

Republic of Namibia



AUDIT REPORT ON THE ACCOUNTS OF THE

AGRONOMIC BOARD

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

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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 Agronomic Board for the financial year ended 31 March 2007, 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, November 2007

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT of the AUDITOR-GENERAL on the
ACCOUNTS of the NAMIBIAN AGRONOMIC BOARD
for the financial year ended 31 MARCH 2007**

1. INTRODUCTION

The Namibian Agronomic Board was established on 1 April 1985, and presently exists in terms of Section 3(1) of the Agronomic Board Industry Act, 1992, (Act No. 20 of 1992) hereinafter referred to as the Act. The objectives of the Board are, in terms of Section 9 of the Act, to promote the agronomic industry and to facilitate the production, processing, storage and marketing of controlled products in Namibia. The Board should keep account of its transactions in achieving these objectives in terms of Section 14(5) of the Act.

The firm Grand Namibia of Windhoek has been appointed under the provisions of Section 26(2) of the State Finance Act, 1991, to perform the audit on behalf of the Auditor-General.

2. FINANCIAL STATEMENTS

Statements of the accounts of the Board prepared in compliance with Section 17(1) of the Act were received and duly signed. The original version of the financial statements published in this report is filed in the Office of the Auditor-General and comprises:

| | |
|-------------|--|
| Annexure A: | Consolidated balance sheet as at 31 March 2007 |
| Annexure B: | Consolidated income and expenditure statement for the financial year ended 31 March 2007 |
| Annexure C: | Notes to the consolidated financial statements |
| Annexure D: | Balance sheet - Grain |
| Annexure E: | Income and expenditure statement - Grain |
| Annexure F: | Notes to the financial statements - Grain |
| Annexure G: | Balance sheet - Horticulture |
| Annexure H: | Income and expenditure statements - Horticulture |
| Annexure I: | Notes to the financial statements - Horticulture |

3. SCOPE OF THE AUDIT

The Accounting Officer of the Board 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 statements included in them and to report his opinion to the National Assembly.

The audit included:

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

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

No material control weaknesses and/or reportable matters were found during the audit.

5. ACKNOWLEDGEMENT

The assistance and co-operation given by the Board's staff during the audit is highly appreciated.

6. AUDIT OPINION

The accounts of the Namibian Agronomic Board were audited in terms of Section 17(2) of the Act, read with Section 25(1)(b) of the State Finance Act, 1991 (Act 31 of 1991). In my opinion these financial statements fairly present the financial position of the Board and the results of the operations for the year ended 31 March 2007.

In all material respects the expenditure and income have been applied to the purposes intended by the Board and the financial transactions conform to the authorities which govern them.

WINDHOEK, November 2007

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

NAMIBIAN AGRONOMIC BOARD

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2007

| | Notes | 2007 N\$ | 2006 N\$ |
|------------------------------------|-------|-------------------|-------------------|
| ASSETS | | | |
| Non-current assets | | | |
| | | 12 658 186 | 10 435 927 |
| Property, plant and equipment | 1 | 502 086 | 603 772 |
| Investments | 6 | 12 156 100 | 9 832 155 |
| Current assets | | | |
| | | 1 555 032 | 1 565 063 |
| Accounts receivable | 7 | 1 258 839 | 1 342 709 |
| Bank | 8 | 295 993 | 222 154 |
| Petty cash | | 200 | 200 |
| TOTAL ASSETS | | 14 213 218 | 12 000 990 |
| EQUITY AND LIABILITIES | | | |
| Funds | | | |
| | | 12 364 223 | 10 211 495 |
| General Fund | 2 | 11 219 340 | 8 893 150 |
| General Administrative Fund | 3 | 1 003 148 | 1 003 148 |
| Commodity Reserve Fund | 4 | 141 735 | 315 197 |
| FUNDS UTILIZED ON CAPITAL | | | |
| Agricultural Board's Building | 5 | 217 913 | 217 913 |
| Current liabilities | | | |
| | | 1 631 082 | 1 571 582 |
| Accounts payable | 9 | 1 631 082 | 1 571 582 |
| TOTAL FUNDS AND LIABILITIES | | 14 213 218 | 12 000 990 |

