study and research materials, seminars, workshop and training and medical health related expenses. For the financial year under review, one bursary for Anatomical Pathology studies was awarded.

Wellness Activities

As a responsible employer, NIP invests in the wellbeing of all its employees. During the period under review, 33 staff members applied for the Employee Assistance Program and were assisted as per the wellness activity chart below.

Wellness Activities

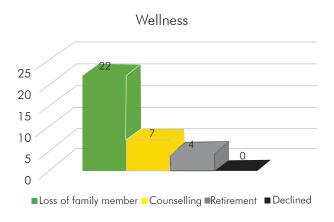


Fig: 5

Objective 4: Invest in state-of-the-art technology and infrastructure that follows leading practices.

NIP continuously strives to introduce state-of-the-art technologies to optimize Information Communication Technology (ICT) investments. For the period under review, NIP deployed the new HPE SimpliVity 380 Large All Flash Generation 10 systems, which supports fast applications, data protection, capacity savings across storage and backup cloud-based infrastructure upgrades consist of more than 30 Virtual servers. Therefore, an average of 99.80% capacity level for uptime on all ICT infrastructures was achieved during the financial period under review and is reflected in the figure below.

Virtual Machines (VMs) Uptime

Description

This report provides an overview of VMs uptime including VMs with lowest and highest uptime values

Report Parameters

Root Object Virtual Infrastructure

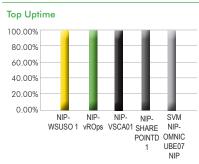
Reporting Period: Custom Date Range (01/04/2019 - 31/03/2020

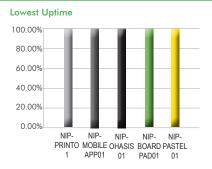
Uptime Parameter: greater than or equal to 80.00% and lower than or equal to 100.00%

Grouping: Group by Uptime

Business View: Datastore: NIP-DATASTORE-01, NIP-datastore-02;SLA: Mission Critical, Other, Uncategorized

Summary





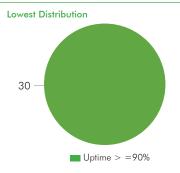


Fig: 6

Cybersecurity

The protection of computer systems and networks has become a concern globally and thus NIP has enhanced security with Antivirus on all virtual servers and workstations, while continuously enhancing the threat detection and response platform to provide visibility to threats at all endpoints.

In addition, work on a proof of concept has been initiated for a tool that uses Artificial Intelligence (AI) and unsupervised machine learning to autonomously detect and act against cyber-threats across all diverse digital environments, which includes cloud and virtual environments, Internet of Things, and industrial control systems.

From a laboratory infrastructure perspective, all capital projects were put on hold due to budgetary constraints and thus, no activities initiated for laboratory renovations to align to the objective of investing in state-of-the-

art technology and infrastructure that follows leading practices. However, all 39 NIP laboratories, performance management review systems were implemented.

Strategic Thrust 4: Expansion

The Expansion thrust has a strategic goal to increase volume and market share across all sectors. Therefore, there are two strategic objectives:

- 1) To strengthen NIP's corporate identity; and
- 2) Expand market share and reach.

Objective 1: Strengthen NIP's corporate identity.

In terms of brand awareness, various brand and marketing initiatives were conducted in print media as well as leveraging on social media platforms, especially when the COVID-19 pandemic emerged as the need to create awareness and educate the public was imminent.

A brand awareness survey could not be undertaken due to budget constraints and will be considered in due time.

Stakeholder Engagements

As part of stakeholder engagements for the year under review, a Continuous Professional Development (CPD) event was held at NIP House on 30 July 2019. CPD event is an intentional programme aimed to maintain and continuously develop the knowledge and skills needed to perform in a professional context. Dr Brenda Nemukongwe, a Consultant Histopathologist from South Africa, presented a topic on Cervical Cancer in South Africa. In addition, Mr Gert Swanepoel, a flow Cytometry Product Manager from Beckmann Coulter presented on "Why you should Count (On) CD4." A total of 62 health professionals attended the event.

Furthermore, intern doctors and nurses from Katutura Intermediate and Windhoek Central Hospitals were trained on specimen collection and handling, filling in the patient profile form and how to access patient results. The training platform was also used to discuss and resolve pertinent issues that negatively affect the service delivery considering improving customer satisfaction levels. Due to financial constraints training was only limited to Khomas region.

Considering collaboration and mutual beneficial relations, NIP assessed the Grootfontein Military base Laboratory with the aim to provide technical support on laboratory related matters to the Ministry of Defence and Veterans Affairs. The assessment was followed up with a high delegation visit to the Windhoek Central Referral Laboratory which was led by Chief of Defence: Health Services to familiarize themselves with NIP operations.

Client Relations

In its drive to nurture and maintain relations with its clients, NIP carried out client visits in Windhoek and Southern area. The main purpose of the client visits initiative is to gauge on customer's opinions and perception in relation to NIP services on offer. Clients were also provided with current information regarding NIP's operations. The findings and recommendations from the visits serve as basis to address issues of concerns raised by the clients.

Objective 2: Expand market share and reach

During the year under review, NIP and the Motor Vehicle Accident (MVA) Fund registered their interest to enter into a Memorandum of Understanding (MoU) to provide medical laboratory services to persons injured in motor vehicle crashes. In addition, the MOU serves as NIP's strategic initiative aimed to increase its revenue through business development and private market penetration strategies. The MoU will be concluded in the next financial year.

Private market revenue achieved during the year under review is N\$ 22.6 million, which represent a share of 3.6% revenue for the financial year. In comparison to the previous financial year, this achievement shows an decrease of 2%.

Strategic Thrust 5: Sustainability

The Sustainability thrust has a strategic goal to support the principles of sustainability within our community, environment, and the business. Therefore, it has one strategic objective.

Objective 1: Uphold the principles of corporate social responsibility and the protection of the environment whilst sustaining the business.

During the financial period under review, the NIP has implemented a scanning and archiving module as part of the laboratory information system to archive laboratory requisition forms. Scanning and archiving of documents supports the NIP to realize a paperless or nearly paperless environment by streamlining data collection across the organization. It allows for scanning to take place within user workflows system wide, making it easy to capture and store documents and images electronically for incorporation into the patient record.

The NIP is also using a content management tool that helps users organize, manage and track documents and information online, which is mostly used for the Standard Operating Procedures (SOPs) organization wide.

Due to budget constraints, new Corporate Social Responsibility initiatives were not pursued during the financial year. However, NIP continued to support its bursary recipients who are pursuing various pathology disciplines.



