Where Commitment Matters and Quality Prevails.

Namibia Institute of Pathology Limited

2020
2021
ANNUAL REPORT

WHERE COMMITMENT MATTERS AND QUALITY PREVAILS

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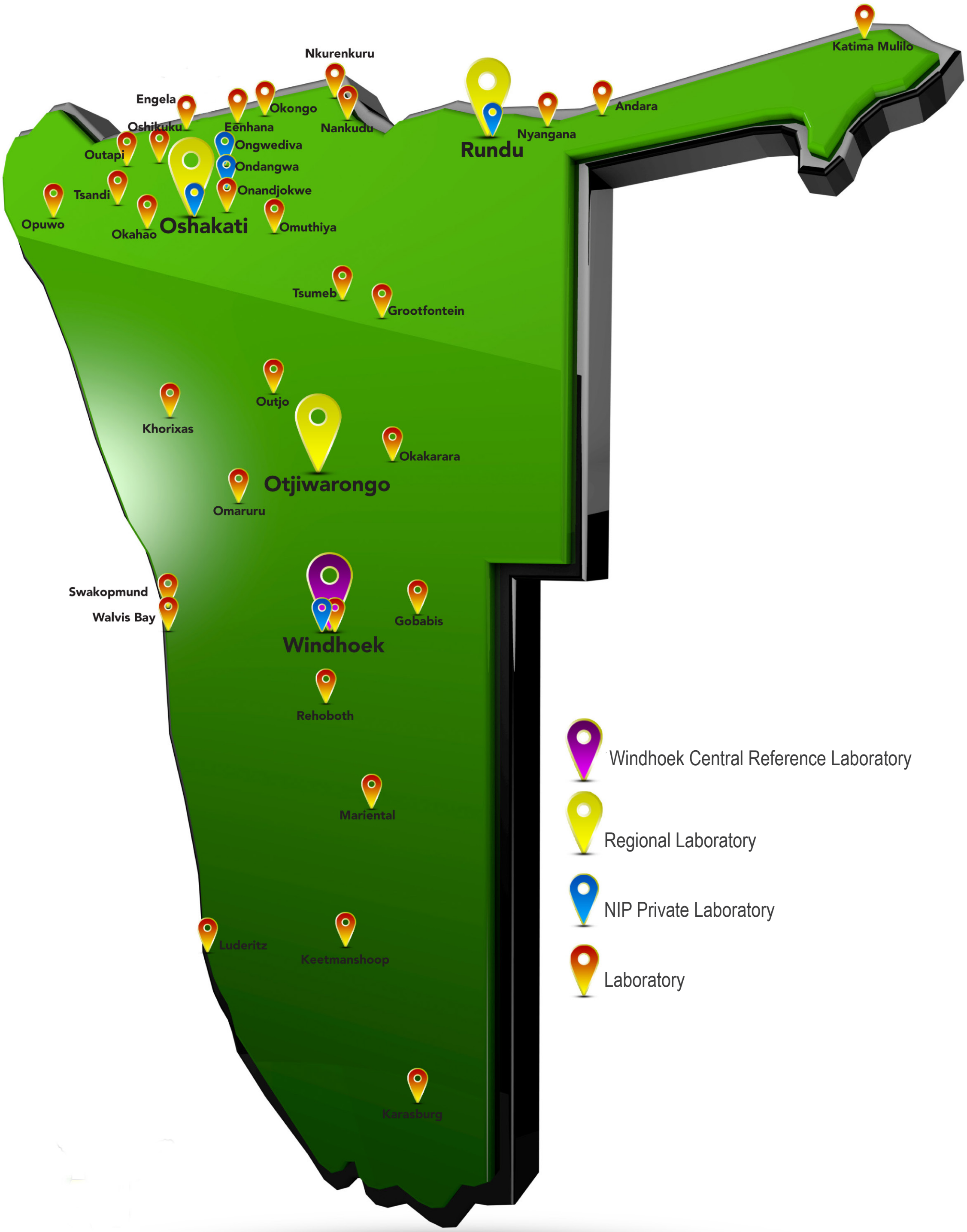
Our Branch Network



Where Commitment Matters and Quality Prevails

About us

Legislative Mandate

The NIP is established by virtue of the Namibia Institute of Pathology Act, 1999 (Act No. 15 of 1999) herein referred to as the Act, and under the Companies Act, 2004 (Act No. 28 of 2004) (hereinafter referred to as the Companies Act). Section 5 of the Act sets out five (5) objectives of the NIP which are:

a) to take over the medical laboratory services from the Ministry of Health and Social Services;
b) to operate medical laboratories and provide laboratory services for the private and public sector on a commercial basis;
c) to conduct research into the pathology of diseases and perform medical laboratory services relating to the occurrence, cause, prevention, diagnosis or treatment of any illness, disease or mental defect in human beings;
d) to establish new medical laboratories; and
e) to promote staff training for medical laboratories.

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 life cycle. Pathology is vital for the detection and treatment of medical conditions, including cancer, diabetes, heart diseases, infections, allergies to name but a few. By analysing and testing body tissue and fluids, pathology enables effective diagnoses and specialized medical treatment.

The pathological services that the NIP provides, combines sophisticated technology with highly skilled, and committed experts to provide patients and all our stakeholders with the best possible service. Pathological services are an essential element of most patients' healthcare treatment 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.

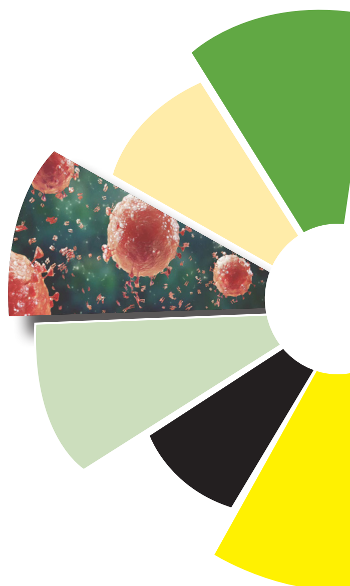
i. Importance of pathology to Namibia

Without professional pathology service providers such as the NIP, it simply would not be possible to maintain the high standard of Namibia's healthcare provision for all Namibians. With its position at the heart of healthcare provided to clients and the community, pathology services provided by the NIP underpin both the quality and the cost effectiveness of healthcare in our country.

- Pathology services are fundamental to modern medical practice in caring for the health of the population in our country.
- Pathology is 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 pathological investigation.
- Pathology is essential to early detection, diagnosis, and treatment of many of the leading causes of diseases in Namibia, including cancer, cardiovascular diseases and diabetes.

ii. Pathology's place in medical sciences

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. Globally, about 40% of pathology testing is used for diagnostic purposes, 40% for monitoring and 20% for preventative purposes.



Our Story

At inception, NIP took over 23 laboratories from the Ministry of Health and Social Services (MoHSS) across the country, these facilities were facing several challenges, such as staff shortages, limited and dilapidated infrastructure, outdated technology, and limited resources.

The NIP expanded geographically and now operates 39 laboratories across the country, providing quality medical solutions to individuals, institutions, medical doctors, and pathology service users. The increase in laboratory facilities, resembles a 74% growth since the year 2000. Consequently, NIP created valuable employment, as the staff complement grew from 174 employees in 2000, to 495 employees in 2021. This represents an increase of 184%.

In terms of national priority and life-impacting diseases such as Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS), tuberculosis (TB), malaria, and now COVID-19, NIP remains a leading service provider and at the forefront of testing for these respective diseases, giving patients increased access to the best possible medical attention and care through the clinicians in both public and private healthcare sectors.

NIP's laboratories are developed to the rising demand of diagnostic and medical testing services and align its services to global standards. Thus, NIP laboratories are implementing a Quality Management System (QMS) that complies with International Organization for Standardization (ISO) 15189 and other national regulatory requirements such as the Hospitals and Health Facilities Act 36 of 1994 as amended by Act 1 of 1998.

Strategic Intent

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 stake holders 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.

Mr Bryan

Board Chairperson

Chairperson's Remarks

On behalf of the Namibia Institute of Pathology Limited Board of Directors, Executive Management and all NIP'ers, I am pleased to present the NIP's Annual Report for the 2020/21 financial year.

After the first index cases of COVID-19 were reported in Namibia, the President of the Republic of Namibia declared a State of Emergency; closing all international borders, schools, universities, and business; and locking down all 14 regions. Therefore, prompt action was taken by the Government and consequently, several critical public health and safety measures were implemented during this period.

Although the lockdown measures significantly slowed the spread of the disease, the impact on the economy was imminent with a heavy toll on jobs and incomes. However, the NIP as an essential service provider has been able to continue carrying out its operations and thus remained steadfast and ready to support the management of the pandemic through testing for COVID-19.

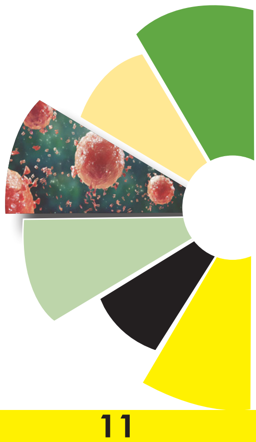
For the year under review, the audited financial statements indicate a sound performance during the financial year, attributable to COVID-19, which is testament in our increased revenue for the year. NIP produced a net profit of N$39 million, which profit decreased by 41% from the net profit after tax, N$68 million of the prior year. However, our profits decrease for the year is attributed to the debt write-off, made of N$143 million as disclosed in note 8 of the Annual Financial Statements.

