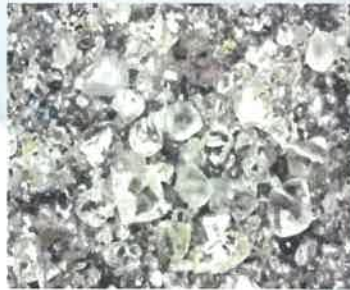




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

DIAMOND BOARD OF NAMIBIA

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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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 2018 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, June 2019

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 2018**

1. QUALIFIED AUDIT OPINION

I have audited the financial statements of the Diamond Board of Namibia for the financial year ended 31 December 2018. These financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in reserves, statement of cash flows and notes to the annual financial statements for the year then ended, and a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Audit Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Diamond Board of Namibia as at 31 December 2018 and its financial performance and their cash flow for the year then ended.

2. BASIS FOR QUALIFIED AUDIT OPINION

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Basis for Qualified Audit Opinion

- The Diamond Board does not have approved accounting policies; and
- The Diamond Board still does not have Board of Directors in place.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I do not have anything to report on this matter.

4. OTHER INFORMATION

Management is responsible for the other information. The auditor's opinion on the financial statements does not cover the other information and, accordingly, the auditor does not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

5. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 86 of the Local Authorities Act, 1992 and legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity'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 management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the entity's financial reporting process.

6. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit, I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 controls.

- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

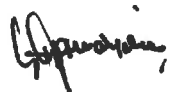
I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

7. ACKNOWLEDGEMENT

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

WINDHOEK, June 2019


JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

ANNEXURE A

DIAMOND BOARD OF NAMIBIA
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	2018 N\$	2017 N\$
Assets			
Non - current assets			
Property, plant and Equipment	3	1 737	45 384
Current Assets			
Cash and Cash equivalents	4	11 004 771	10 928 764
Fixed Deposit	5	1 648 177	1 520 094
Trade and other receivables	6	125 712	33 449
Total Assets		12 780 397	12 527 691
Equity and Liabilities			
Equity			
Retained income		5 065 372	3 220 905
Accumulated Surplus/(Deficit)		3 460 530	1 856 692
Prior year adjustment	6	-	(12 225)
Current liabilities			
Trade and other payables	7	4 254 495	7 462 319
Total funds and Liabilities		12 780 397	12 527 691

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

	Note	2018	2017
		N\$	N\$
Revenue			
Levies received		6 097 806	5 239 964
Sales		-	18 110
Gross income		6 097 806	5 258 074
Finance income	8	504 707	179 023
Operating expenses	9	(3 141 983)	(3 580 405)
Profit for the year		3 460 530	1 856 692

ANNEXURE C

DIAMOND BOARD OF NAMIBIA

STATEMENT OF CHANGES IN RESERVE FOR THE YEAR ENDED 31 DECEMBER

	Note	N\$	N\$
		Accumulated Surplus	Total
Balance at 1 January 2017		3 211 029	3 211 029
Prior period adjustment	6	(12 225)	(12 225)
Balance at 1 January 2017 (restated)		3 198 804	3 198 804
Total comprehensive income for the year			
Profit for the year		1 856 692	1 856 692
Depreciation adjustment		9 876	9 876
Balance at 31 December 2017		5 065 372	5 065 372
Total comprehensive income for the year:			
Profit for the year		3 460 530	3 460 530
Balance at 31 December 2018		8 525 902	8 525 902

ANNEXURE D

DIAMOND BOARD OF NAMIBIA

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER

	Note	2018 N\$	2017 N\$
Cash flows from operating activities			
Profit before taxation		3 460 530	1 856 692
<i>Adjustments for:</i>			
Depreciation of Tangible assets		43 647	165 375
Investment income	8	(504 707)	(179 023)
<i>Working capital changes:</i>			
(Increase) / Decrease in trade and other receivables		(92 264)	(33 449)
Increase / (Decrease) in trade and other payables		(3 207 823)	7 462 318
Prior year adjustment	6	-	15 780
Cash utilised in operating activities		(300 617)	9 287 693
Increase / (Decrease) in investment income		504 707	179 023
Net cash flows from operating activities		204 090	9 466 716
Net increase cash and cash equivalents		204 090	9 466 716
Cash and cash equivalents at beginning of the period		12 448 858	2 982 142
Cash and cash equivalents at end of the year of the period		12 652 948	12 448 858

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

1. General Information

Diamond Board of Namibia is a non – profit organisation.

2. Basis of preparation

The financial statements have been prepared in accordance with statement of International Public Sector Accounting Reporting Standards (IPSAS) and those applicable to a going concern. The basis presumes that funds will be available to finance future operation and that the realization of assets and settlement of liabilities, contingents obligations and commitments will occur in the ordinary courses of business. The financial statement incorporates the following principle of accounting policies which have been applied on a basis consistent with that of prior year and used by management.

These financial statements have been prepared under the historical cost convention and are presented in Namibian Dollars (NAD/N\$).

IPSAS Framework was applied because the nature of the Board operations meets the requirements to report in terms of IPSAS. The organization does not have own accounting policy and procedure. The adoption of IPSAS is in line with the new development that require Public Entities to start applying IPSAS or Full IFRS (International Financial Reporting Standards). It is envisaged that the accounting policy and procedure will clarify the standards relevancy and its application thereof in more details.