Namibia Institute of Pathology Limited (Registration number 2000/431)
Financial statements
for the year ended 31 March 2020

General Information

Country of incorporation and domicile Namibia

Business address NIP House

Erf 4937

C/O Rowan Street and Hosea Kutako Drive

Windhoek

Postal address P.O. Box 277

C/O Rowan Street and Hosea Kutako Drive

Windhoek

Bankers Bank Windhoek Limited

Auditors Ernst & Young Namibia

Secretary Gibson Imbili

Company registration number 2000/431

Tax reference number 2645170011



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF NAMIBIA INSTITUTE OF PATHOLOGY LIMITED

Opinion

We have audited the annual financial statements of Namibia Institute of Pathology Limited ('the Company') set out on pages 6 to 40, which comprise the directors' report, the statement of financial position as at 31 March 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable to performing audits of annual financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the General Information on pages 1, Contents on page 2, and the Directors' Responsibilities and Approval on page 5. The other information does not include the annual financial statements and our auditor's report thereon. Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Responsibilities of the directors for the annual financial statements

The directors are responsible for the preparation and fair presentation of the annual 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

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

Registered Chartered Accountants and Auditors (Practice No: 9410)
Partners: J.J. Coetzee; A.J. Engels; B.S. Masule; D. Van Wyk
A member firm of Ernst & Young Global Limited



Ernst & Young Namibia Cnr Otto Nitzsche and Maritz Streets Box 1857 Windhoek 10005 Namibia Tel: +264 61 289 1100 Fax: +264 61 234991 www.ey.com

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual 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 annual 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and
 whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair
 presentation.

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.

Ernst & Young

Partner - Jaco Coetzee

Registered Accountants and Auditors Chartered Accountants (Namibia)

Windhoek

29 November 2021

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 24 of 2004 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2021 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 3 to 4.

The financial statements set out on page 6 - 40, which have been prepared on the going concern basis, were approved by the board on 18 November 2021 and were signed on their behalf by:

lesc

Approval of financial statements

Director / Director



Directors' Report

The directors have pleasure in submitting their report on the financial statements of Namibia Institute of Pathology Limited (NIP) for the year ended 31 March 2020.

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 24 of 2004. The accounting policies have been applied consistently compared to the prior year with the exception of IFRS 16 which will be adopted for the first time this year.

During the year NIP applied IFRS 16 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are in note 1.12.

The company recorded a net profit after tax for the year ended 31 March 2020 of N\$68,173,349. This represented a decrease of 9,6% from the net profit after tax of the prior year of N\$75,463,987.

Company revenue increased by 0.3% from N\$624,019,917 in the prior year to N\$626,034,857 for the year ended 31 March 2020.

Company cash flows from operating activities decreased by 220% from a cash inflow of N\$66,916,323 in the prior year to a cash outflow of N\$80,347,771 for the year ended 31 March 2020.

2. Share capital

			2020	2019
Authorised			Number of	f shares
Ordinary shares			20,000,000	20,000,000
	2020	2019	2020	2019
Issued	N\$	N\$	Number of	f shares
Ordinary shares	15,511,307	15,511,307	15,511,307	15,511,307

There have been no changes to the authorised or issued share capital during the year under review.

3. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board may pass on the payment of dividends.

The board do not recommend the declaration of a dividend for the year.

4. Directorate

The directors in office at the date of this report are as follows:

Directors Mr B Eiseb	Office Chairperson	Designation Non-executive Independent	Nationality Namibian
Ms J Hamukwaya	Other	Non-executive Independent	Namibian
Dr T Ithindi	Other	Non-executive Independent	Namibian
Dr E Mvula	Other	Non-executive Independent	Namibian
Ms V Tjijenda	Other	Non-executive Independent	Namibian
Mr B Nangombe	Other	Non-executive Independent	Namibian
Ms I Ekandjo	Other	Non-executive Independent	Namibian

Directors' Report

There have been no changes to the directorate for the year under review.

5. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

At 31 March 2020 the carrying amount of the company's property, plant and equipment amounted to N\$152,949,049 (2019: N\$ 162,644,220), of which N\$6,461,717 (2019: N\$ 12,027,842) was added in the current year through additions.

6. Events after the reporting period

Refer to note 25 for the detailed disclosure on events after reporting date.

7. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

8. Secretary

The company secretary is Mr Gibson Imbili.

Postal address: P.O. Box 277

Windhoek Namibia

Business address: NIP House

Erf 4937

C/O Rowan Street and Hosea Kutako Avenue

Windhoek Namibia

9. Auditors

Ernst and Young will continue to stay in office as auditors of the company in accordance with section 278(2) of the Companies Act of Namibia.



Statement of Financial Position as at 31 March 2020

Figures in Namibia Dollar	Note(s)	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment and right of use asset	3	152,949,049	162,644,220
Other financial assets	4	6,813,204	22,039,057
		159,762,253	184,683,277
Current Assets			
Inventories	7	41,491,676	42,044,491
Trade and other receivables	8	720,409,186	488,208,394
Prepayments	6	32,432	318,520
Cash and cash equivalents	9	13,096,747	55,538,567
	•	775,030,041	586,109,972
Total Assets		934,792,294	770,793,249
Equity and Liabilities			
Equity			
Share capital	10	15,511,307	15,511,307
Reserves		13,078,317	15,905,304
Retained income		646,891,300	578,717,951
	•	675,480,924	610,134,562
Liabilities	•		
Non-Current Liabilities			
Deferred tax	5	22,369,865	26,507,054
Lease Liability	11	2,144,637	-
		24,514,502	26,507,054
Current Liabilities			
Trade and other payables	12	147,879,999	114,830,361
Current tax payable	20	57,400,114	19,321,272
Lease liability	11	1,914,664	-
Bank overdraft	9	27,602,091	-
		234,796,868	134,151,633
Total Liabilities	•	259,311,370	160,658,687
Total Equity and Liabilities	•	934,792,294	770,793,249

Statement of Profit or Loss and Other Comprehensive Income

Figures in Namibia Dollar	Note(s)	2020	2019
Revenue from contracts with customers	13	626,034,857	624,019,917
Cost of sales	14	(175,058,063)	, ,
Gross profit		450,976,794	455,147,729
Other income	15	437,400	3,764,247
Credit loss reversal	8	2,095,417	-
Operating expenses		(350,366,302)	(340,575,782)
Operating profit	16	103,143,309	118,336,194
Interest income from an effective interest rate	17	863,770	601,636
Finance costs	18	(1,892,067)	(4,274,184)
Profit before taxation		102,115,012	114,663,646
Taxation	19	(33,941,663)	(39,199,659)
Profit for the year		68,173,349	75,463,987
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Gains on debt instruments at fair value through OCI		31,533	-
Total items that may be reclassified to profit or loss		31,533	-
Items that may not be reclassified to profit or loss:			
Loss on equity instrument at fair value through OCI	4	(2,858,520)	(8,047,018)
Income tax relating to gains on equity instrument available for sale		-	-
Total items that may not be reclassified to profit or loss		(2,858,520)	(8,047,018)
Other comprehensive income for the year net of taxation		(2,826,987)	(8,047,018)
Total comprehensive income for the year		65,346,362	67,416,969



