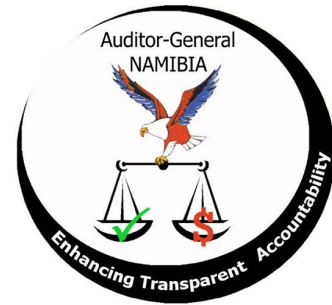




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

DIAMOND VALUATION FUND

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2003, 2004 AND 2005

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Diamond Valuation Fund for the financial years ended 31 December 2003, 2004 and 2005 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, July 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT of the AUDITOR- GENERAL
on the ACCOUNTS of the DIAMOND VALUATION FUND
of NAMIBIA for the financial years
ended 31 DECEMBER 2003, 2004 and 2005**

1. INTRODUCTION

The Diamond Valuation Fund was established in terms of Section 63(1) of the Diamond Act, (Act 13 of 1999), to settle the costs incurred in valuation of any unpolished diamonds and in administering the Fund. The Fund's income is derived mainly from duties charged on the export of unpolished diamonds.

The objectives of the Fund are stipulated in terms of Section 63(2) of the Diamond Act (Act 13 of 1999) as follows:

The money available in the Diamond Valuation Fund shall be utilized to defray the cost of valuation of any unpolished diamond pursuant to the provisions of the Diamond Act and to defray the expenses incurred in administering the said Fund.

2. FINANCIAL STATEMENTS

The financial statements published in this report are filed in the Office of the Auditor-General and comprise the following:

Annexure A: Balance sheets

Annexure B: Income and expenditure statements

3. SCOPE OF THE AUDIT

3.1 The Accounting Officer of the Fund is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

The audit included:

- (a) examination, on a test basis, of evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements;
- (b) assessment of the significant estimates and judgements made by the Accounting Officer of the Fund in the accounting of the transactions, his determination of and decision on relevance of the transactions to the Fund and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed; and
- (c) evaluation of the overall adequacy of the presentation of information for its inclusion in the financial statements.

3.2 The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- in all material respects, the expenditure and income have been applied to the purposes intended; and
- the financial transactions conform to the authorities which govern them.

4. AUDIT OBSERVATIONS

4.1 Income (2003 financial year)

According to the shipment form of the producer, Diamond Fields, dated 16 October 2003, the Fund received N\$ 43 626.02 from the State Revenue Fund but according to the applicable rate the Fund was supposed to receive N\$ 4 362.60. The Fund is advised to review the calculation of the rate and make corrections accordingly.

According to the shipment form of NAMDEB dated 29 October 2003, the Fund only received 2% (N\$ 521 054.82) of the value of unpolished diamonds instead of 2.8% (N\$ 729 459.30) which rate was applicable at that time. The Accounting Officer is advised to correctly calculate the money due to them.

4.2 Financial statements

In terms of General Accepted Accounting Practices, financial statements should be supplemented with explanatory notes. The Accounting Officer should take note of this requirement.

5. ACKNOWLEDGEMENT

The assistance and co-operation of the staff of the Fund during the audit is appreciated.

6. AUDIT OPINION

The financial statements of the Diamond Valuation Fund of Namibia for the financial years ended 31 December 2003, 2004 and 2005 were audited by me in accordance with the provisions of Section 25 (1) of the State Finance Act, 1991 read with Section 63(9) of the Diamond Act, (Act 13 of 1999).

I certify that, in my opinion the financial statements fairly reflect the transactions and the financial position of the Fund for the financial years ended 31 December 2003, 2004 and 2005 and in all material respects the income and expenditure have been applied to the purposes intended and conform to the authorities that govern them.

WINDHOEK, July 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

DIAMOND VALUATION FUND

BALANCE SHEETS AS AT 31 DECEMBER

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	N\$	N\$	N\$
ASSETS			
Current assets	1 910 784.62	275 889.52	4 742.48
Cash in the bank	1 910 784.62	275 889.52	4 742.48
LIABILITIES			
Funds			
Accumulated surplus: Previous year	275 889.52	4 742.48	1 630 450.51
Surplus (Deficit) of income over expenditure	1 634 895.10	271 147.04	(1 625 708.03)
Accumulated surplus: Current year	1 910 784.62	275 889.52	4 742.48

DIAMOND VALUATION FUND

INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	N\$	N\$	N\$
INCOME			
Fees received	13 393 388.48	11 406 793.15	6 855 436.17
Interest received from the bank	43 476.21	43 102.49	67 576.59
TOTAL INCOME	<u>13 436 864.69</u>	<u>11 449 895.64</u>	<u>6 923 012.76</u>
EXPENDITURE			
Government Diamond Valuators	10 532 449.39	10 066 466.87	7 520 355.38
Bank charges	1 264.46	5 058.27	4 687.41
Double recording (Samicor)	-	33 970.46	-
Consultant	1 268 255.74	1 073 253.00	1 023 678.00
TOTAL EXPENDITURE	<u>11 801 969.59</u>	<u>11 178 748.60</u>	<u>8 548 720.79</u>
Surplus/(Deficit) of income over expenditure	1 634 895.10	271 147.04	(1 625 708.03)