NAMIBIAN AGRONOMIC BOARD

**CONSOLIDATED INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED
31 MARCH 2007**

| | Notes | 2007 N\$ | 2006 N\$ |
|---|-----------|------------------|------------------|
| INCOME | | 8 187 273 | 6 948 535 |
| Permits issued | | 62 591 | 63 008 |
| Processors' registration | | 188 050 | 166 861 |
| General producers' levy | 11 | 1 560 989 | 1 189 333 |
| Levied | 11 | 2 125 302 | 1 627 889 |
| Less: Agronomic Producers' Associations | 12 | (564 313) | (438 556) |
| Processors' levy | | 4 711 636 | 4 080 205 |
| Processors' levy on local production | | 1 016 917 | 815 657 |
| Processors' levy on grain / Horti products imported | | 3 694 719 | 3 264 548 |
| Levied | | 149 221 | 139 144 |
| Refunded | | (149 221) | (139 144) |
| 6% of profit - Agricultural Boards' Building | 13 | 8 074 | 10 046 |
| Interest received | 6 | 868 664 | 741 611 |
| Accounting and administration fees | 14 | 43 875 | 128 070 |
| Other income | | 5 118 | 65 337 |
| Project support services MAWF | | 292 972 | 193 197 |
| Project management fees | | 358 635 | 310 867 |
| Profit on sale of assests | | 86 669 | - |
| EXPENDITURE | | 5 860 984 | 5 294 213 |
| Board member fees | 15 | 390 048 | 316 597 |
| Strategic planning | | 36 256 | - |
| Area committee contributions | | 40 000 | 91 689 |
| Rent | | 197 851 | 203 505 |
| Personnel remuneration | 16 | 2 517 306 | 2 487 925 |
| Technical advisor | | 26 848 | 39 173 |
| International Trade Negotiations (ATF) | | 141 105 | 101 487 |
| Subsistence and transport costs | | 108 794 | 172 780 |
| Advertisements | | 17 084 | 10 593 |
| Auditor's remuneration | | 18 874 | 7 634 |
| Bank charges | | 27 122 | 27 772 |
| Stationery and printing (Incl. Annual Report) | | 133 999 | 116 117 |
| Team Building expenses | | 14 502 | 5 377 |
| Motor vehicle expenses | | 25 913 | 51 285 |
| Liaison | | 4 235 | 1 889 |
| Repairs and maintenance of equipment | | 97 040 | 95 692 |
| Subscriptions | | 10 658 | 5 428 |
| Insurance | | 40 486 | 34 993 |

NAMIBIAN AGRONOMIC BOARD

**CONSOLIDATED INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED
31 MARCH 2007 (continued)**

| | <u>Notes</u> | <u>2007</u> | <u>2006</u> |
|---|--------------|------------------|------------------|
| | | N\$ | N\$ |
| Training and personnel development | | 41 380 | 31 471 |
| Postal and freight | | 32 764 | 29 583 |
| Promotions | | 38 336 | 16 115 |
| Refreshments | | 13 570 | 15 365 |
| Professional services and legal costs | | 201 702 | 90 845 |
| Telephone and fax | | 89 108 | 118 581 |
| Website development & maintenance | | 79 811 | 62 026 |
| Internet fees | | 75 175 | 92 813 |
| Border inspectors | | 620 435 | 506 945 |
| Depreciation | | 119 424 | 54 214 |
| Motor vehicles | | 50 317 | 10 222 |
| Furniture | | 4 995 | 3 062 |
| Equipment | | 64 112 | 40 930 |
| Accounting fees | | 95 004 | 135 454 |
| Management fees | | 130 985 | 122 483 |
| Levy collection by trade (Import traders comm.) | | 175 465 | 77 445 |
| Capturing of data on database | | 49 867 | 42 132 |
| Producer data collection | | 249 837 | 128 805 |
| Surplus | | 2 326 289 | 1 654 322 |
| Less: Bad debt provision | | (102) | (1 054) |
| Surplus - Transferred to General Fund | | 2 326 187 | 1 653 268 |

NAMIBIAN AGRONOMIC BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2007

| | 2007 | 2006 |
|---|------------------|----------------|
| | N\$ | N\$ |
| 1. PROPERTY, PLANT AND EQUIPMENT | | |
| Cost price | 1 071 548 | 724 115 |
| – Land and buildings | 219 622 | 219 622 |
| – Vehicles | 406 832 | 155 672 |
| – Furniture | 69 943 | 57 347 |
| – Equipment | 375 151 | 291 474 |
| Plus: Purchases | 19 547 | 347 433 |
| – Vehicles | - | 251 160 |
| – Furniture | 4 493 | 12 596 |
| – Equipment | 15 054 | 83 677 |
| Less: Disposals / Written off | 234 625 | - |
| – Vehicles | 155 672 | |
| – Furniture | 2 796 | |
| – Equipment | 76 157 | - |
| Less: Accumulated depreciation | 354 384 | 467 776 |
| – Vehicles | 54 417 | 158 288 |
| – Furniture | 57 871 | 55 355 |
| – Equipment | 242 096 | 254 133 |
| Book value as at 31 March 2007 | 502 086 | 603 772 |
| – Land and buildings | 219 622 | 219 622 |
| – Vehicles | 196 743 | 248 544 |
| – Furniture | 13 769 | 14 588 |
| – Equipment | 71 952 | 121 018 |

Depreciation is calculated as follows:

- Vehicles - 20% on straight line method
 Furniture - 20% on straight line method
 Equipment - 33,33% on straight line method

NAMIBIAN AGRONOMIC BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2007 (continued)**2. GENERAL FUND**

This Fund was established to finance the administrative expenses of the Board. The transactions were:

| | 2007 | 2006 |
|---------------------------------------|-------------------|------------------|
| | N\$ | N\$ |
| Balance as at 1 April 2006 | 8 893 153 | 7 239 791 |
| Prior year adjustment | | 90 |
| Net surplus for the year-Grain | 1 455 640 | 1 092 800 |
| Net surplus for the year-Horticulture | 870 547 | 560 469 |
| Balance as at 31 March 2007 | 11 219 340 | 8 893 150 |

Amounts received for the administration of funds on behalf of the Ministry of Agriculture, Water and Forestry are included.