Statement of Changes in Equity

Figures in Namibia Dollar	Share capital	Available for sale reserve fi	Fair value reserve of nancial assets at FVOCI	Total reserves	Retained income	Total equity
Balance at 1 April 2018 Profit for the year Other comprehensive income	15,511,307 - -	23,952,322 - -	- (8,047,018)	23,952,322 - (8,047,018)	503,253,964 75,463,987	542,717,593 75,463,987 (8,047,018)
Total comprehensive income for the year	-	-	(8,047,018)	(8,047,018)	75,463,987	67,416,969
Transfer between reserves		(23,952,322)	23,952,322	_	-	-
Total contributions by and distributions to owners of company recognised directly in equity	-	(23,952,322)	23,952,322	-	-	-
Balance at 1 April 2019	15,511,307	-	15,905,304	15,905,304	578,717,951	610,134,562
Profit for the year Other comprehensive income			(2,826,987)	(2,826,987)	68,173,349	68,173,349 (2,826,987)
Total comprehensive income for the year	-	-	(2,826,987)	(2,826,987)	68,173,349	65,346,362
Balance at 31 March 2020	15,511,307	-	13,078,317	13,078,317	646,891,300	675,480,924
Note(s)	10					

Statement of Cash Flows

Figures in Namibia Dollar	Note(s)	2020	2019
Cash flows from operating activities			
out in the first operating destribute			
Profit before taxation		102,115,012	114,663,646
Adjustments for:			
Depreciation	16	16,156,888	14,677,823
Investment income	17	(863,769)	(601,636)
Finance costs	18	1,892,067	4,274,184
Changes in working capital:			
Inventories - decrease		552,815	1,005,750
Trade and other receivables - (increase)		(232,200,792)	(96,048,670)
Prepayments - decrease		286,088	522,225
Trade and other payables - increase		33,049,638	32,661,918
Cash generated from (used in) operations		(79,012,053)	71,155,240
Interest received		556,349	35,267
Finance costs paid		(1,892,067)	(4,274,184)
Net cash from operating activities		(80,347,771)	66,916,323
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(1,104,780)	(12,027,842)
Proceeds from disposal of financial assets	4	12,706,285	27,768,886
Purchase of financial assets		-	(643,077)
Net cash from investing activities		11,601,505	15,097,967
Cash flows from financing activities			
Payment of principal portion of lease liability	11	(1,297,645)	-
		,	
Total cash and cash equivalents movement for the year		(70,043,911)	82,014,290
Cash and cash equivalents at the beginning of the year		55,538,567	(26,475,723)
Total cash and cash equivalents at end of the year	9	(14,505,344)	55,538,567



Accounting Policies

Corporate information

Namibia Institute of Pathology Limited is a public limited company incorporated and domiciled in Namibia.

The financial statements for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on Monday, 30 August 2021.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act of Namibia.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the company's functional currency. The level of rounding used in the preparation of the financial statements is to the nearest Namibian dollar.

The financial statements were prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the realization of assets and settlement of liabilities will occur in the ordinary course of business. The directors are not aware of any events or conditions which may bring doubt to the company's ability to continue as a going concern.

These accounting policies are consistent with the previous period except for the implementation of IFRS 16.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to Note 24 for more details on the fair value determination of the financial instruments.

Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of changes in technology, customer service requirements, availability of capital funding and required return on assets and equity to determine the optimum useful life expectation for each of the individual categories of property, plant and equipment. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives and what their condition will be like at that time. Changes in useful lives and/or residual values are accounted for as a change in accounting estimates. Refer to note 1.3 and 3 for more detail.

Leases - Estimating the incremental borrowing rate

Please refer to note 1.12 for the judgement applied regarding the estimation of the incremental borrowing rates implicit to the various leases.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Expected credit losses

The adoption of IFRS 9 has resulted in the entity adopting a forward looking expected credit losses approach. Management has assessed the exposure for all debt instruments not held at fair value through profit and loss. The ECL recorded is based on the entire debt due as at 31 March 2020. Refer to accounting policy 1.4 under the trade receivables heading for more details.

Default occurs when the debt is 90 days past due. The entity has used a provision matrix in determining the expected credit losses using the simplified approach based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors (such as inflation) and the economic environment.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Work in Progress is made up of construction projects for new laboratories in Oshakati, Okahandja and Eehnana. All these projects are self-financed by Namibia Institute of Pathology Limited. The constructions are stated at cost, net of impairment losses if any.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	50 Years
Furniture and fixtures	Straight line	6 Years
Motor vehicles	Straight line	8 Years
Office equipment	Straight line	6 Years
Computer equipment	Straight line	3 Years
Leasehold improvements	Straight line	5 Years
Laboratory equipment	Straight line	5 Years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.



Accounting Policies

1.3 Property, plant and equipment (continued)

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments. Trade date accounting is used at initial recognition.

Financial assets are classified and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. Financial assets are initially measured at their fair value, except in the case of financial assets recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. .

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the entity can elect to irrevocably classify its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity. The classification is determined on an instrument by instrument basis.

Gains and losses on these financial assets are never recycled to profit and loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the entity benefits from such proceeds as recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to an impairment assessment.

NIP elected to classify irrevocably its non-listed equity investments at fair value through OCI as the assets are not held for trading and are considered to be strategic in nature.

Financial assets which are debt instruments:

Amortised cost :This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows. This includes the Trade and other receivable as well as cash and cash equivalents; or

Fair value through other comprehensive income: This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments. These instruments includes investments in unit trusts; or

Mandatorily at fair value through profit or loss: This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income; or

Designated at fair value through profit or loss: This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch. NIP does not hold designated financial assets at fair value through profit and loss.

Accounting Policies

1.4 Financial instruments (continued)

Financial liabilities:

Amortised cost such as trade payables; or

Mandatorily at fair value through profit or loss: This applies to contingent consideration in a business combination or to liabilities which are held for trading; or

Designated at fair value through profit or loss: This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss.

Subsequent measurement

After initial recognition, the company measures financial instruments at:

- a) Amortised cost;
- b) Debt instrument at fair value through other comprehensive income;
- c) Mandatory fair value through profit and loss;
- d) Designated at fair value through profit and loss;
- e) Designated at fair value through OCI (equity instruments).

An entity shall apply impairment requirements to financial assets that are measured at amortised cost and debt financial assets measured at fair value through OCI.

Financial Assets at amortised cost are subsequently measured using the effective interest rate(EIR) method and are subject to impairment. Gains and losses are recognised in profit and loss when the asset is derecognised, modified or impaired

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Equity instruments at fair value through OCI are subsequently measured by not recycling gains and losses on these financial assets are to profit or loss. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established.

Derecognition

Financial assets

The company 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 party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.



Accounting Policies

1.4 Financial instruments (continued)

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit and loss. ECLs are based on the difference between contractual cash flows in accordance with the contract and the cash flows that the company expects to receive, discounted at a approximation of the original effective interest rate. The expected cash flows includes cash flows from the sale of collaterals held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the entity applies a simplified approach in calculating ECLs. Therefore, the entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The entity has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors (such as inflation) and the economic environment.