The COVID-19 pandemic has challenged and continues to challenge NIP's leaders, the healthcare professionals we serve, their patients and our staff in ways that are without precedent. Medical technologists remained central to our country's COVID-19 response, since diagnostic testing has helped experts understand the spread of the disease and to respond appropriately.

Thus, our people continue to play a crucial role in combating the pandemic. I have never been prouder to be part of NIP, and I am thankful to every staff member for their commitment and courage shown over the past financial year. One thing for sure is that COVID-19 will remain in our midst for some time, and we will not be returning to normal life as it was before this pandemic. The new world requires us to adapt and conform to the new realities of life, and with pride, NIP is ready to continue playing its part in this ever-changing pathology landscape. With this, I am happy to report that NIP continues to build capacity for the country and during the financial year, an amount of N$1,5 million was spent on bursaries and scholarships to students that are pursuing studies in the related pathology disciplines.

In my expression of thanks, I include fellow members of the NIP Board of Directors who have shown their great dedication, diligence, and expertise in a rapidly changing environment with many unknowns as the pandemic unfolded. Furthermore, I would also like to extend special thanks to Dr David Uirab, who was at the helm of the organisation as Acting Chief Executive Officer until the appointment of Ms. Kapena Tjombonde as the new NIP CEO, assuming duty on 01 February 2021.

Finally, a special word of thanks goes to the Minister of Health and Social Services, Honourable Dr Kalumbi Shangula, and the Minister of Public Enterprises, Honourable Leon Jooste for their continued support to the NIP and the Board in general. Our assurance is that we are on the trajectory to restore NIP to its glory days with the NIP'ers!



Ms Kapenaurue Tjombonde

Chief Executive Officer

CEO's Remarks

NIP's 2020/21 financial year was dominated by the impact of the COVID-19 pandemic, both in terms of the effect on the company's operations and financial results. Our team's response to the pandemic nationally been truly inspiring. Throughout the pandemic to-date, more so the time that I joined the company, NIP has done its utmost best to provide uninterrupted essential routine pathology services.

From a financial perspective, a key highlight for the 2020/21 financial year included an increase in revenue of N$175 million that is translated to a 28.02%.Therefore, NIP remains positioned for future growth and as new CEO for this vital institution, this financial highlight result shows a positive start-off for my tenure.

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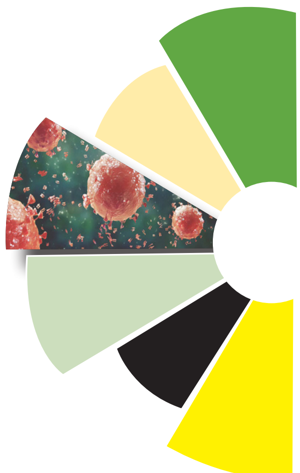
We experienced a decline in routine specimen volumes, which could have been attributed to social restrictions and fear of infection. However, NIP's COVID-19 testing volumes increased during the social restriction periods, which provided a partial offset to the decline in routine specimen volumes. By the end of the 2020/21 financial year, NIP had performed 64% of the COVID-19 PCR tests conducted at national level, that necessitated continuous increase in testing capacity to meet the changing testing demands of the regions in which we operate.

The demand for COVID-19 testing has at times exerted immense pressure on our workforce. With no doubt, our team went beyond the call of duty to respond to the pandemic, and thus would like to extend my sincere gratitude to our unsung heroes because of their selfless dedication and perseverance as they contributed to the significance of NIP in national public health. Their contribution will remain as part of the history of Namibia's efforts in the fight against COVID-19.

Finally, I extend appreciation to the Board for being accorded an opportunity to serve as a steward at such a significant Public Enterprise.



Board of Directors

Bryan Eiseb
Board Chairperson

Ingatutala Frieda Ekandjo
Deputy Board Chairperson

Vanessa Tjijenda
Board Member

Jennifer Hamukwaya
Board Member

Dr Taati Ithindi
Board Member

Ben Nangombe
Board Member

Dr Eino Mvula
Board Member

Executive Management

Ms Kapenaurue Tjombonde
Chief Executive Officer

Jason Kafidi
Acting Chief Human Capital Officer

Gibson Imbili
Company Secretary

Melvin April
Acting Chief Technology Officer

Johannes Klemens
Acting Chief Strategy &
Business Development Officer

Boniface Makumbi
Acting Chief Operations Officer

Financial Review

The year under review was not without its challenges. The lingering effects of the COVID-19 pandemic continued to impact the local and global economy. Although there has been a reduction in routine specimen volumes, the efforts directed towards COVID-19 testing proved significant in boosting revenue. Through its robust efforts to contain the spread of COVID-19, NIP as a critical service provider, directed resources towards capitalising on the crisis at hand.

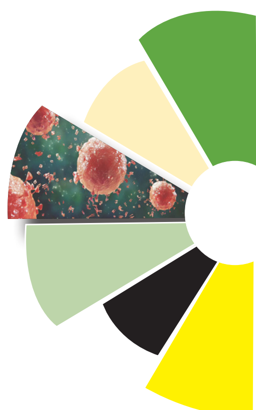
Notwithstanding the challenges, company revenue increased by 28% or N$175 million from N$626,034,857 in the prior year to N$801,474,975 for the year under review. The reasons behind the spike in revenue was due to NIP's commitment to serving the nation during the peak of the COVID-19 outbreak. On the contrary, the significant growth in revenue did not filter through to net profit and thereby recording a drastic reduction, where net profit reduced by N$28 million, and this translated to 41.50%, from N$68 million in 2019/20.

The low light result in net profit is attributed to the N$143 million (2020:nil) bad debt write-off and thereby depleting most of the increase in revenue during the financial year. Furthermore, the increase of N$50 million or 14.42% to N$400 million in operating expenses further proves the low net profit as compared to the N$350 million in the previous financial year.

NIP as a commercial public enterprise also provide medical laboratory services to the private sector, which includes private doctors consisting of general practitioners, specialists, private laboratories, primary health care service providers, medical aid service providers and many other applicable sectors. Therefore, through its private market penetration strategy, an amount of N$22 million has been recorded representing a 2.84% of total revenue for the year.

NIP's asset base recorded a reduction of N$49 million or 5.31% to N$885 million from N$934 million in the previous year, mainly because of a reduction in trade and other receivables which is also attributed to the debt write off. Total liabilities decreased by N$94 million or 36.37% to N$165 million from N$259 million in the previous year due to reductions in both current tax payable of N$57 million or 100%, and trade and other payables of N$44 million or 29.78%.

Although financially stable, the NIP cash flow balance remained a challenge during the financial year, where company cash outflows from operating activities decreased by 96.9%, from a cash outflow of N$80,347,771 in the prior year to a cash outflow of N$2,482,103 for the year ended 31 March 2021 and with most of our supplies dependent on the global supply chain, delays in payments to our suppliers was experienced as a result.



Our Services

As the only laboratory service provider with a representation at all fourteen regions, NIP plays a vital role in the Namibia's healthcare system and continues to carry out important diagnostic tests daily causing a positive impact on the lives of the people of Namibia.

Therefore, in line with its mandate, NIP provides both public as well as private pathology services on a commercial basis. Strategic partnerships exist with the National Health Laboratory Services (NHLS), Lancet Laboratories and Global Clinical Viral Laboratory in South Africa to conduct tests that cannot be carried out locally by NIP laboratories.

i. Scope of Services

Committed to its vision, the NIP strives to render excellent services, and remained focused in respect to instill a culture of service excellence. Through the network of thirty-nine (39) medical laboratories, and four (4) patient service centres (specimen collection sites), we are offering a broad range of over 1000 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 and immuno-histochemistry.
In total 4 531 379 tests were conducted in the year under review representing a 7.5% increase from the previous year. The graph below presents the number of test orders received for each operational area within the financial year 2020/2021.

The increase in test volumes during any financial year is a critical aspect in respect to the scope of testing because it helps to improve on the financial position. In this period of reporting, the introduction of SARS-COV-2 (Severe Acute Respiratory Syndrome Coronavirus 2) PCR (Polymerase Chain Reaction) test was imminent across strategic areas to respond to the pandemic. Furthermore, an additional test was also introduced at the Usakos laboratory.

