



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

# **FISHERIES OBSERVER FUND**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

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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 Fisheries Observer Fund for the financial year ended 31 March 2012, 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, June 2013**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL  
ON THE ACCOUNTS OF THE FISHERIES OBSERVER FUND  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

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**1. INTRODUCTION**

The Fisheries Observer Fund was established in terms of Section 46 (1) of the Marine Resources Act, 2000 (Act 27 of 2000), to administer the funds collected in respect of the levy imposed under Section 44 (4) of the Marine Resources Act, 2000. The Fund's income is derived mainly from levies on harvested sea animals and other products from the sea. The Permanent Secretary: Fisheries and Marine Resources is the Accounting Officer in terms of Section 23 (4) of the Act.

Figures in this report are rounded off to the nearest Namibia Dollar. Deficits are indicated in brackets.

**2. FINANCIAL STATEMENTS**

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

Annexure A: Balance sheet;  
Annexure B: Income statement;  
Annexure C: Statement of changes in equity;  
Annexure D: Cash flow statement; and  
Annexure E: Notes to the financial statements.

**3. SCOPE OF THE AUDIT**

***Management's responsibility for the financial statements***

The Accounting Officer of the Fisheries Observer Fund is responsible for the preparation and fair presentation of these financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

***Auditor's responsibility***

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 said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

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.

#### **4. AUDIT OBSERVATION AND COMMENTS**

##### **4.1 REVENUE**

###### **4.1.1 Incorrect observer rates used**

The rate used to charge Right Holders for an Observer on board of fishing vessels differs from the updated Observer list obtained from Human Resources office.

###### **Recommendation**

The Accounting Officer should ensure that correct observer rates are used when charging Right Holders.

###### **Management comment**

Management agreed with the finding of the auditors and indicated that they are in the process of revamping their data base to prevent such errors from re-occurring in future.

#### **5. ACKNOWLEDGEMENT**

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

#### **6. AUDIT OPINION**

The financial statements of the Fisheries Observer Fund for the financial year ended 31 March 2012 was audited by me in terms of Section 46(7) of the Act, read with Section 25(1)(b) of the State Finance Act, 1991 (Act 31 of 1991).

I certify that in my opinion the financial statements fairly reflect the transactions and the financial position of the Fund for the financial year ended 31 March 2012 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, June 2013**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**FISHERIES OBSERVER FUND  
BALANCE SHEET AS AT 31 MARCH 2012**

	<b>Notes</b>	<b>2012</b> N\$	<b>2011</b> N\$
<b>ASSETS</b>			
<b>Current assets</b>		4 089 232	4 848 810
Accounts receivable	2	3 743 465	4 266 259
Cash and cash equivalents	3	345 767	582 551
<b>Total assets</b>		<b>4 089 234</b>	<b>4 848 810</b>
<b>EQUITY AND LIABILITY</b>			
<b>Non-current liabilities</b>			
Other borrowing	4	-	22 994
<b>Equity</b>		4 089 232	4 825 816
Retained funds		4 825 816	5 322 582
Unexplained differences		-	-
Net profit/(loss) this year	6	(736 584)	(496 766)
<b>Total equity &amp; liabilities</b>		<b>4 089 232</b>	<b>4 848 810</b>

## FISHERIES OBSERVER FUND

## INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 N\$	2011 N\$
<b>REVENUE</b>	<b>5</b>	<b>20 537 469</b>	<b>20 834 199</b>
Fee income - Observers		17 263 575	17 649 301
Fee income - Non-observers		3 049 376	2 957 055
Interest charged		123 543	134 679
Interest received		100 975	93 164
Prior year adjustment		-	-
Grant – MFMR		-	-
<b>Less: Operating Expenses</b>		<b>(345 519)</b>	<b>480 965</b>
Bank Charges		1 579	2 278
Provision for bad debt		(347 098)	478 687
<b>Operating profit for the year</b>		<b>20 882 980</b>	<b>20 353 234</b>
Contribution to Fisheries Observer Agency		(21 619 572)	(20 850 000)
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>		<b>(736 584)</b>	<b>(496 766)</b>

## FISHERIES OBSERVER FUND

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2012

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	<u>2012</u>	<u>2011</u>
	N\$	N\$
Balance at 01 April	4 825 816	5 322 582
Net surplus/(deficit) for the year	<u>(736 584)</u>	<u>(496 766)</u>
Balance at 31 March	<u><b>4 089 232</b></u>	<u><b>4 825 816</b></u>

## FISHERIES OBSERVER FUND

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

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	<u>Notes</u>	<u>2012</u>	<u>2011</u>
		N\$	N\$
Cash generated by operating activities	6	(213 790)	(602 579)
Cash flow from financing activities			
Other borrowings		(22 994)	9 139
Decrease in cash and cash equivalents		(236 784)	(593 440)
Cash and cash equivalents			
-at the beginning of the year		582 551	1 175 991
-at the end of the year	3	<u>345 767</u>	<u>582 551</u>



**FISHERIES OBSERVER FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH 2012**

**1. BASIS OF PREPARATION**

The financial statements are prepared on the historical cost basis as modified by the revaluation of investments. The following are the principal accounting policies used by the fund, which are consistent with those of the previous years.

**1.1 Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and net bank overdrafts. In the statement of financial position, bank overdrafts are included in current liabilities.

	2012	2011
	N\$	N\$
<b>2. PREPAYMENTS AND TRADE RECEIVABLES</b>		
Trade receivables	3 875 053	4 160 447
Less: Provision for bad debts	(131 588)	(478 687)
	<b>3 743 465</b>	<b>4 266 259</b>

**3. CASH AND CASH EQUIVALENTS**

Bank balance	345 767	582 551
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For the purpose of the statement of cash flows, the cash and cash equivalents comprise the following:

Cash and bank balances	345 767	582 551
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**4. OTHER BORROWINGS**

Loan from Fisheries Observer Agency	-	22 994
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This loan originated from accounts receivable on behalf of Fisheries Observer Agency. The loan is interest free, unsecured with no fixed terms of repayment. These arrangements are reviewed from time to time.

**5. REVENUE**

Revenue consists of observer fees, Government grants and Interest received.

	20 537 469	20 834 199
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**6. CASH (ABSORBED) / GENERATED BY OPERATIONS**

Net surplus/(deficit)	(736 584)	(496 766)
Adjust for:		
Increase/(decrease) in accounts receivable	522 794	(105 813)
	<b>(213 790)</b>	<b>(602 579)</b>