The additional forward looking information that was used in the determination of expected credit losses was a inflationary rate of 5%, which is the average rate by which all tariffs are expected to increased.

Impairment for all of the other debt financial assets other than those measured at fair value through profit and loss is measured using the general approach. These other financial assets are only made up of financial assets held at fair value through other comprehensive income and financial assets at amortised cost.

The entity measures the expected credit losses of financial instruments in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The company considers a financial asset to be in default when contractual payments are 90 days past due. However, in certain cases, the company does not consider a financial asset to be in default after 90 days past due if there is internal or external information that indicates that the company is likely to receive the contractual amounts in full.

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Trade and other receivables

Classification

Trade and other receivables are classified as financial assets initially measured at transaction price if there is no significant financing component. Trade and other receivables are subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Accounting Policies

1.4 Financial instruments (continued)

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost.

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

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in finance income.

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

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

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate. The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised and presented separately on the face of the statement of comprehensive income with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account.

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. All write offs are accounted for in profit and loss. Any recoveries made are recognised in profit or loss.

Significant increase in credit risk

For trade receivables, the entity applies a simplified approach in calculating ECLs. Therefore, the entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The entity has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors (such as inflation) and the economic environment. Please refer to note 23 for the significant increase in credit risk related to debt instruments measured at fair value through OCI.

The provision matrix used to determine the ECL has been detailed in note 23.



Accounting Policies

1.4 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 12), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability. If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs. Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 12 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recognised at fair value and subsequently carried at amortised cost.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

Bank overdraft and borrowings

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

1.5 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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



1.5 Tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position.

Tax expenses

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

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

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

1.6 Leases

2019 Application

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

2020 Application

Right of use asset

The entity recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The entity applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. i) Right-of-use assets The entity recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The Right of use assets are also subject to impairment. Refer to note 1.8 - Impairment of non financial assets.

Lease liability

At the commencement date of the lease, the entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.10% is used as the incremental borrowing rate of the company to determine the present value of the lease liability.



Accounting Policies

1.6 Leases (continued)

Short-term leases and leases of low-value assets

The entity applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 Impairment of non-financial assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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



1.9 Revenue from contracts with customers

Performance obligations and timing of revenue recognition

The nature of the goods and services provided are Pathological tests

The company generates its revenue by performing pathological tests for patients, government and private, in the company's laboratories. The tests are sample-based and are repetitive in nature, generally consisting of many relatively small transactions with short turn-around times ruled by short term contracts (turnaround time counted in days or weeks). The contracts are straightforward and do not include multiple performance obligations. These are distinct performance obligations. The entity satisfies the performance obligations at the point in time when the tests are resulted.

The company does not incur material costs to obtain contracts with customers, does not operate a customer loyalty program and does not provide a right to return in the course of its business.

The normal credit term is 30 days upon delivery.

The company acts as principal in this revenue arrangement as it typically controls the result of the service before transferring to the customer.

Determining the transaction price

The company's revenue is derived from contracts which have a recommended price per test, as set by the Namibian Association of Medical Aid Funds (NAMAF).

Historical experience enables the company to estimate reliably the value of discount to be granted or incentive to be paid and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognized revenue when goods are returned. In its estimation, the company considers the expected value of discounts or rebates that would be applicable to the transaction.

Allocating amounts to performance obligations

The company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

For most contracts, there is a quoted per test price for each test performed. Therefore, there is no judgement involved in allocating the contract price to each test performed in such contracts.

Where a patient requires more than one test, the company is able to determine the split of the total contract price between each test by reference to each test's standalone selling prices, as all tests are capable of being, and are, sold separately.

Practical expedients applied

The company's contracts with customers are short term in nature (less than 12 months). Using the practical expedient in IFRS 15, the company does not adjust the promised amount of the consideration for the effects of a significant financing component if it expects at contract inception that the period between the transfer of the promised goods to the customer and when the customer pays for the goods will be one year or less. Furthermore, the company has elected to apply the optional practical expedient for costs incurred to obtain a contract and expenses any incremental costs related to a contract when they are incurred as the amortisation period would be less than one year.

1.10 Cost of sales

When inventories are used up, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.



Accounting Policies

1.10 Cost of sales (continued)

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of
 obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- · borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.12 Change in accounting policies and disclosure

During the year NIP applied IFRS 16. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

IFRS 16 Leases

IFRS 16 supercedes IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease, SIC 15 Operating lease incentives and SIC 27 Evaluating the substance of transactions involving the legal form of a lease. The standard sets out the principals for the recognition, measurement, presentation and disclosure of a lease and requires leasees to measure most leases on the balance sheet.

The company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application being 1 April 2019. Under this method the standard is applied retrospectivly with the culmulative effect of initially applying the standard recognised at the date of initial application. The company has elected to use the transitional expedient to not asses whether a contract is, or contains a lease at 1 April 2019. Instead the company applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

No operating lease agreements had an impact on the SFP as no agreements were subject to straight lining provisions. The agreements were all expensed and could not be straight lined as they were subject to rental increases linked to inflation. I.e. no reliable estimate could be made of what the future lease payments could be expected to be for the foreseeable future.

The company has lease contracts for items of laboratory equipment. Before the adoption of IFRS 16, the company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Accounting Policies

1.12 Change in accounting policies and disclosure (continued)

IFRS 16 Leases (continued)

Upon adoption of IFRS 16, the company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. At the end of the previous financial year the company was not party as a lessee to any agreements that were classified as being a finance leases according to IAS 17 and IFRIC 4, but was party to agreements classified as operating leases. At the end of the previous financial year the company was not party to any agreements where the company could be classified per IAS 17 and IFRC 4 as being a lessor.

The company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The company also applied the available practical expedients wherein it:

- · Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- · Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- · Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Estimating the incremental borrowing rate

The company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Based on the above, as at 1 April 2019:

- Right-of-use assets of N\$5,356,937 were recognised and presented as additions to Right-of-use assets in note 3.
- Lease liabilities of N\$5,356,937 were recognised and presented separately in the statement of financial position as lease liabilities.

There was no effect on retained earnings, nor trade payables and prepayments as no straight lining accrual, accrual or prepayment relating the operating leases under IAS 17 and IFRIC 4 subsequently classified as finance leases under IFRS 16 were recognised in the previous financial year.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

	2020 N\$
Assets Operating lease commitments as at 31 March 2019	6,699,654
Weighted average incremental borrowing rate as at 1 April 2019	10%
Discounted operating lease commitments and lease liability as at 1 April 2019	5,356,937
The effect of adoption IFRS 16 as at 1 April 2019 (increase/(decrease)) is, as follows:	
Assets	
Property, plant and equipment	5,356,937
Liabilities	
Lease liability	5,356,937



Notes to the Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

IFRS 16 Leases

The scope for IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract or part of a contract that conveys the right to use an asset (the underlying asset) for a period of time in exchange for a consideration.