The below table provides the information related to the test expansion across the NIP's operational areas:

Area	Laboratory	New Tests Added
Windhoek Central Reference Laboratory	Molecular Unit	SARS-COV-2 PCR
North-West Area	Oshakati	SARS-COV-2 PCR
Central Area	Usakos	Troponin T
	Walvis Bay	SARS-COV-2 PCR
Windhoek & South Area	Keetmanshoop	SARS-COV-2 PCR
North-East Area	Katima Mulilo	SARS-COV-2 PCR

Table 1: Test Expansion across Operational Areas

Total tests conducted per operational area

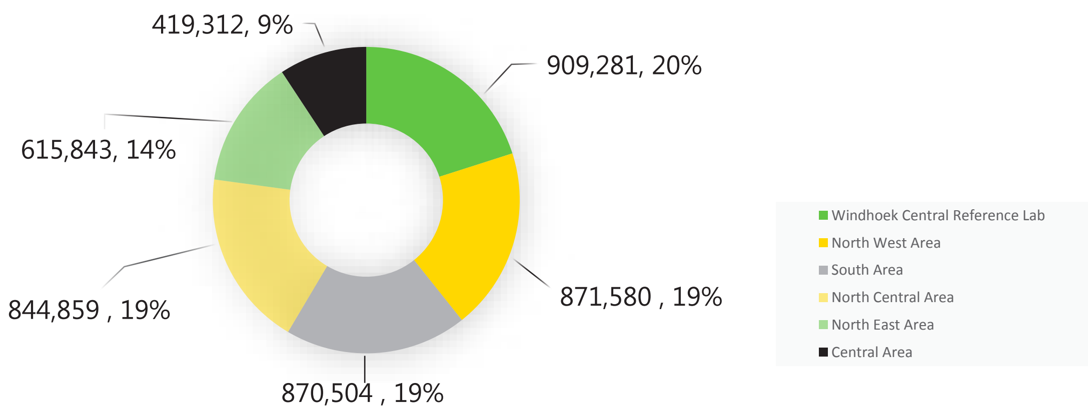


Fig. 1: Number of Tests Conducted per Operational Area

ii. Priority Diseases:

Human Immunodeficiency Virus (HIV)

Namibia has made significant strides in responding to the HIV epidemic and noticeable achievements were evident on the Joint United Nations Programme on HIV/AIDS (UNAIDS) fast-track 90-90-90 targets by the year 2020. Increasing access to testing services is essential in sustaining the UNAIDS 90-90-90 targets, of which Namibia exceeded these targets and is currently working towards 95-95-95 goal. NIP offers HIV Viral load testing services in nine (9) laboratories and Early Infant Diagnosis in one (1) laboratory.

The total number of HIV Viral load tests conducted in the financial year under review by NIP laboratories stood at 267,665 compared to the 264,472 tests conducted in the 2019/2020 financial year. As for HIV DNA, PCR 23 736 tests were performed versus a total of 15 538 tests conducted in the previous year.

Tuberculosis (TB)

Tuberculosis is among the top ten most common causes of death globally and despite the recent decreases in the number of notified TB cases, Namibia still has a high TB burden and is included among the top 30 high burden TB countries by the World Health Organization (WHO). In the 2018 Global TB report, the estimated incidence rate of TB was 423/100,000. The same report estimated that 60 people per 100,000 population died of TB in Namibia. This is a concern for a disease that is curable and preventable.

As stated in the National Guidelines for the Management of Tuberculosis, the outlined vision is "A Namibia free of tuberculosis and leprosy." To achieve this vision, Namibia adopted the latest recommended technology to diagnose TB, which includes molecular tests in 33 of our laboratories. This technology has high diagnostic accuracy and contributes to the early detection of TB and drug-resistant TB.

A moderate increase in national testing volumes was reported between 2019/20 and 2020/21 for HIV tests with 1.19% more HIV viral load tests requested and 34.5% more HIV early infant diagnostic tests requests received. A year-on year decline of 23.8% was seen for TB tests nationally and this was greatly impacted by the Covid-19 pandemic and global supply constraints. Test volumes for HIV and TB are depicted in the graph hereunder.

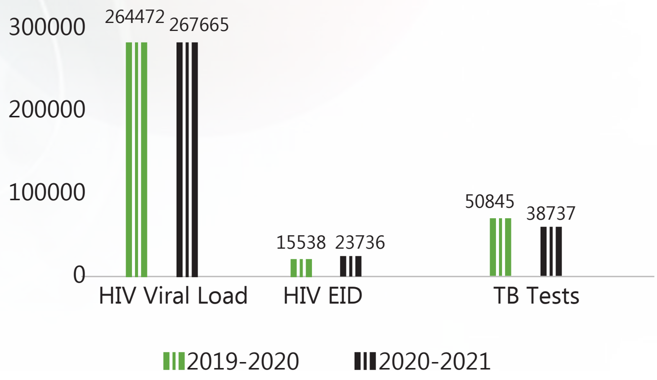


Fig. 2: HIV and TB Test Volumes - 2019/20 and 2020/21

iii. Disease Outbreaks:

Coronavirus

The novel coronavirus (COVID-19) identified in Wuhan, China on 31 December 2019, which rapidly spread to the rest of the world was detected in Namibia on the 14 March 2020. NIP implemented SARS-Cov-2 testing on the 19th of March 2020, at the Windhoek Central Reference Laboratory.

Namibia expanded its laboratory testing capacity through partnerships with the Ministry of Health and Social Services, academic, private, and other government institutions. The need for an increase in human resource capacity to support testing activities was imminent as the demand for testing increased rapidly. This gap was addressed in June 2020, through funding from the Presidents' Emergency Plan for AIDS Relief (PEPFAR), where seven (7) additional staff members were appointed, and a Medical Technologist from the Namibian Defence Force was seconded to NIP to assist with SARS-COV-2 testing activities.

Further to the testing of COVID-19, the delivery of results is a critical element and from an efficiency point of view, NIP implemented the COVID-19 SMS Platform to send negative COVID-19 results directly to the patients, after the results are verified by the pathologists. This initiative reduced turnaround times in the delivery of results and significantly reduced inbound call volumes to our COVID – 19 Call Centre.

With NIP at the forefront of COVID-19 testing, the sequencing process of SARS-COV-2 samples was successfully coordinated with the National Institute for Communicable Diseases (NICD) in South Africa. Through the sequencing of samples by NICD, the Variant of Concern (VOC) as identified in South Africa (20H/501Y.V2/B.1.351) was confirmed to be circulating in Namibia.

To enhance testing capacity, NIP conducted laboratory and field verification studies on COVID-19 Antigen rapid diagnostic devices and the results thereof indicated that performances of both tests met the World Health Organization (WHO) requirements. Therefore, the tests were subsequently recommended for local implementation, and this paved the way for full scale implementation of the SARS-COV-2 antigen testing in Namibia.

For the period under review a total of 221,109 SARS-COV-2 tests were conducted in NIP laboratories.

This represented a 64% of all (345,751) SARS-COV-2 tests conducted nationally for the same period.

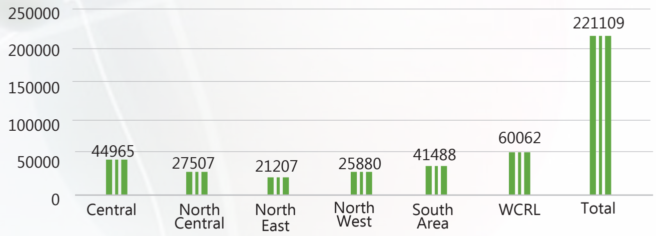


Fig. 3: SARS-COV-2 tests requests received across all operational areas

Hepatitis E

The Hepatitis E outbreak during the period under review was supported through the provision of training of a total of 200 Ministry of Health and Social Services health care workers from Khomas, Omusati, Kavango East and West, Erongo, and Ohangwena Regions were trained by NIP during the period 04 -12 March 2021. This resulted in scaled up point of care testing within the afore-mentioned regions leading to 3 154 Hepatitis E tests conducted in NIP laboratories during the period under review.

Customer Satisfaction

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. Annually the NIP conducts a customer satisfaction survey to gauge customer satisfaction levels. All 39 NIP laboratories formed part of the survey for review by the medical service providers and 81% customer satisfaction rating was achieved in the 2020 customer satisfaction survey. There was a slight improvement in the customer satisfaction rating from 78% in 2019 to 81% in 2020.

Although there was a high level of overall satisfaction with the service provided by NIP, the Laboratory's users did highlight areas requiring improvement. These areas include customer care, minimizing service interruptions and improving specimen tracking whereby measures were put in place to resolve the issues raised in the responsive action plans.

Operational Excellence

In its quest to realize its strategic goals, the NIP strives to optimize and improve on operational excellence, through the measurement of turnaround time (TAT). During the financial year, turnaround time and sample rejections were mostly affected by stock-outs and supplies that were experienced for some critical tests. Therefore, it is observed that stock-outs of reagents and consumables had a direct impact on service delivery to clients.

Quality Management

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

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

In NIP context, quality 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.
3. Training of staff on the Strengthening Laboratory Management Towards Accreditation (SLMTA) curriculum.

The quality of laboratory services is assessed using quality indicators and to this end, NIP developed and implemented the use of quality indicators to measure service excellence in keeping with its strategy objective to optimise and improve overall operational excellence.

The table below provides a summary on the performance of the quality indicators during the period under review and for those quality indicators which are blank, they were not recorded in the respective areas:

Due to the COVID 19 pandemic restrictions, consistent performing of External Quality Assessment (EQA) samples was disrupted for most analytes since samples could not be shipped from Proficiency Testing (PT) providers. However, the laboratories managed to successfully implement alternative approaches for most tests to ensure continuous quality monitoring of analytic results.

Quality Indicators	**% Target**	**% Actual Quality Indicator Performance Per Operational Area**						
Quality Indicators	Compliance requirements	WCRL	North-East	North-West	North-Central	Central	Whk & South	Average for ALL
Turn Around Times	82	85	86	88.6	92	95	85	88
External Quality Assessment	82	93	96	95.7	95.5	98	91	93
Internal Quality Control	100	100	100	99.7	100	100	100	100
Phoning of urgent & critical results	100	99	96	98.1	99.5	99	99	99
% of samples not pending beyond TAT	90	89	99	98.8	98.4	99	99	96
Instrument Uptime	85	93	100	92.57	92.8	99	90	93
Stock Management	80	99	99	*	98.2	84	98	93
% Minimised Sample Rejections	95	98	99	99.7	99	99	99	98
Average	**89**	**95**	**97**	**96**	**97**	**97**	**95**	**95**

Not reported

Table 2: Quality indicators for operational excellence

i. International Accreditation of Laboratories - ISO 15189

During the 2020/21 financial year, NIP continued to improve quality throughout its laboratories' network, by implementing good laboratory practices and internationally benchmarked quality requirements stipulated in ISO 15189:2012 standard. Quality improvement was evident as all the internationally accredited laboratories maintained their accreditation status following external quality audits conducted by the accreditation bodies, South African National Accreditation System (SANAS) and the Southern African Development Community Accreditation Service (SADCAS).

