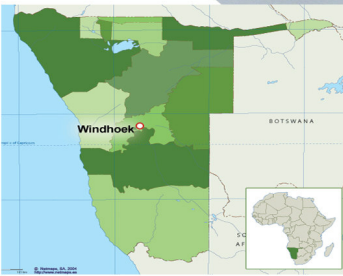




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

KARAKUL BOARD OF NAMIBIA

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

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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 Karakul Board of Namibia for the financial year ended 31 March 2009, 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, January 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
KARAKUL BOARD OF NAMIBIA FOR THE FINANCIAL YEAR ENDED
31 MARCH 2009**

1. INTRODUCTION

The accounts of the KARAKUL BOARD OF NAMIBIA, hereinafter referred to as the Board, for the year ended 31 March 2009 are being reported on in accordance with the provisions set out in the Karakul Pelts and Wool Act, 1982 (Act 14 of 1982) hereinafter referred to as the Act. The main objectives of the Board, namely to promote the interest of the Karakul Industry and Wool Industry on Namibia, are stated in Section 3 of the Act.

The firm EDB & Associates of Windhoek has been appointed in terms of Section 17 of the Act, to audit the accounts of the KARAKUL BOARD OF NAMIBIA on behalf of the Auditor-General and under his supervision.

Figures in the report are rounded off to the nearest Namibian Dollar.

2. FINANCIAL STATEMENTS

The Board's financial statements were submitted to the Auditor-General by the Board Members in compliance with Section 17(1), of the Act. The audited financial statements are in agreement with the general ledger and are filed in the Office of the Auditor-General. The abridged balance sheet, Annexure B, is a true reflection of the original.

The following Annexures are also attached to this report:

- Annexure A: Report of the management
- Annexure C: Abridged income statement
- Annexure D: Cash flow statement
- Annexure E: Notes to the financial statements

3. SCOPE OF THE AUDIT

The Board Members of the Karakul Board are 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 as carried out by the said firm, included:

- a) Examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of the financial transactions included in the financial statements,
- b) assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements and whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed; and
- c) evaluation of the overall adequacy of the presentation of information in the financial statements.

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 irregularities;

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 AND COMMENTS

4.1 Investments - Property

The auditors revision and recalculation on investment property held by the Karakul Board based on the 18% share portion in the Control Board of the Agricultural Board's Building (ACB), concluded that the value of the investment in property is understated by N\$ 36 014 due to additions made to the building which have not been recognised in the financial statements of the Karakul Board.

Due to the significance of this matter, the Auditor-General cannot accept the completeness and valuation of investment property.

4.2 Accounts payable

The auditors search for unrecorded liabilities revealed an underprovision of 30 907.12.

Due to the significance of this matter, the Auditor-General cannot accept the completeness and valuation of accounts payable.

4.3 Segregation of duties

The Board's administrative functions are only managed by two (2) staff members. Incompatible functions of initiation, recording, checking and approval are being performed by same individuals and could result in a breakdown of important internal controls, which are necessary to properly safeguard the assets of the Fund.

4.4 Regularity of meetings

Only two meetings per year are held by the Board members. This might be not enough to make timely decisions concerning the operations of the Board.

5. ACKNOWLEDGEMENT

The courteous assistance given to the auditors by the Board's personnel during the audit is appreciated.

6. FORMAL AND INFORMAL QUERIES

Formal queries are embodied in this report.

Informal queries addressed to the Accounting Officer consist of:

- * Bank reconciliation did not balance
- * Segregation of duties
- * Regularity of meetings

7. QUALIFIED AUDIT OPINION

The accounts of the KARAKUL BOARD OF NAMIBIA for the financial year ended 31 March 2009, summarized in Annexure A to D, have been audited in accordance of provisions of Section 25 (1) (b) of the State Finance Act, 1991 read with Section 17(2) of the Karakul Pelts and Wool Act 14, of 1982.

In common with similar organisations, it is not feasible for the Board to institute accounting controls over cash collections from grants and donations prior to initial entry of the collections in the accounting records. Accordingly, it was impracticable for the auditors to extend their examination beyond the receipts actually recorded.

The audit opinion has been qualified due to the following reasons:

- The accounts payable have been understated by N\$ 30 907. The accumulated surplus is as such overstated by the same amount.
- The increased investment property of ACB to the value of N\$ 36 015 is not reflected in the financial statements.

Except for the reasons mentioned above, in my opinion, these financial statements fairly present the financial position of the Karakul Board at 31 March 2009, and the results of operations and cash flows for the year then ended in accordance with generally accepted accounting practice.

WINDHOEK, January 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**KARAKUL BOARD OF NAMIBIA
BOARD MEMBERS REPORT FOR THE YEAR ENDED
31 MARCH 2009**

The directors have pleasure in presenting their annual report which forms part of the audited financial statements of the Board for the year ended 31 March 2009.

The Board was established in terms of the Karakul Pelts and Wool Act 14 of 1982 promulgated on 22 November 1982, to:

- Promote the interests of the Karakul industry and the Wool industry in Namibia and elsewhere.

Events subsequent to balance sheet date

No matter which is material to the financial affairs of the Board, has occurred between 31 March 2009 and the date of approval of the annual financial statements.

Financial results

Full details of the financial results of the Board are disclosed in the income statement and the notes thereto.