IFRS 16 requires leasees to account for all leases under a single on balance sheet model in a simillar way to finance leases under IFRS 17 Leases. The standar includes two recognition exemptions for leases - leases of low value assets (e.g. low value computers) and short term leases (leases with a lease term of 12 months or less). At the commencement of the lease the leasee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right of use asset).

Leases are required to seperately recognise the interest expense on the lease liability and the depreciation on the right-of - use-asset.

Leasees are required to remeasure the lease liability upon the occurance of certain events (e.g a change in the lease term, a change in the future lease payment as a resulting from a change in the index or rate used to determine those payments). The leasee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use-asset.

Please refer to note 1.12 for the impact of the implementation of IFRS 16.

IFRIC 23 Uncertainty over Income Tax Treatments issued

Effective for financial periods beginning on or after 1 January 2019, the interpretation clarifies applications of recognition and measurement requirements in IAS 12, where there is uncertainty over income tax treatments. The interpretation specifically addresses whether an entity should consider uncertain treatments separately; the assumptions an entity makes about the tax treatments by tax authorities; how and entity determines taxable profit (tax loss),unused tax losses, unused tax credits, and tax rates, and; how and entity considers changes in facts and circumstances. The expected impact will be immaterial.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2020 or later periods. Only those standards and amendments applicable to the entity have been discussed.

IFRS 17 Insurance contracts

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The main features of the new accounting model for insurance contracts are as follows: • The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows) • A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss based on insurance contract services provided over the coverage periods. The standard is not expected to impact the entity materially.

Classification of liabilities as current and non current - Amendments to IAS 1

Effective for financial periods beginning on or after 1 January 2023. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification. The standard is not expected to have a material impact on the entity.



2. New standards and interpretations (continued)

Interest rate benchmark reform -Amendments to IFRS 9, IAS 39 and IFRS 7

Effective for financial periods beginning on or after 1 January 2020. The amendments provides temporary relief which enables hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk free interest rate. The impact of this standard is expected to be immaterial.

The conceptual framework for financial reporting

Effective for financial Periods beginning on or after 1 January 2020. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters. The expected impact will be immaterial.

Conceptual Framework for Financial Reporting

Effective for financial Periods beginning on or after 1 January 2020. The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event.

Definition of Material - Amendments to IAS 1 and IAS 8

Effective for financial Periods beginning on or after 1 January 2020. IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The expected impact will be immaterial.

Property plant and equipment: Proceeds before intended use - Amendment under IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The impact of this amendment is expected to be immaterial.

The below new standards, interpretations or amended have been issued but will have a immaterial impact on the entity.

<u>IFRS 16 Covid-19 related rent concessions amendment</u> - Effective 1 June 2020. The impact of this amendment is expected to be immaterial.

Interest rate benchmark reform- Phase 2- Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16 - Effective 1 January 2021. The impact of this amendment is expected to be immaterial.

<u>IAS 16 Onerous contracts - Cost of fulfilling a contract</u> - Effective 1 January 2022. The impact of this amendment is expected to be immaterial.

<u>AIP IFRS 1 First time adoption of IFRS - Subsidiary as a first time adopter</u> - Effective 1 January 2022. The impact of this amendment is expected to be immaterial.



Figures in Namibia Dollar

2. New standards and interpretations (continued)

AIP IFRS 9 Financial Instruments - Fees in the "10 per cent" test for derecognition of financial liabilities - Effective 1 January 2022. The impact of this amendment is expected to be immaterial.

<u>AIP IAS 41 Agriculture - Taxation in fair value measurements</u> - Effective 1 January 2022. The impact of this amendment is expected to be immaterial.

<u>IAS 8 Definition of accounting estimates amendments</u> - Effective 1 January 2023. The impact of this amendment is expected to be immaterial.

Amendments to IAS 1 and IFRS practice statement 2 - Disclosure of accounting policies. - Effective 1 January 2023. The impact of this amendment is expected to be immaterial.

Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction- Effective 1 January 2023. The impact of this amendment is expected to be immaterial.

3. Property, plant and equipment and right of use asset

Buildings Furniture and fixtures
Motor vehicles
Office equipment
Computer equipment
Leasehold improvements
Laboratory equipment
Right of Use Asset
Capital - Work in progress
Total

2020			2019		
Cost	Accumulated (depreciation	Carrying value	ue Cost Accumulated Carrying depreciation		
112,986,851	(8,597,488)	104,389,363	112,986,851	(6,446,754)	106,540,097
8,671,872	(4,722,192)	3,949,680	8,671,872	(3,436,094)	5,235,778
6,806,443	(4,064,782)	2,741,661	6,806,443	(3,298,796)	3,507,647
3,668,040	(3,212,839)	455,201	3,631,846	(3,009,824)	622,022
27,309,661	(23,434,111)	3,875,550	26,789,055	(20,330,418)	6,458,637
21,803,116	(14,181,938)	7,621,178	21,583,794	(10,765,136)	10,818,658
28,211,764	(21,802,836)	6,408,928	28,134,742	(17,934,292)	10,200,450
5,356,937	(1,362,018)	3,994,919	-	-	-
19,512,569	-	19,512,569	19,260,931	-	19,260,931
234,327,253	(81,378,204)	152,949,049	227,865,534	(65,221,314)	162,644,220

Figures in Namibia Dollar			2020	2019
Property, plant and equipment and right of use asset	t (continued)			
Reconciliation of property, plant and equipment - 2020				
	Opening balance	Additions	Depreciation	Total
Buildings	106,540,097	_	(2,150,734)	104,389,363
Furniture and fixtures	5,235,778	_	(1,286,098)	3,949,680
Motor vehicles	3,507,647	-	(765,986)	2,741,661
Office equipment	622,022	36,194	(203,015)	455,201
Computer equipment	6,458,637	520,605	(3,103,692)	3,875,550
Leasehold improvements	10,818,658	219,321	(3,416,801)	7,621,178
Laboratory equipment	10,200,450	77,022	(3,868,544)	6,408,928
Right of Use Asset	-	5,356,937*	(1,362,018)	3,994,919
Capital - Work in progress	19,260,931	251,638		19,512,569
	162,644,220	6,461,717	(16,156,888)	152,949,049
Reconciliation of property, plant and equipment - 2019				
	Opening balance	Additions	Depreciation	Total
Buildings	108,484,000	-	(1,943,903)	106,540,097
Furniture and fixtures	6,364,740	185,889	(1,314,851)	5,235,778
Motor vehicles	4,326,835	-	(819,188)	3,507,647
Office equipment	930,131	-	(308,109)	622,022
Computer equipment	4,098,753	5,323,780	(2,963,896)	6,458,637
Leasehold improvements	12,713,547	1,410,239	(3,305,128)	10,818,658
Laboratory equipment	11,633,443	2,589,755	(4,022,748)	10,200,450
Capital - Work in progress	16,742,752	2,518,179	-	19,260,931
	165,294,201	12,027,842	(14,677,823)	162,644,220

Work in progress is made up of property under construction at year end in Oshakati, Eenhana and Okahandja.