Additionally, the Walvis Bay laboratory achieved International Accreditation to ISO 15189:2012, bringing the tally of accredited laboratories to thirteen (13). The table below presents laboratories that are Internationally accredited to ISO 15189:2012:

Name of Laboratory		Accreditation body
1.	Windhoek Central Reference Laboratory	SANAS
2.	Katutura Laboratory	SADCAS
3.	NIP Windhoek Laboratory	SADCAS
4.	Swakopmund Laboratory	SANAS
5.	Onandjokwe Laboratory	SANAS
6.	Keetmanshoop Laboratory	SADCAS
7.	Rundu Regional Laboratory	SADCAS
8.	Rundu Private Laboratory	SADCAS
9.	Oshakati Regional Laboratory	SADCAS
10.	Ongwediva Medipark Laboratory	SADCAS
11.	Otjiwarongo Laboratory	SADCAS
12.	Katima Mulilo Laboratory	SADCAS
13.	Walvis Bay Laboratory	SADCAS

Table 3: NIP laboratories with ISO 15189:2012 Accreditation

The achievement and maintenance of international accreditation to ISO 15189:2012 clearly demonstrates and provides evidence to our customers and stakeholders that NIP laboratories have the competence and capability to produce accurate and reliable results comparable to any other best laboratories across the globe, either in the private or public sector.

ii. Quality Improvement in Non-Accredited Laboratories using the SLIPTA

Quality improvement in non-accredited laboratories was implemented and measured through the Stepwise Laboratory Quality Improvement Process Toward Accreditation (SLIPTA). The SLIPTA process encourages, supports, and recognizes the implementation of quality management systems (QMSs) thereby ensuring that medical laboratories provide safe, timely and accurate results for patient care and public health purposes.

During the period under review, the weighted World Health Organization African Region Stepwise Laboratory Quality Improvement Process towards Accreditation (WHO/AFRO SLIPTA) checklist was used for quality auditing of 26 non-accredited laboratories. The WHO/AFRO SLIPTA audit scoring and assignment of Star ratings is illustrated in the diagram below:

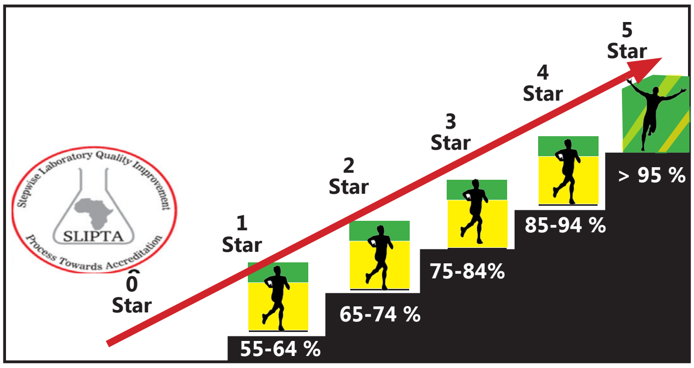


Fig. 4: WHO/AFRO SLIPTA Audit Scoring and Star Ratings Graph

The graph below presents the outcome of the SLIPTA quality audits

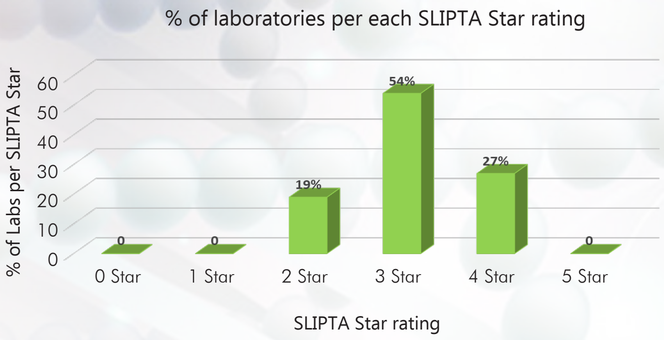


Fig. 5: NIP Laboratories SLIPTA Quality Audits Outcome

iii. Staff Training on Quality Principles and Techniques

To build capacity and empower staff for the effective implementation of the Quality Management System (QMS), NIP continuously trains its staff on quality principles and techniques. In this regard, a QMS training curriculum called the Strengthening Laboratory Management Toward Accreditation has been adopted. During the period under review, 22 staff members were trained on at least one SLMTA workshop.

iv. Occupational Health and Safety (OHS)

NIP regards its employees as the most important resource of the organization. Resultantly, NIP takes full ownership and executes employer responsibilities with respect to employee safety as stipulated in the Labour Act 11 of 2007.

To ensure staff safety, the established and implemented OHS programme were maintained at all laboratories and respective office facilities during the financial year. The safety inspections and audits were conducted as per schedule with subsequent addressing of safety gaps identified. Furthermore, medical surveillance for Hepatitis B and Tuberculosis were also conducted as planned.

Adherence to Corporate Governance

i. Governance

As a commercial entity, NIP currently has a seven-member Board of Directors appointed to provide vision and strategic direction in accordance with the Public Enterprise Governance Act (Act 1 of 2019, the Namibia Institute of Pathology Act (Act No. 15 of 1999) and the Companies Act (Act No. 61 of 1973). The Board and its sub-committees: Technical, Human Capital and Audit, Risk and Information Communication Technology, predominantly meet four (4) times a year. Within the Board members, chairpersons of the respective committees are appointed.
Furthermore, the Board appoints the Chief Executive Officer to manage and direct company operations to fulfil its strategic mandate. NIP's organisational structure is headed by five executives who lead the following Business Units:

a) Human Capital
b) Finance and Administration
c) Technical Operations
d) Information Communication Technology
e) Strategy, Business Development and Stakeholder Management

The following schematic outline shows the organizational structure of the NIP:

ii. Risk Management

Risk management remains an integral part of the corporate governance process at the NIP and has been embedded as an architecture that guides how risks emanating out of business conduct is measured, monitored, mitigated, and managed.

Continuous Enterprise Risk Management (ERM) communication and Risk reporting are vital components of the ERM process as overseen by the Board of Directors through the Board Audit, Risk, and Information Communication Technology Committee, and serves as part of the combined assurance model. The NIP has adopted a risk intelligence philosophy to integrate ERM across the organisation and monitors material matters, opportunities, and risk exposures in furtherance of the set corporate objectives, as well as, in pursuit of value creation.

iii. Strategic Risks 2020/2021

We are cognizant of potential events that could arise from our internal and/or external sources and assesses the impact of these events and associated risks on our strategic direction and operations in accordance with the ERM Framework.

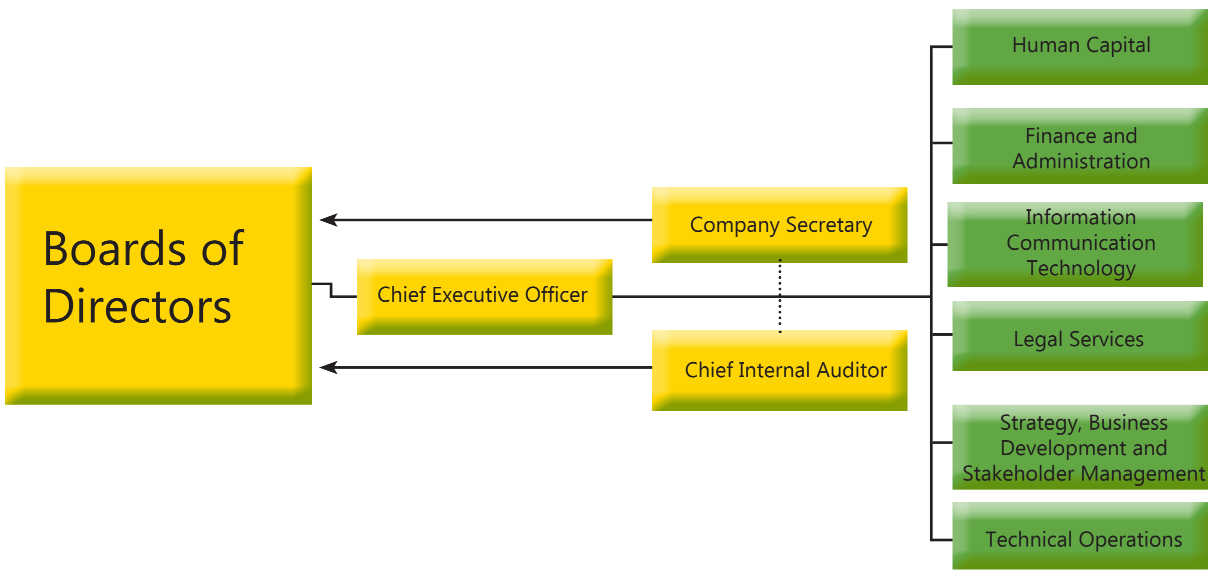


Fig. 6 NIP Organizational structure

During the financial year under review, Risk champions were appointed for each business unit to drive the risk agenda aimed at enhancing risk management into day-to-day activities, decision making and business processes.