3. GENERAL ADMINISTRATIVE FUND

This Fund was instituted to act as a buffer against effects of poor crops. The Fund can be used in years of poor crops to finance the Board's administrative functions.

| | 2007 | 2006 |
|-----------------------------|------------------|------------------|
| | N\$ | N\$ |
| Balance as at 1 April 2006 | 1 003 148 | 1 003 148 |
| Balance as at 31 March 2007 | 1 003 148 | 1 003 148 |

4. COMMODITY RESERVE FUND

The Fund was instituted to assist schemes in drought situations, to carry price increases to producers and to be rendered as a guarantee to facilitate production loans. Transactions during the year were:

| | 2007 | 2006 |
|---|----------------|----------------|
| | N\$ | N\$ |
| Balance as at 1 April 2006 | 315 197 | 424 123 |
| Plus / (Less) : White Maize Caprivi Pool Surplus | (31 728) | (108 926) |
| Hardap Co-Op (Flood Assistance) | (141 734) | - |
| Balance as at 31 March 2007 | 141 735 | 315 197 |
| Balance at 31 March 2007 represents: | | |
| White Maize | 98 044 | 239 778 |
| White Maize – Caprivi Pool | - | 31 728 |
| Wheat | 43 691 | 43 691 |
| | 141 735 | 315 197 |

NAMIBIAN AGRONOMIC BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2007 (continued)**5. AGRICULTURAL BOARDS' BUILDING**

The Agronomic Board holds a 6% share in a joint venture with the Karakul Board of Namibia and the Meat Board of Namibia in the Agricultural Boards' Building.

6. INVESTMENTS

At year-end the amounts invested in terms of Section 14(5) of the Act were as listed below. Investments have been made in terms of the approved investment policy of the Board. At the time of writing the report, the Accounting Officer was in the process of obtaining the Minister's approval of the Board's investment policy, in terms of the mentioned section of the Act.

| | <u>2007</u> | <u>2006</u> |
|--|--------------------------|-------------------------|
| | N\$ | N\$ |
| At a commercial bank (Tiered rate call account). The rate of interest was 5,5 at 31 March 2007. | 285 539 | 844 106 |
| At a money market dealer. The interest rate was 7.7% at 31 March 2006 and 9.5% at 31 March 2007. | 9 640 104 | 7 174 699 |
| At a money market dealer. The interest rate was 7.5% at 31 March 2006 and 8,1% at 31 March 2007. | 2 230 457 | 1 813 350 |
| | <u>12 156 100</u> | <u>9 832 155</u> |
| | <u>2007</u> | <u>2006</u> |
| | N\$ | N\$ |
| Interest was credited to: | | |
| Grain | 769 554 | 719 268 |
| Horticulture | 99 110 | 22 343 |
| | <u>868 664</u> | <u>741 611</u> |

7. ACCOUNTS RECEIVABLE

The following amounts were owed to the Board at 31 March 2007 in respect of:

| | <u>2007</u> | <u>2006</u> |
|--|-------------------------|-------------------------|
| | N\$ | N\$ |
| Processors levy: Imported grain and permit costs | 631 697 | 570 057 |
| Horticulture trade debtors | 404 040 | 372 786 |
| Agricultural Boards' Building profit | 18 074 | 23 046 |
| Caprivi Pool Debtors | - | 26 583 |
| Interest accrued | 171 423 | 267 591 |
| MAWF Trust Funds | 2 458 | 40 861 |
| Sundries | 50 887 | 61 525 |
| | <u>1 278 579</u> | <u>1 362 449</u> |
| Less: Provision for bad debts | (19 740) | (19 740) |
| | <u>1 258 839</u> | <u>1 342 709</u> |

NAMIBIAN AGRONOMIC BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2007 (continued)**8. BANK**

In terms of the Act the Board has two current accounts at a commercial bank for Grain and for Horticulture respectively for the execution of all its financial transactions.

