



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
DIAMOND BOARD OF NAMIBIA  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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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 Board for the financial year ended 31 December 2016 in terms of Article 127(2) of the Namibian Constitution. My report is transmitted to the Board in terms of Section 12(4)(a) of the Diamond Act, 1999 (Act 13 of 1999) to be laid upon the Table of the National Assembly by the Minister of Mines and Energy in terms of Section 12(8) of the Act.

**WINDHOEK, October 2017**

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



**REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNTS OF THE DIAMOND BOARD OF NAMIBIA  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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**1. Report on the financial statements**

**1.1 INTRODUCTION**

The accounts of the Diamond Board of Namibia for the financial year ended 31 December 2016 are being reported on in accordance with the provisions set out in Section 12(6) of the Diamond Act, 1999 (Act 13 of 1999).

Figures in the report are rounded off to the nearest Namibia Dollar and deficits are indicated in (brackets).

I certify that I have audited the accompanying financial statements of the Diamond Board of Namibia for the financial year ended 31 December 2016. These financial statements comprise of the following:

Annexure A: Statement of financial position;  
Annexure B: Statement of comprehensive income;  
Annexure C: Statement of changes in reserves;  
Annexure D: Cash flow statement; and  
Annexure E: Notes to the annual financial statements

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 12 (6) of Diamond Act, 1999 (Act 13 of 1999).

The financial statements and notes to the annual financial statements provided by the Accounting Officer are attached as Annexure A-E.

**2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 12(3) of Diamond Act, 1999 (Act 13 of 1999) and relevant legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**3. AUDITOR'S RESPONSIBILITY**

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## **Powers and duties**

Section 25(1) (c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- (a) All reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) All reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- (c) The expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1)(b)(iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

## **4. ACKNOWLEDGEMENT**

The assistance and co-operation given by the staff of the Diamond Board of Namibia during the audit is appreciated.

## **5. KEY AUDIT FINDINGS**

### **5.1 DEPRECIATION**

The auditors found that the Board did not have a depreciation policy in place; therefore the accuracy of the depreciation expense in the financial statements could not be verified.

## **RECOMMENDATION**

The Board should implement and strengthen internal controls in its property accountability by developing a written depreciation policy.

## **MANAGEMENT COMMENT**

*It should be noted that the Board has been applying the straight-line depreciation method consistently over the past years.*

## **5.2 PROCUREMENT MANUAL**

During our review, auditors noted that the Board does not have an operational procurement manual to guide the procurement procedures.

## **RECOMMENDATION**

The Board should adopt guidelines provided in the Public Procurement Act (15 of 2015) to ensure accountability.

## **MANAGEMENT COMMENT**

*It was recommended that in the absence of the Finance and Procurement policy, the Board would adopt the Public Procurement Act 15 of 2015, as well as the State Finance Act 13 of 1999 in executing its responsibilities.*

*These recommendations will be implemented with effect from August 2017.*

## **5.4 ACCOUNTING POLICIES**

In the absence of IFRS, in accordance with IAS 8 paragraph 10 Management shall use its judgement in developing and applying an accounting policy that results in relevant and reliable information in preparing and presenting financial statements; however the auditors discovered that the Board does not have an approved accounting policy.

## **RECOMMENDATION**

The Board should ensure that an accounting policy is approved and implemented.

## **MANAGEMENT COMMENT**

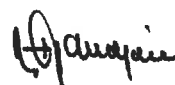
*Management has recommended that the Board adopt the State Finance Act, during execution of its financial responsibilities. This recommendation will only be implemented as from August 2017.*

## 6. UNQUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Diamond Board of Namibia for the year ended 31 December 2016 in accordance with the terms of Section 12(6) of the Diamond Act, 1999 (Act 13 of 1999).

In my opinion, the financial statements present fairly in all material respects, the financial position of the Diamond Board of Namibia as at 31 December 2016 and its financial performance and its cash flows for the year then ended.

WINDHOEK, October 2017



**JUNIAS ETUNA KANDJEKE**  
**AUDITOR-GENERAL**



## ANNEXURE A

## DIAMOND BOARD OF NAMIBIA

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	2016 N\$	2015 N\$
<b>ASSETS</b>			
<b>Non - current assets</b>			
Property Plant and Equipment	3	200 883	358 169
		<b>200 883</b>	<b>358 169</b>
<b>Current Assets</b>			
Trade and other receivables	4	27 995	16 962
Cash and Cash equivalents	5	2 982 151	1 346 746
		<b>3 010 146</b>	<b>1 363 708</b>
<b>TOTAL ASSETS</b>		<b>3 211 029</b>	<b>1 721 877</b>
<b>EQUITY AND LIABILITIES</b>			
Retained income		1 721 876	8 281 013
Accumulated Surplus/(Deficit)		1 489 153	(6 542 554)
Prior year adjustment		-	(16 583)
		<b>-</b>	<b>1 721 876</b>
<b>Current Liabilities</b>			
Trade and Other Payables		-	1
		<b>-</b>	<b>1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3 211 029</b>	<b>1 721 877</b>

## ANNEXURE B

**DIAMOND BOARD OF NAMIBIA**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31**  
**DECEMBER**

	Note	2016 N\$	2015 N\$
<b>REVENUE</b>			
Sales		33 300	5 146 416
Levies	6	4 936 402	-
<b>Gross surplus</b>		<b>4 969 702</b>	<b>5 146 416</b>
Other income	7	520 000	250 000
Interest Received	9	60 392	162 165
		<b>5 550 094</b>	<b>5 558 581</b>
Operating costs	8	(4 060 941)	(12 101 135)
<b>Operating profit</b>		<b>1 489 153</b>	<b>(6 542 554)</b>
<b>Profit before taxation</b>		<b>1 489 153</b>	<b>(6 542 554)</b>
Retained income at 1 January 2016		1 721 876	8 281 013
Prior year adjustments			(16 583)
Profit for the year		1 489 153	(6 542 554)
<b>Retained income at 31 December 2015</b>		<b>-</b>	<b>1 721 876</b>
<b>Retained income at 31 December 2016</b>		<b>3 211 029</b>	<b>1 721 876</b>