Furthermore, a risk analysis was conducted to assess the Covid-19 impact and mitigation plans aligned to the risk analysis were implemented to ensure business continuity, and these were monitored and reported periodically. The following table lists the 10 top risks identified during the financial period:

#	Risk Name	Residual Risk
1	Customer Concentration	Catastrophic
2	Stock Management	Catastrophic
3	Inadequate Human Capital Capacity	Catastrophic
4	Cybersecurity	Catastrophic
5	Cash Flow Stability	Critical
6	Competition for Private Business	Critical
7	Operational Inefficiencies	Critical
8	Limited Research and Development Programs	Critical
9	Ineffective Internal Communication	Critical
10	Inefficient Contract Management System	Critical

Table 4: Strategic Risks 2020/2021

iv. Stakeholder Engagements

In strengthening its corporate identity considering the pandemic, NIP held a virtual COVID-19 conference under the theme, "The on-going lessons from the Covid-19 pandemic in the health care sector" which was well attended by different medical professionals. The hosting of the conference coincided with the launch of the NIP Research Trust Fund, an initiative aimed at raising funds to promote scientific research within NIP and create value in terms of local knowledge creation.

Furthermore, in its drive to nurture and maintain relations with its clients, NIP conducted client visits in Windhoek, Central, North-West, and North-East operational areas. The main purpose of the visits was to assess clients' needs and gauge on customers opinions and perceptions in relation to NIP services on offer.

v. Strengthen Alliances with Strategic Partners

Globalization has increased the spread of infectious diseases and 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 unwavering 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, NIP 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.

Human Capital

Employees are a great asset to any organisation and thus it is important to ensure that the company has effective HR programs in place to achieve its strategic goals. Human Capital (HC) programmes were implemented to manage employee related matters and strive to make NIP the best company to work for.

i. Wellness Activities

NIP as a responsible employer, invests in the well-being of its employees. The company takes serious concerns when it comes to physical, mental and financial wellness of its employees. During the period under review, NIP procured Wellness Care Packs for all its employees. At the same time, 49 staff members applied for the Employee Assistance Program. Therefore, NIP spent a total of N$231,546 on wellness related activities.

ii. Human Capacity Building

Building capabilities of any organization is crucial to attract and retain talented employees. During the period under review, there were rather few training activities conducted due to cash flow constraints. The two (2) training activities that were conducted for the period under review are depicted in the table below:

Training Conducted	Number of participants
Ethics and Confidentiality Training	69
Occupational Health and Safety Training	26

Table 5: Training Conducted 2020/2021

iii. Bursaries and Scholarship

NIP award 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, training and medical health related expenses.

For the financial year under review, NIP spent N$1.5 million on six (6) recipients of bursaries and scholarships that are pursuing studies in the following fields: Anatomical Pathology, Clinical Pathology, Cytotechnology and Histotechnology, and Medicine studies.

iv. Affirmative Action

During 2020/2021 financial year, NIP has complied with the requirements of the Affirmative Action (Employment) Act, of 1998 and the Affirmative Action Compliance Certificate from the Employment Equity Commission was issued.

v. Workforce Overview

NIP's workforce is moving in an upward trajectory and from a people's perspective the aim is to onboard, develop and retain an agile and galvanized workforce. The NIP workforce overview over the financial period under review shows that as at 31 March 2021, NIP total workforce amounted to 484. A total number of 428 representing 88% of the total staff complement were permanent employees of NIP, whereas 12% (56) were employed on contract. The below figure exhibits the figure below.

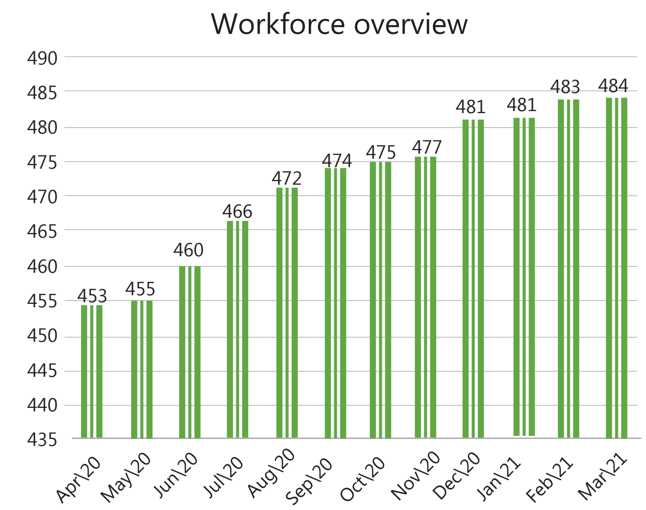


Figure 7: Workforce Growth (permanent staff)

vi. Workforce Distribution by Gender

In terms of gender parity for permanent staff, the majority of NIP's workforce is female, 65% (315), whereas males account for 35% (169).

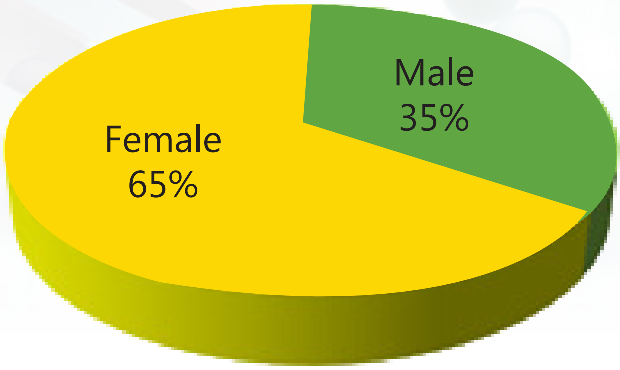


Figure 8: Gender distribution

vii. Staff Movement

During the financial year under review, NIP employed a total of 51 new employees, with 11 promotions, 31 terminations excluding one (1) retirement and 9 transfers that took place during the period under review. Thus, implying that the cost to revenue ratio is equal to 1:38. That means, every Namibia Dollar NIP spent on an employee, NIP generates on average a revenue of N$38 per employee during the period under review. The figure below exhibits the various reasons that led to staff movement:

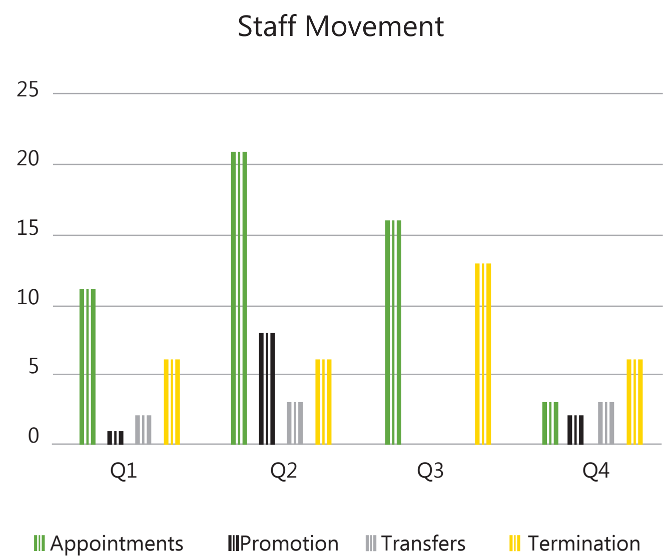


Figure 9: Staff movement

Information Technology

NIP continuously strives to introduce state of the art technologies and infrastructure to optimize Information Communication Technology (ICT) investments. For the period under review, a storage system was implemented as a catalyst to providing a single, high-performance backup architecture for the organisation. Therefore, this initiative provides agility to NIP in terms of achieving minimum backup and recovery times. Furthermore, high levels of uptime and availability of service were achieved with a 99.34%.

i. Digital Transformation

Together with technology partners, NIP adopted the cloud first strategy to improve communication processes and released them for business use, which enhanced customer experiences to meet the ever-changing business environment. NIP fully implemented cloud email services, realizing in access to emails and collaboration applications anywhere, anytime.

Furthermore, the automated systems backup and replication were also implemented, making the environment safe from any application faults, which resulted in implementing an automated switch over from production to data repository to reduce recovery time.

ii. Cybersecurity

Cybersecurity has become one of the biggest threats and risks globally and the NIP is not immune to this threat. The NIP improves its resilience to mitigate the threat of Cyber incidence by employing a robust and effective cybersecurity threat management solution that uses Artificial Intelligence (AI) and unsupervised machine learning was implemented to autonomously detect and act against cyber-threats across all diverse digital environments.

As a result of proactive and continuous monitoring, no major disruptive cyber-security incidents were experienced during the period under review.

Sustainability and Environment

NIP has a strategic goal to support the principles of sustainability within its community, environment, and the business. Therefore, it has one strategic objective, namely, to uphold the principles of corporate social responsibility and the protection of the environment whilst sustaining the business.

As an organization mandated to deliver public health services, NIP is fully committed to upholding principles and practices of environmental protection. To that effect, NIP continues to implement, and maintaining its Occupational Health and Safety System of which waste management is an integral part thereof.

Throughout the period under review, best practices of handling and disposing hazardous, biohazardous and general waste were implemented throughout the network of laboratories to prevent environmental pollution and exposing the public to chemical or biological health hazards.

The waste generated during execution of business processes is segregated into either hazardous or general waste to ensure that it is appropriately and effectively handled and disposed. The chain of custody of the hazardous waste was maintained from the point of generation until disposal. Throughout the period under review, there were no reported incidents of environmental pollution because of NIP's operations.