9. ACCOUNTS PAYABLE

Unpaid commitments of the Board at 31 March 2007 were:

| | 2007 | 2006 |
|---|------------------|------------------|
| | N\$ | N\$ |
| Levies payable to agronomic producers' associations (0,5%) | 48 202 | 16 456 |
| Levies payable to NGPA (0.05%) | 27 098 | 49 411 |
| Income received in advance | 30 904 | 25 602 |
| Vat payable | 169 026 | 95 492 |
| Various administrative costs | 443 826 | 366 398 |
| Provision for Leave Pay | 55 100 | 47 979 |
| Provision for Contractual Obligation (Abolishment of protective measures) | 117 740 | - |
| Consultancy fees received in advance | 651 858 | 655 404 |
| Nett deposit of Caprivi Producers (Namib Mills) | 77 156 | - |
| Namib Mills – Guarantee WM Imports (Closing Border Period) | - | 314 840 |
| Tea club contributions | 1 230 | - |
| NASSP Contract payments | 8 942 | - |
| | 1 631 082 | 1 571 582 |

NAMIBIAN AGRONOMIC BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2007 (continued)**10. TRUST FUNDS: MINISTRY OF AGRICULTURE, WATER AND FORESTRY**

The Ministry of Agriculture, Water and Forestry agreed with the Namibian Agronomic Board that the Board will act as agent to administer various consultancies on its behalf.

| | 2007 | 2006 |
|---|-------------------|-------------------|
| | N\$ | N\$ |
| Funds were invested as follows: | | |
| At a money market dealer (Call account). The interest rate was 7.3% at 31 March 2006 and 8.1% at 31 March 2007. | 12 516 516 | 18 509 036 |
| | 12 516 516 | 18 509 036 |

| Funds available: | 2007 | 2006 |
|--|-------------------|-------------------|
| | N\$ | N\$ |
| Draft Animal Power Programme | 599 635 | 1 142 700 |
| Mahangu Sorghum task team | 181 088 | 445 730 |
| Caprivi Region Integrated Storage Project | 5 024 308 | 8 909 251 |
| Cold storage | 93 166 | 86 167 |
| Horticulture | 1 654 317 | 1 333 879 |
| Training in tractor ploughing and seed retailing | 1 456 968 | 2 332 106 |
| Indigenous fruits | 618 500 | 503 315 |
| Communal Development Production Fund | 196 564 | 1 022 662 |
| SADC EU Ministers Congress | 252 281 | 553 047 |
| Wild silk | 49 511 | 16 195 |
| Fruit and vegetable feasibility study | 44 330 | 40 999 |
| Land reform consultancy | 193 540 | 179 002 |
| Pump Project | 28 | 16 490 |
| Namibia Small Stock Development Project | 141 110 | 130 511 |
| Useful Plants Development Project | 856 920 | 896 424 |
| Cotton campaign | 353 639 | 317 304 |
| Mahangu controlled product | - | 472 648 |
| San – DAPAP | 800 611 | 110 606 |
| | 12 516 516 | 18 509 036 |

11. THE GENERAL PRODUCERS' LEVY IS ANALYZED AS FOLLOWS:

| | 2007 | 2006 |
|----------------|------------------|------------------|
| | N\$ | N\$ |
| White Maize 9% | 802 321 | 613 147 |
| White Maize 5% | 444 076 | 362 639 |
| Wheat 9% | 219 721 | 136 651 |
| Wheat 5% | 120 236 | 75 917 |
| Horticulture | 538 948 | 439 535 |
| | 2 125 302 | 1 627 889 |

NAMIBIAN AGRONOMIC BOARD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2007 (continued)**12. LEVIES FOR AGRONOMIC PRODUCERS' ASSOCIATIONS**

The extent of the levies received by the agronomic producers' associations depends on the size of the crop. A fixed portion of 0.5% of this levy, which is currently charged at 1.4% of the value of the sales, is earmarked for the financing of the agronomic producers' associations. The policy laid down by the Board regarding payouts to different associations is based on actual levies received.

13. 6% OF PROFIT - AGRICULTURAL BOARDS' BUILDING

| | 2007 | 2006 |
|----------------|--------------|---------------|
| | N\$ | N\$ |
| Income | 7 000 | 10 000 |
| Underprovision | 1 074 | 46 |
| | 8 074 | 10 046 |

14. ACCOUNTING AND ADMINISTRATION FEES

The Board acts as unit co-ordinator and financial controller of various Task Teams under contract of the Government of Namibia. The Board administrates all meetings of the various Task Teams on behalf of the Ministry of Agriculture, Water and Forestry.

15. BOARD MEMBERS

Expenses on members of the Board increased by 23% during 2006/2007 (2005/2006: Increased by 27%).

16. STAFF

Remuneration of staff increased by 1.18% during 2006/2007 (2005/2006 decreased by 7.88%).