2.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the organization's activities. Revenue is shown net of value added tax, returns and discounts.

The organization recognizes revenue when the amount of revenue can be relatively measured; it is probable that future economic benefits will follow to the entity; and specific criteria have been met for each of the organization's activities as described below:

2.1.1 Service revenue

The service rendered is recognized as revenue by reference to the stage of completion of the transaction at the balance sheet date.

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

2.1.2 Royalties and production levies

Royalties and production levies are recognized on the accrual basis in accordance with the substance of the relevant agreements.

2.1.3 Interest income

Interest income is recognized using the effective interest method.

2.2 Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment costs incurred subsequently to add to, replace part, or service. If a replacement cost is recognized in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognized.

Depreciation is charged so as to allocate the costs of assets less their residual values over their estimated useful lives, using the straight - line method. The following rates are used for the depreciation of property, plant and equipment.

Motor vehicles	25%
Furniture and fittings	33%
Office equipment	33%
IT Equipment	33%

2.3 Trade and other receivables

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the organization will not be able to collect all amounts due according to the original terms of the receivables.

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

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.5 Employee benefit obligations

Short-term employee benefits.

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses. These benefits are recognized in the period in which the service is rendered and are not discounted.

2.6 Trade payables

Trade payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

2.7 Provisions

Provisions are measured at the present value of the amount to be required to settle the obligation using a pre - tax rate that reflects market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

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

3. Property plant and equipment

	Costs	Accumulated Depreciation	2018 Carrying value at the end of the year	Accumulated depreciation	2017 Carrying value at the end of the year
	N\$	N\$	N\$	N\$	N\$
<i>Owned assets</i>					
Motor vehicles	1 161 489	1 161 489	-	1 141 737	19 752
IT equipment	461 405	459 668	1 737	435 773	25 632
	1 622 894	1 621 157	1 737	1 577 510	45 384

The carrying amounts of property plant and equipment can be reconciled as follows: 2018

	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of the year
	N\$	N\$	N\$	N\$	N\$
<i>Owned assets</i>					
Motor vehicles	19 752	-	-	19 752	-
IT equipment	25 632	-	-	23 895	1 731
	45 384	-	-	43 647	1 731

ANNEXURE E

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

The carrying amounts of property plant and equipment can be reconciled as follows: 2017

	Carrying value at beginning of the year N\$	Additions N\$	Disposals N\$	Depreciation N\$	Carrying value at the end of the year N\$
Owned assets					
Motor vehicles	138 264	-	-	118 513	19 752
IT equipment	72 494	-	-	46 861	25 632
	210 758	-	-	165 374	45 384

4. Cash and Cash equivalents

Cash on hand
Bank balances

	2018 N\$	2017 N\$
	11 004 711	10 928 764
	700	3 535
	11 004 071	10 925 229

5. Investments

Fixed Deposit - Opening balance
Accrued interest

Period year-end balance re-invested for six(6) months at 7.83%

	1 648 177	1 520 094
	1 520 094	1 462 674
	128 083	57 420

All investment are recognized at a cost being the fair value of the consideration given including acquisition charges associated with investments.

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

	2018	2017
	N\$	N\$
6. Trade and other receivables		
6.1 Items included in trade and other receivables not classified as financial instruments		
	125 712	33 449
Pre-payment expenses: License fee and Secretarial	302	528
Board sitting fees: S. Ndjaba	1 500	1 500
Board sitting fees: Debmarine (B.Bock)	1 500	1 500
Subsistence Allowance: Martha Haindongo	19 239	19 239
Subsistence Allowance: Miina Gahutu	6 096	6 096
Subsistence Allowance: Monika Maletsky	4 586	4 586
Subsistence Allowance: Helena Ithamba	26 494	-
Subsistence Allowance: Thomas Alweendo	65 995	-
Prior period adjustment:		
Refunds from Valuation Fund		(12 225)
Entertainment		7 234
Advertisement		4 991
Increase in trade receivable and payables		15 780

ANNEXURE E

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

	2018	2017
	N\$	N\$
7. Trade and other payables	4 254 495	7 462 319
Valuation Fund	3 730 159	7 462 319
Separation Gratuity	341 382	-
Leave Gratuity	54 854	-
Insurance: Property, plant and equipment	128 100	-
8. Finance Income	504 707	179 023
Interest income	376 624	121 603
Fixed deposit's interest	128 083	57 420

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

	2018	2017
	N\$	N\$
9. Operating Expenses		
Operating cost is arrived at after taking into account the following items:		
Expenditures	3 141 983	3 580 405
Accounting fees	4 209	5 934
Advertisement and promotions	926 722	180 943
Bank Charges	12 899	7 232
Computer expenses	1 489	-
Depreciation for tangible assets	43 657	165 375
Directors emoluments	-	6 587
Entertainment	-	(7 234)
Insurance	128 100	119 741
License and Secretarial	7 203	4 670
Motor vehicle expenses	20 859	6 215
Printing and stationery	86 427	27 438
Parliamentary Resource Unit (PRU)	419 564	515 635
Salaries and wages	945 677	441 695
Telephone and fax	474 159	388 040
Travel and accommodation	71 018	218 134
Government medical aid	-	1 500 000