For the Corporate Social Responsibility (CSR) arm, no new initiatives were pursued during the financial year. However, NIP continues to support its bursary recipients who are pursuing various pathology disciplines.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Provision of medical laboratory services
Business address	NIP House 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 39, which comprise the directors' report, the statement of financial position as at 31 March 2021, 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 2021, 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 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, Contents, and the Directors' Responsibilities and Approval. 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.

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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

Ernst & Young Namibia
Partner - Jaco Coetzee
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Windhoek, Namibia

16 September 2022

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 2022 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 to 39, which have been prepared on the going concern basis, were approved by the board on 13 September 2022 and were signed on their behalf by:

Approval of financial statements

Chairperson

Chairperson: Board Audit, Risk and ICT Committee

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 2021.

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.

The company recorded a net profit after tax for the year ended 31 March 2021 of N$39,882,013. This represented a decrease of 41% from the net profit after tax of the prior year of N$68,173,349.

Company revenue increased by 28% from N$626,034,857 in the prior year to N$801,474,975 for the year ended 31 March 2021.

Company cash outflows from operating activities decreased by 96.9% from a cash outflow of N$80,347,771 in the prior year to a cash outflow of N$2,482,103 for the year ended 31 March 2021.

The directors on 29 August 2022 approved a bad debt write off of N$143,054,717 as per negotiations that took place during the year under review between MoHSS, Ministry of Public Enterprises and NIP.

2. Share capital

	2021	2020
Authorised	Number of shares	
Ordinary shares	20,000,000	20,000,000

	2021	2020	2021	2020
Issued	N$	N$	Number of 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

No dividends were declared or paid to the shareholder during the year (2020:nil).

4. Directorate

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

Directors	**Office**	**Designation**	**Nationality**
Mr B Eiseb	Chairperson	Non-executive Independent	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

There have been no changes to the directorate for the year under review and up to the date of signing this report.

Directors' Report

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 2021 the carrying amount of the company's property, plant and equipment amounted to N$140,102,359 (2020: N$ 152,949,049), of which N$1,937,368 (2020: N$1,104,780) was added in the current year through additions.

6. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

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 C/O Rowan Street and Hosea Kutako Avenue Windhoek Namibia

9. Auditors

Ernst and Young Namibia 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 2021

Figures in Namibia Dollar	Note(s)	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment and right of use asset	3	140,102,359	152,949,049
Other financial assets	4	11,614,959	6,813,204
		151,717,318	**159,762,253**
Current Assets			
Inventories	7	49,460,727	41,491,676
Trade and other receivables	8	669,782,960	720,409,186
Prepayments	6	299,319	32,432
Current tax receivable	20	97,685	-
Cash and cash equivalents	9	13,816,045	13,096,747
		733,456,736	**775,030,041**
Total Assets		**885,174,054**	**934,792,294**
Equity and Liabilities			
Equity			
Share capital	10	15,511,307	15,511,307
Reserves		17,880,071	13,078,317
Retained income		686,773,313	646,891,300
		720,164,691	**675,480,924**
Liabilities			
Non-Current Liabilities			
Deferred tax	5	24,399,389	22,369,865
Lease liability	11	1,213,741	2,144,637
		25,613,130	**24,514,502**
Current Liabilities			
Trade and other payables	12	103,837,745	147,879,999
Current tax payable	20	-	57,400,114
Lease liability	11	1,336,826	1,914,664
Bank overdraft	9	34,221,662	27,602,091
		139,396,233	**234,796,868**
Total Liabilities		**165,009,363**	**259,311,370**
Total Equity and Liabilities		**885,174,054**	**934,792,294**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Namibia Dollar	Note(s)	2021	2020
Revenue from contracts with customers	13	801,474,975	626,034,857
Cost of sales	14	(211,934,389)	(175,058,063)
Gross profit		**589,540,586**	**450,976,794**
Other income	15	9,913,271	437,400
Credit loss reversal	8	2,474,602	2,095,417
Bad debts written off	8	(143,054,717)	-
Operating expenses		(400,888,692)	(350,366,302)
Operating profit	16	**57,985,050**	**103,143,309**
Interest income from an effective interest rate	17	548,031	863,770
Finance costs	18	(1,594,854)	(1,892,067)
Profit before taxation		**56,938,227**	**102,115,012**
Taxation	19	(17,056,214)	(33,941,663)
Profit for the year		**39,882,013**	**68,173,349**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Gains on debt instruments at fair value through OCI		55,754	31,533
Total items that may be reclassified to profit or loss		**55,754**	**31,533**
Items that may not be reclassified to profit or loss:			
Gain / (loss) on equity instrument at fair value through OCI	4	4,746,000	(2,858,520)
Income tax relating to gains on equity instrument available for sale		-	-
Total items that may not be reclassified to profit or loss		**4,746,000**	**(2,858,520)**
Other comprehensive income/(loss) for the year net of taxation		**4,801,754**	**(2,826,987)**
Total comprehensive income for the year		**44,683,767**	**65,346,362**

Statement of Changes in Equity

Figures in Namibia Dollar	Share capital	Fair value reserve of financial assets at FVOCI	Retained income	Total equity
Balance at 1 April 2019	**15,511,307**	**15,905,304**	**578,717,951**	**610,134,562**
Profit for the year	-	-	68,173,349	68,173,349
Other comprehensive loss	-	(2,826,987)	-	(2,826,987)
Total comprehensive income for the year	**-**	**(2,826,987)**	**68,173,349**	**65,346,362**
Balance at 1 April 2020	**15,511,307**	**13,078,317**	**646,891,300**	**675,480,924**
Profit for the year	-	-	39,882,013	39,882,013
Other comprehensive income	-	4,801,754	-	4,801,754
Total comprehensive income for the year	**-**	**4,801,754**	**39,882,013**	**44,683,767**
Balance at 31 March 2021	**15,511,307**	**17,880,071**	**686,773,313**	**720,164,691**
Note(s)	10			

Statement of Cash Flows

Figures in Namibia Dollar	Note(s)	2021	2020
Cash flows from operating activities			
Profit before taxation		56,938,227	102,115,012
Adjustments for:			
Depreciation	16	14,756,125	16,156,888
Investment income	17	(548,031)	(863,769)
Finance costs	18	1,594,854	1,892,067
Changes in working capital:			
Inventories - (increase) /decrease		(7,969,051)	552,815
Trade and other receivables - decrease/(increase)		50,626,225	(232,200,792)
Prepayments -(increase) /decrease		(266,887)	286,088
Trade and other payables - (decrease)/ increase		(44,042,253)	33,049,638
Cash generated from operations		**71,089,209**	**(79,012,053)**
Interest received		548,031	556,349
Finance costs paid		(1,594,854)	(1,892,067)
Tax paid	20	(72,524,489)	-
Net cash (used) in operating activities		**(2,482,103)**	**(80,347,771)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(1,909,436)	(1,104,780)
Proceeds from disposal of financial assets	4	-	12,706,285
Net cash (used)/from investing activities		**(1,909,436)**	**11,601,505**
Cash flows from financing activities			
Payment of principal portion of lease liability	11	(1,508,734)	(1,297,645)
Total cash and cash equivalents movement for the year		**(5,900,273)**	**(70,043,911)**
Cash and cash equivalents at the beginning of the year		(14,505,344)	55,538,567
Total cash and cash equivalents at end of the year	9	**(20,405,617)**	**(14,505,344)**

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 2021 were authorised for issue in accordance with a resolution of the directors on Tuesday, 13 September 2022.

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.

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 notes 1.3 and 3 for more detail.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Expected credit losses

IFRS 9 has resulted in the entity using 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 2021. 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, at initial recognition at fair value, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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.The FVOCI Reserve will be distributed to the shareholder when the shares are sold.

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, an entity shall measure a financial asset 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 other comprehensive income;

e) Financial assets 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.

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 3.1% (2020: 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.

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.

Accounting Policies

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

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.

Accounting Policies

1.9 Share capital and equity

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

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.10 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 stand-alone 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.

Accounting Policies

1.11 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.

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.

1.12 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.

1.13 Employee Benefits

Contribution to the Government Institution Pension Fund (GIPF) are accounted for as contribution to a multi-employer plan. The company applies the IAS 19:30 exemption, as sufficient NIP specific pension fund information is not available given that the NIP contributes towards a pool of funds, hence why the company accounts for the pension benefits for those staff on this plan as a defined contribution plan. Payments to defined contribution retirement benefit are charged as an expense as they fall due as disclosed in note 16. Payments made to GIPF and the company's retirement benefit scheme are dealt with as a defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement plan. Where employees elected to participate in the GIPF, they contribute 7% of basic salary, and the employer contributes 16% of basic salary (or, where applicable, the entire contribution of 23% is funded out of the total cost to company) and the contribution to the plan for the next annual period is estimated at N$20 million. Given that the contribution is made to a pool of funds of more than 100 different employers all directly or indirectly owned by the Government of Namibia, the specific NIP deficit or surplus related to this pool of funds are not identifiable.

1.14 Change in accounting policies and disclosure

There was no changes to accounting polices and disclosures during the year.

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.

COVID-19 - Related Rent Concessions - Amendment to IFRS 16
The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. This practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payment affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee shall apply the amendment for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.
The company has adopted the amendment for the first time in the 2021 financial statements. The impact of the amendment is not material.