NAMIBIAN AGRONOMIC BOARD - GRAIN

BALANCE SHEET AS AT 31 MARCH 2007

| | Notes | 2007 | 2006 |
|---------------------------------------|-------|-------------------|-------------------|
| | | N\$ | N\$ |
| ASSETS | | | |
| Non-current assets | | | |
| | | 10 913 438 | 9 661 940 |
| Property, plant and equipment | 1 | 481 732 | 567 362 |
| Investments | 6 | 10 431 706 | 9 094 578 |
| Current assets | | | |
| | | 1 035 910 | 1 079 507 |
| Accounts receivable | 7 | 838 466 | 948 969 |
| Bank | 8 | 197 244 | 130 338 |
| Petty cash | | 200 | 200 |
| | | 11 949 348 | 10 741 447 |
| EQUITY AND LIABILITIES | | | |
| Accumulated Funds | | | |
| | | 10 547 200 | 9 265 021 |
| General Fund | 2 | 9 402 317 | 7 946 676 |
| General Administration Fund | 3 | 1 003 148 | 1 003 148 |
| Commodity Reserve Fund | 4 | 141 735 | 315 197 |
| Shares: Agricultural Boards' Building | 5 | 217 913 | 217 913 |
| Current liabilities | | | |
| | | 1 184 235 | 1 258 513 |
| Accounts payable | 9 | 1 184 235 | 1 258 513 |
| | | 11 949 348 | 10 741 447 |

NAMIBIAN AGRONOMIC BOARD - GRAIN

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

| | Notes | 2007 | 2006 |
|---|-------|------------------|------------------|
| | | N\$ | N\$ |
| INCOME | | 5 485 783 | 4 629 955 |
| Permits issued | | 62 591 | 63 008 |
| Processors' registration | | 188 050 | 166 861 |
| General producers' levy | 11 | 1 022 041 | 749 799 |
| Levied | 11 | 1 586 354 | 1 188 355 |
| Less: Agronomic Producers' Associations | 12 | (564 313) | (438 556) |
| Processors' levy | | 2 652 692 | 2 273 795 |
| Processors' levy on local production | | 1 016 917 | 815 657 |
| Processors' levy on grain imported | | 1 635 775 | 1 458 138 |
| NGPA Levies | | 149 221 | 139 144 |
| NGPA Refunded | | (149 221) | (139 144) |
| 6% of profit - Agricultural Boards' Building | 13 | 8 074 | 10 046 |
| Interest received | 6 | 769 554 | 719 268 |
| Accounting and administration fees | | 43 875 | 128 070 |
| Sundry income | | 630 | 15 044 |
| Project support services MAWF | 14 | 292 972 | 193 197 |
| Project management fees | | 358 635 | 310 867 |
| Profit on sale of assets | | 86 669 | - |
| EXPENDITURE | | 4 030 143 | 3 537 156 |
| Board member fees | 15 | 256 454 | 257 076 |
| Strategic planning | | 36 256 | - |
| Rent | | 167 481 | 150 767 |
| Personnel remuneration | 16 | 2 047 166 | 1 869 690 |
| Technical advisor | | 26 848 | 39 173 |
| International Trade Negotiations (ATF) | | 113 269 | 78 696 |
| Subsistence and transport costs | | 63 109 | 96 588 |
| Advertisements | | 12 592 | 9 059 |
| Auditor's remuneration | | 12 276 | 7 634 |
| Bank charges | | 21 945 | 24 164 |
| Stationery and printing (Incl. Annual Report) | | 78 943 | 79 189 |
| Team building expenses | | 11 517 | 4 640 |
| Motor vehicle expenses | | 25 913 | 51 285 |
| Liaison | | 4 235 | 1 889 |
| Repairs and maintenance of equipment | | 76 409 | 69 345 |
| Subscriptions | | 8 789 | 4 112 |
| Insurance | | 24 860 | 21 113 |
| Training and personnel development | | 21 502 | 22 416 |
| Postal and freight | | 14 281 | 10 775 |
| Promotions | | 38 336 | 16 115 |
| Refreshments | | 10 244 | 11 418 |
| Professional services and legal costs | | 190 185 | 87 782 |
| Telephone and fax | | 72 472 | 87 918 |

NAMIBIAN AGRONOMIC BOARD - GRAIN

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED
31 MARCH 2007(continued)

| | 2007 | 2006 |
|---|------------------|------------------|
| | N\$ | N\$ |
| Website development & maintenance | 14 543 | 8 180 |
| Internet fees | 54 934 | 62 519 |
| Border inspectors | 522 749 | 421 313 |
| Depreciation | 102 835 | 44 300 |
| Motor vehicles | 50 317 | 10 222 |
| Furniture | 3 868 | 3 062 |
| Equipment | 48 650 | 31 016 |
| Surplus/(deficit) - Transferred to General Fund | 1 455 640 | 1 092 799 |