4. Other financial assets

Financial assets at fair value through OCI		
Unlisted shares	6,042,000	8,900,520
Unit trusts	771,204	739,671
	6,813,204	9,640,191
Financial assets at fair value through profit and loss		
Old Mutual Endowment Policy	-	12,398,866
Total other financial assets	6,813,204	22,039,057
Non-current assets		
Financial assets at fair value through OCI	6,813,204	9,640,191
Financial assets at fair value through profit and loss	-	12,398,866
	6,813,204	22,039,057

^{*} All Right Of Use Assets relates to laboratory equipment and the full balance relates to the transition from IAS 17 to IFRS 16.



Figures in Namibia Dollar					2020	2019
4. Other financial assets (cor	ntinued)					
Reconciliation of financial asse	ts - 2020					
		Opening balance	Gains (losses) in profit or loss	Gains (losses) in other compre- hensive income	Sales	Total
Unlisted Shares in Ongwediva Me Sanlam unit trust Old Mutual unit trust	edipark (Pty) Ltd	8,900,520 612,549 127,122	-	(2,858,520) 22,214 9,319	- - -	6,042,000 634,763 136,441
Old Mutual endowment policy		12,398,866	307,419	-	(12,706,285)	-
		22,039,057	307,419	(2,826,987)	(12,706,285)	6,813,204
Reconciliation of financial asse	ts - 2019					
	Opening balance	Gains (losses) G in profit or loss	ains (losses) in other compre- hensive income	Purchases	Sales	Total
Unlisted Shares in Ongwediva Medipark (Pty) Ltd	18,028,000	-	(9,127,480)	-	-	8,900,520
Sanlam unit trust Old Mutual unit trust Old Mutual endowment policy	27,309,823 118,272 11,189,420	- - 566,368	1,071,612 8,850	- - 643,078	(27,768,886)	612,549 127,122 12,398,866
	56,645,515	566,368	(8,047,018)	643,078	(27,768,886)	22,039,057

The investment in unlisted shares in Ongwediva Medipark is measured as a level 3 financial asset. Fair value determination of the financial asset is explained under note 24.

The company has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

The investment in unit trusts and endowment policies are measured as a level 2 financial asset. Fair value determination of the financial asset is explained under note 24.

The gains recognised in profit or loss on the Old Mutual endowment policy relates to interest income generated on the financial asset.

5. Deferred tax

Deferred tax liability

Accelerated capital allowances for tax purposes	(10,837,045)	(11,422,276)
Provision for bad debts	1,754,885	2,257,785
Endowment policy	-	(3,786,399)
Consumable stock	(13,277,336)	(13,454,237)
Prepayment	(10,379)	(101,927)
Total deferred tax liability	(22,369,875)	(26,507,054)
Deferred tax liability	(22,369,875)	(26,507,054)

Figures in Namibia Dollar	2020	2019
5. Deferred tax (continued)		
,		
Reconciliation of deferred tax asset / (liability)		
At beginning of year	(26,507,054)	, , ,
Current year timing difference Prior year adjustment	4,318,417 (181,238)	(1,161,932) 430,995
	(22,369,875)	(26,507,054)
C. Promovements		
6. Prepayments		
Prepayments	32,432	318,520
Prepayments are incurred as a result of payment terms with a limited number of inventory suppl	iers.	
7. Inventories		
Consumables	41,491,676	42,044,491
There was no write down of inventory to the net realisable value during the current year.		
The full cost of sales balance is made up of inventories.		
8. Trade and other receivables		
Trade receivables Expected credit loss allowance Other receivables	727,273,475 (7,312,019) 447,730	497,086,263 (9,407,436) 529,567
	720,409,186	488,208,394

Other receivables relate to sundry receivables and staff loans receivables

The gross receivables and ECL movements do not correlate as a significant percentage the trade receivables balance is attributable to amounts owed to the company by the Namibian Ministry of Health and Social Services (MOHSS) on which the ECL is zero. The ECL balance is zero on the receivable as the MOHSS is expected to settle the full amount owed by them to the company through the support provided to the MOHSS by the Government of the Republic of Namibia.

Trade and other receivables pledged as security

No trade receivables have been pledged as collateral for liabilities or contingent liabilities.

The credit sales terms are 30 days.

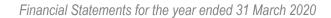
Trade and other receivables impaired

The amount of the provision was N\$ 7,312,019 as of 31 March 2020 (2019: N\$ 9,407,436).

Reconciliation of provision for impairment of trade and other receivables

Opening balance Provision (reversed) / utilised during the year

9,407,436 (2,095,417)	9,407,436
7,312,019	9,407,436



Figures in Namibia Dollar	2020	2019
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	4,160	1,170
Bank balances Short-term deposits	13,092,587	55,531,617 5,780
	13,096,747	55,538,567
Cash and cash equivalents disclosed in the cash flow statement consist of:		
Cash on hand	4,160	1,170
Bank balances Short-term deposits	13,092,587	55,531,617 5,780
Bank overdraft	(27,602,091)	-
	(14,505,344)	55,538,567
10. Share capital		
Authorised 20 000 000 Ordinary shares of N\$ 1 each	20,000,000	20,000,000
Issued 15 511 307 Ordinary shares at N\$ 1 each	15,511,307	15,511,307

11. Lease Liability

The below table indicates the future minimum lease payments under the non-cancelable operating leases for the period disclosure as well the maturity analysis using the undiscounted cashflows for the 2020 financial year end disclosure.

Lease Liability Current Non Current	1,914,664 2,144,637	-
Tion Canoni	4,059,301	
Reconciliation of lease liability Opening Balance	-	_
Additions during the year	5,356,937*	-
Financing cost	486,039	-
Repayment of lease instalment	(1,783,675)	-
	4.059.301	

Cashflow information: The total cash outflows in 2020 is N\$ 1,297,645.

Nature of leasing activities: The laboratory equipment used for the performance of specialised pathological tests.

 $^{^{\}star}$ All additions relates to the transition from IAS 17 to IFRS 16.

Figures in Namibia Dollar	2020	2019
11. Lease Liability (continued)		
Maturity analysis - undiscounted cashflows Less than 1 year Between 1 and 2 years Between 2 and 5 years	1,914,664 1,336,826 1,709,860	:
Subtotal Finance cost	4,961,350 (902,049) 4,059,301	-
12. Trade and other payables		
Trade payables Accrued leave pay Accrued bonus Accruals Other payables	47,062,949 12,943,717 4,635,768 82,066,239 1,171,326	49,801,180 12,969,004 4,491,713 44,708,576 2,859,888
	147,879,999	114,830,361

Trade payables are normally settled on 30 day terms.

Other payables are mostly made up of retention on construction projects of N\$ 529,207 (N\$ 2,065,714 in 2019).

Accruals are made up of items purchased and delivered but not invoiced to NIP as at year end.