Presentation of Financial Statements: Disclosure initiative
The amendments aim to help entities provide accounting policy disclosures that are more useful by:
Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
The effective date of the amendment is for years beginning on or after 01 January 2020.
The company has adopted the amendment for the first time in the 2020 financial statements.
The impact of the amendment is not material.
Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative
The amendments aim to help entities provide accounting policy disclosures that are more useful by:
Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
The effective date of the amendment is for years beginning on or after 01 January 2020.
The company has adopted the amendment for the first time in the 2020 financial statements.
The impact of the amendment is not material.

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 2022 or later periods.

Only those standards and amendments applicable to the entity have been discussed.

Standards and interpretations not yet effective	Effective date:	Expected impact:
Amendment to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform	01 January 2021	Unlikely there will be a material impact
Amendment to IFRS 9 - Annual Improvement to IFRS Standards 2018-2020	01 January 2022	Unlikely there will be a material impact
Amendment to IFRS 3 – Reference to the Conceptual Framework	01 January 2022	Unlikely there will be a material impact

Notes to the Financial Statements

2. New standards and interpretations (continued)

2.2 Standards and interpretations not yet effective (continued)

Standards and interpretations not yet effective	Effective date:	Expected impact:
Amendments to IFRS 3 Business Combinations	01 January 2022	Unlikely there will be a material impact
Amendments to IFRS 16 PPE – Property, Plant & Equipment – Proceeds before Intended Use	01 January 2022	Unlikely there will be a material impact
Amendments to IAS 37 – Onerous Contracts Cost of Fulfilling a Contract	01 January 2022	Unlikely there will be a material impact
Amendment to IAS 41 - Annual Improvement to IFRS Standards 2018-2020	01 January 2022	Unlikely there will be a material impact
Amendments to IAS 1 – Disclosure of Accounting Policies	01 January 2023	Unlikely there will be a material impact
Amendment to IAS 1 - Classification of Liabilities as Current or Non-current	01 January 2023	Unlikely there will be a material impact
Amendments to IAS 8 - Definition of Accounting Estimates	01 January 2023	Unlikely there will be a material impact
Amendment to ISA 12 – Deferred Tax Related to Assets and Liabilities arising from a Single Transaction	01 January 2023	Unlikely there will be a material impact
IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact

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.

Notes to the Financial Statements

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

	2021			2020		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Buildings	112,986,851	(10,741,792)	102,245,059	112,986,851	(8,597,488)	104,389,363
Furniture and fixtures	8,737,836	(5,982,571)	2,755,265	8,671,872	(4,722,192)	3,949,680
Motor vehicles	6,806,443	(4,782,054)	2,024,389	6,806,443	(4,064,782)	2,741,661
Office equipment	3,640,106	(3,391,946)	248,160	3,668,040	(3,212,839)	455,201
Computer equipment	27,449,239	(25,653,121)	1,796,118	27,309,661	(23,434,111)	3,875,550
Leasehold improvements	22,243,418	(17,433,935)	4,809,483	21,803,116	(14,181,938)	7,621,178
Laboratory equipment	28,752,666	(25,325,562)	3,427,104	28,211,764	(21,802,836)	6,408,928
Right of Use Asset	5,356,937	(2,823,346)	2,533,591	5,356,937	(1,362,018)	3,994,919
Capital - Work in progress	20,263,190	-	20,263,190	19,512,569	-	19,512,569
Total	**236,236,686**	**(96,134,327)**	**140,102,359**	**234,327,253**	**(81,378,204)**	**152,949,049**

Notes to the Financial Statements

Figures in Namibia Dollar	2021	2020

3. Property, plant and equipment and right of use asset (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Derecognition	Depreciation	Total
Buildings	104,389,363	-	-	(2,144,304)	102,245,059
Furniture and fixtures	3,949,680	65,964	-	(1,260,379)	2,755,265
Motor vehicles	2,741,661	-	-	(717,272)	2,024,389
Office equipment	455,201	-	(27,933)	(179,108)	248,160
Computer equipment	3,875,550	139,578	-	(2,219,010)	1,796,118
Leasehold improvements	7,621,178	440,302	-	(3,251,997)	4,809,483
Laboratory equipment	6,408,928	540,903	-	(3,522,727)	3,427,104
Right of Use Asset	3,994,919	-	-	(1,461,328)	2,533,591
Capital - Work in progress	19,512,569	750,621	-	-	20,263,190
	152,949,049	**1,937,368**	**(27,933)**	**(14,756,125)**	**140,102,359**

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**

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

All Right Of Use assets are related to laboratory equipment.

4. Other financial assets

	2021	2020
Financial assets at fair value through OCI		
Unlisted shares	10,788,000	6,042,000
Unit trusts	826,959	771,204
	11,614,959	**6,813,204**
Non-current assets		
Financial assets at fair value through OCI	11,614,959	6,813,204

Notes to the Financial Statements

Figures in Namibia Dollar	2021	2020

4. Other financial assets (continued)

Reconciliation of financial assets - 2021

	Opening balance	Gains (losses) in other compre-hensive income	Total
Unlisted Shares in Ongwediva Medipark (Pty) Ltd	6,042,000	4,746,000	10,788,000
Sanlam Unit Trust	634,763	49,178	683,941
Old Mutual Unit Trust	136,441	6,576	143,017
	6,813,204	**4,801,754**	**11,614,958**

Reconciliation of financial assets - 2020

	Opening balance	Gains (losses) in profit or loss	Gains (losses) in other compre-hensive income	Sales	Total
Unlisted Shares in Ongwediva Medipark (Pty) Ltd	8,900,520	-	(2,858,520)	-	6,042,000
Sanlam Unit Trust	612,549	-	22,214	-	634,763
Old Mutual Unit Trust	127,122	-	9,319	-	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**

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

	2021	2020
Accelerated capital allowances for tax purposes	(9,637,155)	(10,837,045)
Provision for bad debts	1,160,980	1,754,885
Consumable stock	(15,827,433)	(13,277,336)
Prepayment	(95,781)	(10,369)
Total deferred tax liability	**(24,399,389)**	**(22,369,865)**
Deferred tax liability	(24,399,389)	(22,369,865)

Notes to the Financial Statements

Figures in Namibia Dollar	2021	2020

5. Deferred tax (continued)

Reconciliation of deferred tax asset / (liability)

	2021	2020
At beginning of year	(22,369,865)	(26,507,054)
Current year timing difference	(2,029,524)	4,318,417
Prior year difference	-	(181,228)
	(24,399,389)	**(22,369,865)**

6. Prepayments

	2021	2020
Prepayments	299,319	32,432

Prepayments are incurred as a result of payment terms with a limited number of inventory suppliers.

7. Inventories

	2021	2020
Consumables	49,460,727	41,491,676

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

	2021	2020
Trade receivables	814,358,777	727,273,475
Bad debt write off	(143,054,717)	-
Expected credit loss allowance	(4,837,417)	(7,312,019)
Other receivables	3,316,318	447,730
	669,782,961	**720,409,186**

Other receivables relate to sundry receivables and staff loans receivables. The ECL on other receivables is immaterial, other receivables amount was recovered after year end.

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 immaterial. The ECL balance is immaterial 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.

<u>Bad debt written off:</u> During the year negotiations took place between MoHSS, Ministry of Public Enterprises (MPE) and NIP which led to the company writting off debt owed by MoHSS amounting to N$143 million, this negotiations also brought a payment plan into effect by which MPE is settling debt owed as at 1 April 2020 on behalf of MoHSS totalling N$574 million.

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$ (4,837,417) as of 31 March 2021 (2020: N$ 7,312,019). The was no additional impairment made during the year.

Reconciliation of provision for impairment of trade and other receivables

	2021	2020
Opening balance	7,312,019	9,407,436
Additional Impairment made in the period	29,871	-
Amount (reversed) during the year	(2,504,472)	(2,095,417)
	4,837,418	**7,312,019**

Notes to the Financial Statements

Figures in Namibia Dollar	2021	2020

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	408	4,160
Bank balances	196,799	-
Short-term deposits	13,618,838	13,092,587
	13,816,045	**13,096,747**

This note has discloses both the cash and cash equivalents and bank overdraft statement of financial position line items.

Cash and cash equivalents disclosed in the cash flow statement consist of:

Cash on hand	408	4,160
Short-term deposits and bank balances	13,815,637	13,092,587
Bank overdraft	(34,221,662)	(27,602,091)
	(20,405,617)	**(14,505,344)**

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-cancellable operating leases for the period disclosure as well the maturity analysis using the undiscounted cash flows for the 2021 financial year end disclosure.

Lease liability		
Current	1,336,826	1,914,664
Non Current	1,213,741	2,144,637
	2,550,567	**4,059,301**

Reconciliation of lease liability		
Opening Balance	4,059,301	-
Additions during the year	-	5,356,937
Financing cost	405,930	486,039
Repayment of lease instalment	(1,914,664)	(1,783,675)
	2,550,567	**4,059,301**

Cash flow information: The total cash outflows in 2021 is N$1,508,734 (2020: N$1,297,645).

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

Notes to the Financial Statements

Figures in Namibia Dollar	2021	2020

11. Lease liability (continued)

Maturity analysis - undiscounted cash flows

Less than 1 year	1,336,826	1,914,664
Between 1 and 2 years	792,937	1,336,826
Between 2 and 5 years	916,923	1,709,860
Subtotal	3,046,686	4,961,350
Finance cost	(496,119)	(902,049)
	2,550,567	**4,059,301**

12. Trade and other payables

Trade payables	35,172,090	47,062,949
Accrued leave pay	15,792,812	12,943,717
Accrued bonus	5,196,608	4,635,768
Accruals	45,348,603	82,066,239
Other payables	2,327,632	1,171,326
	103,837,745	**147,879,999**

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$ 529,207 in 2020).