NAMIBIAN AGRONOMIC BOARD - GRAIN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

| | 2007 | 2006 |
|---------------------------------------|------------------|----------------|
| | N\$ | N\$ |
| 1. FIXED ASSETS | | |
| Cost price | 1 019 910 | 697 168 |
| – Land and buildings | 219 623 | 219 622 |
| – Vehicles | 406 832 | 155 672 |
| – Furniture | 64 707 | 57 347 |
| – Equipment | 328 748 | 264 527 |
| Plus: Purchases | 19 014 | 322 741 |
| – Vehicles | - | 251 160 |
| – Furniture | 3 960 | 7 360 |
| – Equipment | 15 054 | 64 221 |
| Less: Disposals / Written off | 234 625 | - |
| – Vehicles | 155 672 | - |
| – Furniture | 2 796 | - |
| – Equipment | 76 157 | - |
| Less: Accumulated depreciation | 322 566 | 452 547 |
| – Vehicles | 54 417 | 158 288 |
| – Furniture | 56 744 | 55 355 |
| – Equipment | 211 405 | 238 904 |
| Book value as at 31 March 2007 | 481 732 | 567 362 |
| – Land and buildings | 219 622 | 219 622 |
| – Vehicles | 196 743 | 248 544 |
| – Furniture | 9 127 | 9 352 |
| – Equipment | 56 240 | 89 844 |

Depreciation is calculated as follows:

- Vehicles - 20% on straight line method
 Furniture - 20% on straight line method
 Equipment - 33,33% on straight line method

NAMIBIAN AGRONOMIC BOARD - GRAIN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007
(continued)**2. GENERAL FUND**

This Fund was established to finance the administrative expenses of the Board. The transactions were:

| | 2007 | 2006 |
|-----------------------------|------------------|------------------|
| | N\$ | N\$ |
| Balance as at 1 April 2006 | 7 946 677 | 6 853 787 |
| Prior year adjustment | - | 90 |
| Net surplus for the year | 1 455 640 | 1 092 799 |
| Balance as at 31 March 2007 | 9 402 317 | 7 946 676 |

3. GENERAL ADMINISTRATIVE FUND

This Fund was instituted to act as a buffer against effects of poor crops. The Fund can be used in years of poor crops to finance the Board's administrative functions.

| | 2007 | 2006 |
|-----------------------------|------------------|------------------|
| | N\$ | N\$ |
| Balance as at 1 April 2006 | 1 003 148 | 1 003 148 |
| Balance as at 31 March 2007 | 1 003 148 | 1 003 148 |

4. COMMODITY RESERVE FUND

The Fund was instituted to assist schemes in drought situations, to carry price increases to producers and to be rendered as a guarantee to facilitate production loans. Transactions during the year were:

| | 2007 | 2006 |
|---|----------------|----------------|
| | N\$ | N\$ |
| Balance as at 1 April 2006 | 315 197 | 424 123 |
| Plus / (Less): White Maize Caprivi Pool surplus/(deficit) | (31 728) | (108 926) |
| Hardap Co-Op (Flood assistance) | (141 734) | |
| Balance as at 31 March 2007 | 141 735 | 315 197 |

Balance at 31 March 2007 represents:

| | | |
|----------------------------|----------------|----------------|
| White Maize | 98 044 | 239 778 |
| White Maize – Caprivi Pool | - | 31 728 |
| Wheat | 43 692 | 43 691 |
| | 141 735 | 315 197 |

NAMIBIAN AGRONOMIC BOARD - GRAIN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007
(continued)**5. AGRICULTURAL BOARDS' BUILDING**

The Agronomic Board holds a 6% share in a joint venture with the Karakul Board of Namibia and the Meat Board of Namibia in the Agricultural Boards' Building.

6. INVESTMENTS

At year-end the amounts invested in terms of Section 14(5) of the Act were:

| | <u>2007</u> | <u>2006</u> |
|---|--------------------------|-------------------------|
| | N\$ | N\$ |
| At a commercial bank (Tiered rate call account). The rate of interest was 5.5% at 31 March 2007. | 144 703 | 106 529 |
| At a money market dealer. The interest rate was 7.70% at 31 March 2006 and 9.5% at 31 March 2007. | 8 577 948 | 7 174 699 |
| At a money market dealer. The interest rate was 7.5% at 31 March 2006 and 8.1% at 31 March 2007. | 1 709 055 | 1 813 350 |
| | <u>10 431 706</u> | <u>9 094 578</u> |
| Interest was credited to: | | |
| Grain income | <u>769 554</u> | <u>719 268</u> |

7. ACCOUNTS RECEIVABLE

The following amounts were owed to the Board at 31 March 2007 in respect of:

| | <u>2007</u> | <u>2006</u> |
|--|------------------------|------------------------|
| | N\$ | N\$ |
| Processors levy: Imported grain and permit costs | 631 697 | 570 057 |
| Agricultural Boards' Building profit | 18 074 | 23 046 |
| Caprivi pool debtors / FNB Katima | - | 26 583 |
| Interest accrued | 171 423 | 267 591 |
| MAWF trust funds | 2 458 | 40 861 |
| Sundries | 34 554 | 40 571 |
| | <u>858 206</u> | <u>968 709</u> |
| Less: Provision for bad debts | <u>(19 740)</u> | <u>(19 740)</u> |
| | <u>838 466</u> | <u>948 969</u> |

NAMIBIAN AGRONOMIC BOARD - GRAIN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

(continued)

8. BANK

In terms of the Act, the Board only has one current account at a commercial bank for the execution of all its financial transactions. Transfers of monies between various bank accounts are therefore not necessary, although provided for in Section 14(3) of the Act.