13. Revenue

State revenue - services rendered Third party sales - services rendered	603,416,947 22,617,910	589,140,839 34,879,078
	626,034,857	624,019,917
14. Cost of sales		
Rendering of services	175,058,063	168,872,188
15. Other operating income		
Administration fees received Other income NTA Levy Refund Donations received	312,302 125,098 -	219,078 47,311 893,749 2,604,109
	437,400	3,764,247
16. Operating profit		
Operating profit for the year is stated after charging (crediting) the following, amongst others:		
Auditor's remuneration - external Audit fees	327,997	445,391
Employee costs Salaries, wages, bonuses and other short term benefits	262,033,489	248,691,217



Figures in Namibia Dollar	2020	2019
16. Operating profit (continued)		
Leases		
Operating lease charges		
Premises Equipment	-	1,055,259 10,563,105
		11,618,364
Depreciation and amortisation Depreciation of property, plant and equipment	16,156,888	14,677,823
Other Expenses related to contributions to a defined contribution plan	18,430,388	16,837,782
17. Investment income		
Interest income		
Bank and other cash Other financial assets Interest received from Old Mutual Endowment Policy	175,828 380,523 307,419	34,017 1,250 566,369
Total interest income	863,770	601,636
All interest income listed above results from an effective interest rate.		
18. Finance costs		
Interest expense	1,892,067	4,274,184

Interest expense is mainly made up on interest on the current overdraft facility that is charged at the prevailing prime rate.

Interest expense also includes the finance cost for lease liability recalculated as N\$ 902 049.

19. Taxation

Major components of the tax expense

Current Local income tax - current period	38,078,842	38,468,722
Deferred Originating and reversing temporary differences Prior year adjustment	(4,318,417) 181,238	1,161,932 (430,995)
	(4,137,179)	730,937
	33,941,663	39,199,659

Figures in Namibia Dollar	2020	2019
19. Taxation (continued)		
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	32.00 %	32.00 %
Exempt income Disallowable charges Prior Year adjustment	- % 1.06 % 0.18 %	(2.31)% 4.49 % - %
	33.24 %	34.18 %
Disallowable charges include items such as donations and legal fees.		
20. Tax paid		
Balance at beginning of the year Current tax for the year recognised profit and loss Balance at end of the year	(19,321,272) (38,078,842) 57,400,114	19,147,450 (38,468,722) 19,321,272
	-	-
21. Related parties		
Related party balances		
Loan accounts - Owing (to) by related parties Ministry of Health and Social Services - Trade receivables Ministry of Defense	712,735,727 1,025,668	480,938,709
Purchases from / (sales) to related parties Ministry of Health and Social Services - Sales	(603,185,316)	(589,140,839)
Key management Personnel Short term employee benefits	3,966,597	6,369,338
Compensation to directors and other key management Directors Emoluments	846,144	1,074,787

Key management personnel are individuals that have the authority and responsibility for planning, directing and controlling the activities of the entity. These are all employees at executive level.

All remuneration to management are of a short term nature.

The Namibia Institute of Pathology Limited is 100% owned by the Government of Namibia, which is represented by the Ministry of Health and Social Services.





Notes to the Financial Statements

Figures in Namibia Dollar

22. Categories of financial instruments	Note(s)	ins t	Debt nstruments at fair value through OCI	Debt Financial instruments at assets at fair fair value value through through OCI profit (loss)	Financial liabilities at amortised cost	Financial assets at amortised cost	Total
Categories of financial instruments - 2020							
Assets							
Non-Current Assets Other financial assets	4	6,042,000	771,204	1	'		6,813,204
Current Assets Trade and other receivables Cash and cash equivalents	ထတ		1 1	1 1	1 1	720,409,186 13,096,747	720,409,186 13,096,747
						733,505,933	733,505,933
Total Assets		6,042,000	771,204			733,505,933	740,319,137
Liabilities							
Current Liabilities Trade and other payables Bank overdraft	9 2	1 1		1 1	147,879,999 27,602,091	1 1	147,879,999 27,602,091
Total Liabilities			•	•	175,482,090	•	175,482,090





Financial Statements for the year ended 31 March 2020

Figures in Namibia Dollar

Categories of financial instruments - 2019	Note(s)	Ë	Debt Financial instruments at assets at fair fair value value through through OCI profit and loss	Debt Financial nstruments at assets at fair fair value value through through OCI profit and loss	Financial liabilities at amortised cost	Financial assets at amortised cost	Total
Assets							
Non-Current Assets Other financial assets	4	8,900,520	739,671	12,398,866	1	1	22,039,057
Current Assets Trade and other receivables Cash and cash equivalents	ထတ	1 1	1 1	1 1	1 1	488,208,394 55,538,567	488,208,394 55,538,567
						543,746,961	543,746,961
Total Assets		8,900,520	739,671	12,398,866		543,746,961	565,786,018
Liabilities							
Current Liabilities Trade and other payables	12	ı	1	1	114,830,362	1	114,830,362
Total Liabilities		•	•	1	114,830,362	1	114,830,362



Figures in Namibia Dollar	2020	2019
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23. Risk management

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, and cash flow interest rate risk), credit risk and liquidity risk. The entity is not exposed to foreign exchange risk and price risk.

The company's risk management policies are established to identify and analyse the risks faced by the company, 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 company's activities. The company, 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 company's Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The company's Audit 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 company's Audit Committee.

Market risk is the risk that changes in market prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return. All such transactions are carried out within the guidelines set by the Board of Directors.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The table includes both interest and principal cash flows.

2020 (N\$)	Due within 60 days	Due in 60 to 90 days	Due in 120 to I 365 days	Oue in 1 to 2 years	Due After 2 years	Total
Trade and other payables	48,234,275	-	-	-	-	48,234,275
Accruals	17,579,485	82,066,239	_	-	-	99,645,724
Bank overdraft	-	-	27,602,091	-	-	27,602,091
	65,813,760	82,066,239	27,602,091	-	-	175,482,090
2019 (N\$)	Due within 60 days	Due in 60 to 90 days	Due in 120 to I 365 days	Oue in 1 to 2	Due After 2 years	Total
Trade and other payables	52,661,068	•	-	years -	years -	52,661,068
Accruals	17,460,717	44,708,576	-	-	-	62,169,293
	70,121,785	44,708,576	-	-	-	114,830,361

Figures in Namibia Dollar	2020	2019
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23. Risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to bank balances in short term deposits with floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of short term deposits affected. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings, as follows.

2020	Increase or decrease in basis points	Effects on Profit before tax N\$	Effects on equity N\$
Short term deposit	100	130,925	-
Unit Trusts	(100) 100 (100)	(130,925)	7,397
Bank Overdraft	(100) 100 (100)	(261,020) 261,020	(7,397) - -
2019	Increase or decrease in basis points	Effects on Profit before	Effects on equity N\$
		tav Nik	
Short term deposit	100	tax N\$ 69	-
Short term deposit Unit Trusts	100 (100) 100		- 7,397
·	100 (100)	69	7,397 (7,397)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, trade debtors and investments in debt unit trust. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

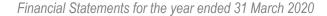
Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Receivables from customers

It is the policy of the company to provide services on a cash and credit basis. Credit is granted to medical aid scheme members, public institutions and private businesses.