## ANNEXURE C

**DIAMOND BOARD OF NAMIBIA  
STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED  
31 DECEMBER**

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	<b>Accumulated Surplus</b>	<b>Total</b>
<b>Balance at 01 January 2015</b>	8 281 013	8 281 013
<b>Total comprehensive income for the year</b>		
Deficit for the year	(6 542 554)	(6 542 554)
<b>Balance at 31 December 2015</b>	<b>1 738 459</b>	<b>1 738 459</b>
<b>Balance at 01 January 2016</b>	1 738 459	1 738 459
<b>Adjustment due to invoices error: PAYE 4</b>	(16 583)	(16 583)
<b>Balance at 31 December 2015</b>	<b>1 721 876</b>	<b>1 721 876</b>
<b>Balance at 01 January 2016</b>	1 721 876	1 721 876
<b>Total comprehensive income for the year</b>		
Surplus for the year	1 489 153	1 489 153
<b>Balance at 31 December 2016</b>	<b>3 211 029</b>	<b>3 211 029</b>

## ANNEXURE D

## DIAMOND BOARD OF NAMIBIA

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER

	Note	2016	2015
		N\$	N\$
<b>Cash flows from operating activities</b>			
Surplus for the year		1 489 153	(6 542 554)
<i>Adjustments for:</i>			
Depreciation of Tangible assets		213 605	415 633
Investment income		(60 392)	(162 165)
<b>Operating cash flow before working capital changes</b>		<b>1 642 366</b>	<b>(6 289 086)</b>
Working capital changes			
Increase in trade and other receivables		(27 995)	(16 962)
Adjustments:		16 962	(16 584)
Increase in trade and other payables		-	1
<b>Cash utilised in operating activities</b>		<b>1 631 334</b>	<b>(6 322 631)</b>
Investment income		60 392	162 165
<b>Net cash from operating activities</b>		<b>1 691 726</b>	<b>(6 160 466)</b>
<b>Cash flows from investing activities</b>			
Property plant and equipment acquired	3	(56 320)	(46 026)
<b>Net cash generated by investing activities</b>		<b>1 635 406</b>	<b>(6 206 492)</b>
Decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		1 346 745	7 553 237
<b>Cash and cash equivalents at end of the year of the year</b>	5	<b>2 982 151</b>	<b>1 346 745</b>

**DIAMOND BOARD OF NAMIBIA**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER**

**3. Property Plant and Equipment**

	31 December 2016	2015 Carrying value at the end of the year
Costs	Accumulated Depreciation	Accumulated depreciation
N\$	N\$	N\$
<b>Owned assets</b>		
Motor vehicles	1 033 101	900 267
IT equipment	388 911	308 139
	<b>1 422 012</b>	<b>1 208 406</b>
	<b>1 161 489</b>	<b>261 222</b>
	<b>72 494</b>	<b>96 946</b>
	<b>200 883</b>	<b>358 168</b>
	<b>1 566 574</b>	

The carrying amounts of property plant and equipment can be reconciled as follows:

Carrying value at beginning of year	Additions	Disposals	Depreciation	2015 Carrying value at end of the year
N\$	N\$	N\$	N\$	N\$
<b>Owned assets</b>				
Motor vehicles	261 222	-	(132 834)	128 388
IT equipment	96 946	56 320	(80 771)	72 495
	<b>358 168</b>	<b>56 320</b>	<b>(213 606)</b>	<b>200 883</b>

**DIAMOND BOARD OF NAMIBIA  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER (continued)**

	Carrying value at beginning of the year	Additions	Disposals	Depreciation	2016 Carrying value at the end of the year
N\$	N\$	N\$	N\$	N\$	N\$
<i>Owned assets</i>					
Motor vehicles	261 223	0	-	(132 834)	128 389
IT equipment	96 946	56 320	-	(80 771)	72 495
	<b>358 169</b>	<b>56 320</b>	<b>-</b>	<b>(213 606)</b>	<b>200 883</b>

**4. Trade and other receivables**

	2016	2015
	N\$	N\$
Overpayment sitting fee	4 500	-
Books Debtors	8 100	-
Pre-payment conference facility:	-	-
Safari	-	297
Safari	-	13 720
Licence fee	3 171	2 935
Advertisement	4 981	-
Entertainment	7 234	-
Impairment loss	-	-
Correction on 2015 invoices	9	-
	<b>27 995</b>	<b>16 962</b>

**DIAMOND BOARD OF NAMIBIA**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER (continued)**

	<b>2016</b>	<b>2015</b>
	N\$	N\$
<b>5. Cash and Cash equivalents</b>		
Cash on hand	2 556	3 301
Bank balances	2 979 595	1 343 445
	<b>2 982 151</b>	<b>1 346 746</b>
<b>6. Revenue</b>		
Levies received	4 936 402	5 146 416
Royalties received	-	-
	<b>4 936 402</b>	<b>5 146 416</b>
<b>7. Other income</b>		
Donations received	520 000	250 000
	<b>520 000</b>	<b>250 000</b>
<p>The donations were made in respect of the 2nd International Diamond Omugongo festival by companies.</p>		
<b>8. Operating Profit</b>		
Operating profit is arrived at after taking into account the following items:		
Depreciation and expenditure	4 060 941	12 101 135
<b>9. Finance Income</b>		
Interest received	60 392	162 165
	<b>60 392</b>	<b>162 165</b>