Board Members

The following persons were board members of the Karakul Board during the year ;

H J Van Wyk
R Schreiber
P H Hugo
J Jansen
E Kamboua
W J Kohlman
B Rothkegel
G Biwa

Chairman
Vice-Chairman

**KARAKUL BOARD OF NAMIBIA
BALANCE SHEET ON 31 MARCH 2008**

	Notes	2009 N\$	2008 N\$
ASSETS		5 094 515	4 988 160
Non-current assets			
Property, plant and equipment	3	18 407	12 052
Investment in subsidiaries	7	17 240	17 240
Investments	4	5 058 868	4 958 868
Current assets		475 700	196 971
Cash and cash equivalents	5	378 543	196 886
Accounts receivable		97 157	85
TOTAL ASSETS		5 570 215	5 185 131
EQUITY AND LIABILITIES			
Funds and reserves		5 439 090	5 163 332
Retained income	2	5 439 090	5 163 332
Current liabilities		131 125	21 799
Accounts payable	6	131 125	21 799
TOTAL EQUITY AND LIABILITIES		5 570 215	5 185 131

KARAKUL BOARD OF NAMIBIA
INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	2009	2008
	N\$	N\$
INCOME	1 696 304	1 882 404
EXPENDITURE	(1 986 587)	(4 060 975)
NET OPERATING DEFICIT	(290 283)	(2 178 571)
NET FINANCIAL INCOME	559 703	528 988
PROFIT ON DISPOSAL OF ASSETS	6 338	-
NET SURPLUS / (DEFICIT) FOR THE YEAR	275 758	(1 649 583)
APPROPRIATION ACCOUNT AT BEGINNING OF THE YEAR	5 163 332	6 812 915
APPROPRIATION ACCOUNT AT END OF YEAR	5 439 090	5 163 332

KARAKUL BOARD OF NAMIBIA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 N\$	2008 N\$
Cash absorbed by operations	A	(279 944)	(2 169 865)
Investment income		559 703	528 988
Utilized to increase working capital	B	12 254	47 179
<i>Cash generated from / (utilised) by operating activities</i>		292 013	(1 593 698)
<i>Cash (utilised) / generated in investing activities</i>		(110 356)	689 975
(Increase) / decrease in investments		(100 000)	700 000
Proceeds on disposal of equipment		9 000	-
Property, plant and equipment acquired		(19 356)	(10 025)
Change in cash and cash equivalents		181 657	(903 723)
Cash and cash equivalents at beginning of year		196 886	1 100 609
Cash and cash equivalents at end of year		378 543	196 886

NOTES TO THE CASH FLOW STATEMENT

A. Cash absorbed by operations

Net surplus / (deficit) after investment interest and adjustments.	275 758	(1 649 583)
Profit on disposal of equipment	(6 338)	-
Depreciation	10 339	8 706
Interest income	(559 703)	(528 988)
	(279 944)	(2 169 865)

B. Utilized to increase working capital

Trade and other receivables – (Increase)/decrease	(97 072)	33 135
Trade and other payables – Increase	109 326	14 044
	12 254	47 179

KARAKUL BOARD OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 MARCH 2009

1. ACCOUNTING POLICIES

The annual financial statements are compiled in accordance with the historical convention modified by the restatement of financial instruments to fair value, except where otherwise stated.

The principal accounting policies of the Board, which are set out below, had been consistent and comply with Namibian Statements of Generally Accepted Accounting Practices.

1.1 Accounting basis

Except for interest income, the Board's policy is to prepare the income statement on the cash receipts and disbursement basis. On this basis revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when incurred. Interest income is accounted for on an accrual basis.

1.2 Property plant and equipment

Fixed assets are stated at cost or at valuation where assets have been acquired by grant or donation, less depreciation written off over the expected useful lives as determined by the Board from time to time. Fixed assets acquired with loan funds are not depreciated until the loan is repaid, unless the expected lifetime of the asset is less than the repayment period of the loan in which case depreciation is calculated on the shortfall.

1.3 Bank and cash

Cash and cash equivalents comprise cash on hand, deposits on call with banks, net of bank overdrafts, all of which are available for use by the Board unless otherwise stated.

1.4 Investments

Investments are stated at cost. Dividends are brought to account as at the last day of registration in respect of listed shares and when declared in respect of unlisted shares.

2. OWN FUNDS

	2009	2008
	N\$	N\$
2.1 Funds and reserves	5 439 090	5 163 332
Opening balance	5 163 332	6 812 915
Surplus / (deficit) for the year	275 758	(1 649 583)
TOTAL FUNDS	5 439 090	5 163 332

3. FIXED ASSETS

Infrastructure, land and buildings, motor vehicles, office equipment, furniture and fittings and computer equipment.

Financed from:

Revenue account

	18 407	12 052
	18 407	12 052

KARAKUL BOARD OF NAMIBIA
NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 MARCH 2009 (continued)

	2009	2008
	N\$	N\$
4. INVESTMENTS		
Investment House Namibia - Money Market	4 400 000	4 300 000
Investment property	658 868	658 868
	5 058 868	4 958 868
5. CASH AND CASH EQUIVALENTS		
For the purpose of the cash flow statement the year-end cash and cash equivalents comprise of the following:		
Bank Windhoek - Call Account	163 250	25 416
Investment House Namibia - Call Account	245 567	469 405
Bank Windhoek - Overdraft	(30 274)	(297 935)
	378 543	196 886
6. TRADE AND OTHER PAYABLES		
Provision for audit fees	7 500	7 755
EFRA project payable	123 625	14 044
	131 125	21 799
7. INVESTMENTS IN SUBSIDIARIES		
Unlisted shares at cost	17 240	17 240
Loans to subsidiaries		
International Marketing Company (Pty) Ltd	-	-
Less: Provision	-	-
	17 240	17 240

The company is dormant since 31 March 2007 and has no productive assets as well as represents an insignificant comparable amount, and therefore it was not considered necessary to prepare consolidated annual financial statements.