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

13. Revenue

State revenue - services rendered	778,676,463	603,416,947
Third party sales - services rendered	22,798,512	22,617,910
	801,474,975	**626,034,857**

14. Cost of sales

Rendering of services	211,934,389	175,058,063

15. Other operating income

Administration fees received	253,229	312,302
Other income	261,304	125,098
Donations received	9,398,738	-
	9,913,271	**437,400**

16. Operating profit

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

Auditor's remuneration - external		
Audit fees	981,893	327,997
Employee costs		
Salaries, wages, bonuses and other short term benefits	280,491,092	262,033,489
Depreciation and amortisation		
Depreciation of property, plant and equipment	14,756,125	16,156,888

Notes to the Financial Statements

Figures in Namibia Dollar	2021	2020
16. Operating profit (continued)		
Other		
Expenses related to contributions to defined contribution plan	19,039,547	18,430,388
17. Investment income		
Interest income		
Bank and other cash	21,779	175,828
Other financial assets	526,252	380,523
Interest received from Old Mutual Endowment Policy	-	307,419
Total interest income	**548,031**	**863,770**

All interest income listed above results from an effective interest rate.

18. Finance costs

Interest expense	1,594,854	1,892,067

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$ 405,930.

19. Taxation

Major components of the tax expense

Current		
Local income tax - current period	15,026,690	38,078,842
Deferred		
Originating and reversing temporary differences	2,029,524	(4,318,417)
Prior year adjustment	-	181,238
	2,029,524	**(4,137,179)**
	17,056,214	**33,941,663**

Notes to the Financial Statements

Figures in Namibia Dollar	2021	2020

19. Taxation (continued)

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	2021	2020
Applicable tax rate	32.00 %	32.00 %
Disallowable charges	(2.34)%	1.06 %
Prior Year Adjustment	- %	0.18 %
	29.66 %	**33.24 %**

Disallowable charges include items such as donations and legal fees.

20. Tax paid

	2021	2020
Balance at beginning of the year	(57,400,114)	(19,321,272)
Current tax for the year recognised profit and loss	(15,026,690)	(38,078,842)
Balance at end of the year	(97,685)	57,400,114
Tax paid	**(72,524,489)**	**-**

21. Related parties

Related party balances

	2021	2020
Loan accounts - Owing (to) by related parties		
Ministry of Health and Social Services - Trade receivables	646,100,616	712,735,727
Other Government Ministries - Ministry of Defence	1,580,435	1,025,668
Other Government Ministries - Ministry of Safety & Security	4,625,575	-
Purchases from / (Sales) to related parties		
Ministry of Health and Social Services - Sales	(773,790,425)	(597,866,741)
Other Government Ministries - Ministry of Safety & Security- Sales *	(2,800,330)	(2,132,474)
Other Government Ministries - Ministry of Defence- Sales*	(2,349,749)	(2,576,304)
Other Government Ministries - Ministry of Education- Sales *	(428,317)	(609,798)
Key Management Personnel		
Short term employee benefits	2,895,071	3,966,597
Compensation to directors and other key management		
Directors Emoluments	838,534	846,144

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.

* In the prior year Annual Financial Statements only sales related to Ministry of Health and Social Services was disclosed. In the current year Annual Financial Statements additional related parties were added relating to other Government ministries resulting in comparatives that were not in prior year being added.

Notes to the Financial Statements

Figures in Namibia Dollar

22. Categories of financial instruments

	Note(s)	Equity Financial assets at fair value through OCI	Debt instruments at fair value through OCI	Financial liabilities at amortised cost	Financial assets at amortised cost	Total
Categories of financial instruments - 2021						
Assets						
Non-Current Assets						
Other financial assets	4	10,788,000	826,959	-	-	11,614,959
Current Assets						
Trade and other receivables	8	-	-	-	669,782,960	669,782,960
Current tax receivable		-	-	-	97,685	97,685
Cash and cash equivalents	9	-	-	-	13,816,045	13,816,045
		-	**-**	**-**	**683,696,690**	**683,696,690**
Total Assets		**10,788,000**	**826,959**	**-**	**683,696,690**	**695,311,649**
Liabilities						
Current Liabilities						
Trade and other payables	12	-	-	103,837,746	-	103,837,746
Bank overdraft	9	-	-	34,221,662	-	34,221,662
Total Liabilities		**-**	**-**	**138,059,408**	**-**	**138,059,408**
Total Liabilities		**-**	**-**	**138,059,408**	**-**	**138,059,408**

Notes to the Financial Statements

Figures in Namibia Dollar

Categories of financial instruments - 2020

	Note(s)	Equity Financial assets at fair value through OCI	Debt instruments at fair value through OCI	Financial liabilities at amortised cost	Financial assets at amortised cost	Total
Assets						
Non-Current Assets						
Other financial assets	4	6,042,000	771,204	-	-	6,813,204
Current Assets						
Trade and other receivables	8	-	-	-	720,409,186	720,409,186
Cash and cash equivalents	9	-	-	-	13,096,747	13,096,747
		-	**-**	**-**	**733,505,933**	**733,505,933**
Total Assets		**6,042,000**	**771,204**	**-**	**733,505,933**	**740,319,137**
Equity and Liabilities						
Liabilities						
Current Liabilities						
Trade and other payables	12	-	-	147,879,999	-	147,879,999
Bank overdraft	9	-	-	27,602,091	-	27,602,091
		-	**-**	**175,482,090**	**-**	**175,482,090**
Total Liabilities		**-**	**-**	**175,482,090**	**-**	**175,482,090**
Total Equity and Liabilities		**-**	**-**	**175,482,090**	**-**	**175,482,090**

Notes to the Financial Statements

Figures in Namibia Dollar	2021	2020

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.

2021 (N$)	**Due within 60 days**	**Due in 60 to 90 days**	**Due in 120 to 365 days**	**Due in 1 to 2 years**	**Due After 2 years**	**Total**
Trade and other payables	37,499,722	-	-	-	-	37,499,722
Accruals	20,989,420	45,348,603	-	-	-	66,338,023
Bank overdraft	-	-	34,221,662	-	-	34,221,662
	58,489,142	**45,348,603**	**34,221,662**	**-**	**-**	**138,059,407**

2020 (N$)	**Due within 60 days**	**Due in 60 to 90 days**	**Due in 120 to 365 days**	**Due 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**

Notes to the Financial Statements

Figures in Namibia Dollar	2021	2020

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.

2021	**Increase or decrease in basis points**	**Effects on Profit before tax N$**	**Effects on equity N$**
Short term deposit	100	136,188	-
	(100)	(136,188)	-
Unit Trusts	100	-	8,270
	(100)	-	(8,270)
Bank Overdraft	100	(342,217)	-
	(100)	342,217	-

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

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.

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.

Notes to the Financial Statements

Figures in Namibia Dollar	2021	2020

23. Risk management (continued)

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. The credit 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

2021	**Past due but not impaired**	**<3 months**	**3 - 6 months**	**6-12 months**	**Total**
Government debtors	-	63,883,882	57,910,631	539,093,809	660,888,322
Medical aids and other debtors	-	1,762,716	1,057,264	168,220	2,988,200
	-	**65,646,598**	**58,967,895**	**539,262,029**	**663,876,522**

2020	**Past due but not impaired**	**<3 months**	**3 - 6 months**	**6-12 months**	**Total**
Government debtors	-	163,202,515	151,786,288	402,065,914	717,054,717
Medical aids and other debtors	-	2,802,972	2,497,234	93,062	5,393,268
	-	**166,005,487**	**154,283,522**	**402,158,976**	**722,447,985**

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.

Notes to the Financial Statements

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 2021	Expected Credit Loss ratio (percentage)	Expected credit losses
State debt	660,888,322	-	-
Medical Aid - PSEMAS	2,988,201	3	146,020
Private Debtors	2,600,352	3	167,902
Outsourced Debt	4,827,185	94	4,523,495
	671,304,060	**-**	**4,837,417**

NIP management has set the expected credit loss amount N$ 4,837,417.

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 2 instruments are funds held with Sanlam and Old Mutual of which underlying investments are held in listed government and corporate bonds and unit trust for which valuation are based on quoted interest rates and price per unit respectively.

Level 3: Unobservable inputs for the asset or liability.

2021	Level1	Level 2	Level 3	Carrying Amount
Ongwediva Medipark (Pty) Ltd	-	-	10,788,000	10,788,000
Sanlam Unit Trust	-	683,941	-	683,941
Old Mutual Unit Trust	-	143,017	-	143,017
	-	**826,958**	**10,788,000**	**11,614,958**

2020	Level 1	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**

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 assumption:

Fair rate of return - 22.7% (2020 - 24.6%)

Notes to the Financial Statements

Figures in Namibia Dollar	2021	2020

24. Fair value information (continued)

The following sensitivities were used for growth rate in Revenue and Terminal factor:

Growth rate in revenue- 5% (2020:5%) resulting in N$ 157,635,000 and N$ 114,052,000 respectively.

Terminal factor-0.5 (2020:0.5) resulting in N$ 16,244,000 and N$ 6,858,000 respectively.

If the fair rate of return had been 2% lower than the management estimate, the fair value NIP's investment would have been N$11,141 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 are 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.

The approach used for Level 3 is the discounted present value of the projected free cash flow.

25. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

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Where Commitment Matters and Quality Prevails.

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