The current bank statement's balance at 31 March 2007 was N\$ 199 114 favourable. Uncleared cheques totalling N\$ 1 870 resulted in the account in the ledger showing a N\$ 197 244 favourable (2006: N\$ 130 338 favourable) balance.

9. ACCOUNTS PAYABLE

Unpaid commitments of the Board at 31 March 2007 were:

| | 2007 | 2006 |
|---|------------------|------------------|
| | N\$ | N\$ |
| Levies payable to agronomic producers' associations (0,5%) | 48 202 | 16 456 |
| Levies payable to NGPA (0.05%) | 27 098 | 49 411 |
| Income received in advance | 9 944 | 13 116 |
| Vat payable | 111 597 | 64 175 |
| Various administrative costs | 81 088 | 98 115 |
| Provision for Leave Pay | 49 650 | 46 996 |
| Provision for Contractual Obligation (Abolishment of protective measures) | 117 740 | - |
| Consultancy fees | 651 858 | 655 404 |
| Nett deposit of Caprivi Producers (Namib Mills) | 77 156 | - |
| Namib Mills – Guarantee WM imports (Closing Border Period) | - | 314 840 |
| Tea club contributions | 960 | - |
| NASSP Contract payments | 8 942 | - |
| | 1 184 235 | 1 258 513 |

NAMIBIAN AGRONOMIC BOARD - GRAIN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

(continued)

10. TRUST FUNDS: MINISTRY OF AGRICULTURE, WATER AND FORESTRY

The Ministry of Agriculture, Water and Forestry agreed with the Namibian Agronomic Board that the Board will act as agent to administer various consultancies on its behalf.

| | 2007 | 2006 |
|---|-------------------|-------------------|
| | N\$ | N\$ |
| Funds were invested as follows: | | |
| At a money market dealer (Call account). The interest rate was 7.3% at 31 March 2006 and 8.1% at 31 March 2007. | 12 516 516 | 18 509 036 |
| Funds available | 2007 | 2006 |
| | N\$ | N\$ |
| Draft animal power programme | 599 635 | 1 142 700 |
| Mahangu Sorghum task team | 181 088 | 445 730 |
| Caprivi Region Integrated Storage Project | 5 024 308 | 8 909 251 |
| Cold storage | 93 166 | 86 167 |
| Horticulture | 1 654 317 | 1 333 879 |
| Training in tractor ploughing and seed retailing | 1 456 968 | 2 332 106 |
| Indigenous fruits | 618 500 | 503 315 |
| Communal Development Production Fund | 196 564 | 1 022 662 |
| SADC EU Ministers congress | 252 281 | 553 047 |
| Wild silk | 49 511 | 16 195 |
| Fruit and Vegetable Feasibility Study | 44 330 | 40 999 |
| Land reform consultancy | 193 540 | 179 002 |
| Pump project | 28 | 16 490 |
| Namibia Small Stock Development Project | 141 110 | 130 511 |
| Useful Plants Development Project | 856 920 | 896 424 |
| Cotton campaign | 353 639 | 317 304 |
| Mahangu controlled product | - | 472 648 |
| San – DAPAP | 800 611 | 110 606 |
| | 12 516 516 | 18 509 036 |

11. THE GENERAL PRODUCERS' LEVY IS ANALYZED AS FOLLOWS:

| | 2007 | 2006 |
|-------------|------------------|----------------|
| | N\$ | N\$ |
| White maize | 802 321 | 613 147 |
| Wheat | 219 721 | 136 652 |
| | 1 022 042 | 749 799 |

A general producers' levy of 1,4% of landed cost is payable by all producers who sell white maize or wheat for his/her own benefit.

NAMIBIAN AGRONOMIC BOARD - GRAIN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007
(continued)**12. LEVIES FOR AGRONOMIC PRODUCERS' ASSOCIATIONS**

The extent of the levies received by the agronomic producers' associations depends on the size of the crop. A fixed portion of 0.5% of this levy, which is currently charged at 1.4% of the value of the sales, is earmarked for the financing of the agronomic producers' associations. The policy laid down by the Board regarding pay-outs to the associations is based on actual levies received.

13. 6% OF PROFIT - AGRICULTURAL BOARDS' BUILDING

| | <u>2007</u> | <u>2006</u> |
|-----------------|---------------------|----------------------|
| | N\$ | N\$ |
| Income | 7 000 | 10 000 |
| Under provision | 1 074 | 46 |
| | <u>8 074</u> | <u>10 046</u> |

14. ACCOUNTING AND ADMINISTRATION FEES

The Board acts as unit co-ordinator and financial controller of various Task Teams under contract of the Government of Namibia. The Board administrates all meetings of the various Task Teams on behalf of the Ministry of Agriculture, Water and Forestry.