The company ensures that they grant credit only after confirming that the potential debtor's credit status is satisfactory.

The company does not require collateral in respect of trade and other receivables.



Figures in Namibia Dollar	2020	2019
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23. Risk management (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. NIP does not hold collateral as security. NIP evaluates the concentration of risk with respect to trade receivables and contract assets as high, with over 90% of the trade receivables balance relating to the Ministry of Health and Social Services.

Investments

Investments are held in unit trusts (Sanlam and Old Mutual) which are all liquid investments. The company limits its exposure to credit risk by only investing in liquid securities and only with counter parties that have a good credit rating. Thecredit risk related to investments in unit trust is managed by management and surplus funds are only invested with approved financial institutions with reputable reputations.

Credit risk impairment history

The following tables provide information regarding the ageing of financial assets that are past due but not impaired

2020	Past due but not impaired	<3 months	3 - 6 months	6-12 months	Total
Government debtors Medical aids and other debtors	-	163,202,515 2,802,972	151,786,288 2,497,234	402,065,914 93,062	717,054,717 5,393,268
	-	166,005,487	154,283,522	402,158,976	722,447,985
2019	Past due but not impaired	<3 months	3 - 6 months	6-12 months	Total
Investments at fair value through profit and loss	12,398,866	-	-	-	12,398,866
Government debtors Medical aids and other debtors Other receivables (excluding prepayments) Cash and other short term interest bearing- instruments	1,658,364 55,538,567	139,368,770 2,710,696 - -	123,848,483 503,176 - -	220,775,715 5,810,964 - -	483,992,968 9,024,836 1,658,364 55,538,567
	69,595,797	142,079,466	124,351,659	226,586,679	562,613,601

Government debtors refers to the total amount due to NIP from all government ministries, regional and local authorities as well as government agencies.

For all financial assets not measured at fair value, the fair value approximates the carrying amount.

Significant increase in credit risk

For debt instruments at fair value through OCI, the company applies the low credit risk simplification. At every reporting date, the company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the company considers that there has been a significant increase in credit risk if contractual payments are more than 30 days past due.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Figures in Namibia Dollar

23. Risk management (continued)

Set out below is the information about the credit risk exposure on NIP's trade receivables using a provision matrix:

	Balance as at 31 March 2020	Expected Credit Loss ratio (percentage)	Expected credit losses
State debt	717,054,717	-	-
Medical Aid - PSEMAS	1,099,013	8	82,973
Medical Aid - Other	813,552	6	52,167
Private Debtors	3,480,703	93	3,225,291
Outsourced Debt	4,264,517	93	3,951,588
Other debtors	560,973	-	-
	727,273,475	-	7,312,019

NIP management has set the expected credit loss amount N\$ 7 312 019.

NIP management has not applied an ECL ratio to state debt as they asses that the full debt will be repaid by the state. There has been no write offs done for the state due to their inability to pay and as a result NIP expect that the state will honour its obligations as done in the past.

24. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

2020	Level1	Level 2	Level 3	Carrying Amount
Ongwediva Medipark (Pty) Ltd	_	-	6,042,000	6,042,000
Sanlam Unit Trust	-	634,762	-	634,762
Old Mutual Unit Trust	-	136,442	-	136,442
	-	771,204	6,042,000	6,813,204
2019	Level 1	Level 2	Level 3	Carrying Amount
Ongwediva Medipark (Pty) Ltd	_	_	8.900.520	
			0,300,320	8,900,520
Sanlam Unit Trust	-	612,549	-	6,900,520
	-	612,549 127,122	-,,-	-,,-
Sanlam Unit Trust		,	-	612,549

The fair value adjustment relating to the investment in Ongwediva Medipark (Pty) Ltd unlisted shares was determined using the discounted cash flow method by an independent valuer. In determining the fair value of the investment, assumptions and estimates were made in relation to the future cash flows, fair rate of return as well as the terminal value at the end of a holding period of ten years. The calculation entailed some of the following assumptions:



Figures in Namibia Dollar 2020 2019

24. Fair value information (continued)

Fair rate of return - 24.6% (2019 - 24.6%)

Holding period – 10 years (2019 - 10 years)

If the fair rate of return had been 2% lower than the management estimate, the fair value NIP's investment would have been N\$ 579,390 lower.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.The fair value level 2 assets carried at fair value and not traded on a open market are determined by obtaining quoted prices of the instruments from the holding financial institutions.

The fair value of financial instruments that are not traded in active markets is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instruments are included in level 3.

No changes have been made to the valuation technique.

No changes have been made to the valuation technique. The balances are confirmed by the external financial institutions...

25. Events after the reporting period

The coronavirus outbreak occurred close to the end of 2019. In late 2019, a cluster of cases displaying the symptoms of a 'pneumonia of unknown cause' were identified in Wuhan, the capital of China's Hubei province. On 31 December 2019, China alerted the World Health Organisation (WHO) of this new virus. On 30 January 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a 'Public Health Emergency of International Concern'. Since then, more cases have been diagnosed, also in other countries. Measures were taken and policies imposed by China and other countries. On 11 March 2020, the WHO announced that the coronavirus outbreak can be characterised as a pandemic.

The President of the Republic of Namibia, Dr. Hage G. Geingob declared a State of Emergency on 17 March 2020 in the wake of the global COVID-19 pandemic, which was followed by a lockdown of the Khomas and Erongo regions on the 27th of March 2020 up to the 17th of April 2020 and a closure of the borders to all international travellers and non-essential goods and services. On the 14th of April 2020 the President extended the lockdown to the 4th of May 2020.

On Thursday, April 30, 2020, the President announced that the country will begin to gradually reopen from Tuesday, May 5, 2020, entering the second stage of lockdown measures introduced amid the coronavirus disease (COVID-19) pandemic. In this stage, domestic travel between regions and within cities and towns will be allowed and several businesses will be allowed to reopen.

At the date of sign off, management has concluded that the COVID-19 Pandemic is a subsequent event, but the event is a non-adjusting event that does have a material impact estimated at 30% reduction in future returns of the financial assets (investments) within the financial statements. The Pandemic is also expected to improve the revenue and the collection of trade receivables arrears from the shareholder so that NIP is financially ready to perform its testing obligations related to the coronavirus testing.

In the wake to the coronavirus pandemic and the effect thereof on the financial markets, the directors are considering that it would be best to divest in all financial instruments excluding the investment in Ongwediva MediPark.

At the date of sign off, management also believes the company's ability to continue as a going concern has not been effected by COVID-19.

The entity has subsequent to 31 March 2020 appointed Ms Kapena Tjombonde as Chief Executive Officer.



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