15. BOARD MEMBERS

Expenses on members of the Board decreased by .24% during 2006/2007 (2005/2006: increased by 7.8%).

16. STAFF

Remuneration of staff increased by 9.5% during 2006/2007 (2005/2006 increased by 14.28%). Remuneration expenses also include Provision for Leave Pay.

NAMIBIAN AGRONOMIC BOARD – HORTICULTURE

BALANCE SHEET AS AT 31 MARCH 2007

| | Notes | 2007 N\$ | 2006 N\$ |
|-------------------------------|-------|------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 1 | 20 354 | 36 410 |
| Investments | 3 | 1 724 394 | 737 577 |
| Current assets | | | |
| Accounts receivable | 4 | 420 373 | 393 740 |
| Bank | 5 | 98 749 | 91 816 |
| | | 2 263 870 | 1 259 543 |
| EQUITY AND LIABILITIES | | | |
| Funds | | | |
| General Fund | 2 | 1 817 023 | 946 474 |
| Current liabilities | | | |
| Accounts payable | 6 | 446 847 | 313 069 |
| | | 2 263 870 | 1 259 543 |

NAMIBIA AGRONOMIC BOARD – HORTICULTURE

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

| | 2007 | 2006 |
|---|------------------|------------------|
| | N\$ | N\$ |
| INCOME | 2 701 490 | 2 318 580 |
| Total levies | 2 597 892 | 2 245 944 |
| General producers' levy | 538 948 | 439 534 |
| Import levy | 2 058 944 | 1 806 410 |
| Other income | 4 488 | 50 293 |
| Interest received | 99 110 | 22 343 |
| EXPENDITURE | 1 830 841 | 1 757 057 |
| Board member fees | 133 594 | 59 521 |
| Area committee contributions | 40 000 | 91 689 |
| Rent | 30 370 | 52 738 |
| Personnel remuneration | 470 140 | 618 235 |
| International Trade Negotiations (ATF) | 27 836 | 22 791 |
| Subsistence and transport costs | 45 685 | 76 192 |
| Advertisements | 4 492 | 1 534 |
| Auditor's remuneration | 6 598 | - |
| Bank charges | 5 177 | 3 609 |
| Stationery and printing (Incl. Annual Report) | 55 056 | 36 928 |
| Team Building Expenses | 2 985 | 737 |
| Repairs and maintenance of computers | 20 631 | 26 347 |
| Subscriptions | 1 869 | 1 315 |
| Insurance | 15 626 | 13 880 |
| Training and personnel development | 19 878 | 9 055 |
| Postal and freight | 18 483 | 18 808 |
| Refreshments | 3 326 | 3 947 |
| Professional services and legal costs | 11 517 | 3 063 |
| Telephone and fax | 16 636 | 30 663 |
| Website development & maintenance | 65 268 | 53 846 |
| Internet fees | 20 241 | 30 294 |
| Border inspectors | 97 686 | 85 632 |
| Accounting fees | 95 004 | 135 454 |
| Management fees | 130 985 | 122 483 |
| Levy collection by trade (Import traders comm.) | 175 465 | 77 445 |
| Capturing of data on database | 49 867 | 42 132 |
| Producer data collection | 249 837 | 128 805 |
| Depreciation | 16 589 | 9 914 |
| Furniture | 1 127 | - |
| Equipment | 15 462 | 9 914 |
| Surplus | 870 649 | 561 523 |
| Less: Bad debts | (102) | (1 054) |
| Surplus transferred to General Fund | 870 547 | 560 469 |

NAMIBIAN AGRONOMIC BOARD - HORTICULTURE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

| | 2007 | 2006 |
|---------------------------------------|---------------|---------------|
| | N\$ | N\$ |
| 1. FIXED ASSETS | | |
| Cost price | 51 639 | 26 947 |
| – Furniture | 5 236 | - |
| – Equipment | 46 403 | 26 947 |
| Plus: Purchases | 533 | 24 692 |
| – Furniture | 533 | 5 236 |
| – Equipment | - | 19 456 |
| Less: Disposals / Written off | - | - |
| – Furniture | - | - |
| – Equipment | - | - |
| Less: Accumulated depreciation | 31 818 | 15 229 |
| – Furniture | 1 127 | - |
| – Equipment | 30 691 | 15 229 |
| Book value as at 31 March 2007 | 20 354 | 36 410 |
| – Furniture | 4 642 | 5 236 |
| – Equipment | 15 712 | 31 174 |

Depreciation is calculated as follows:

| | | |
|-----------|---|--------------------------------|
| Furniture | - | 20% on straight line method |
| Equipment | - | 33,33% on straight line method |

2. GENERAL FUND

This Fund was established to finance the administrative expenses of the Board. The transactions were:

| | 2007 | 2006 |
|--|------------------|----------------|
| | N\$ | N\$ |
| Balance as at 1 April 2006 | 946 476 | 386 005 |
| Adjustment (Area committees contributions) | - | - |
| Net profit for the year | 870 547 | 560 469 |
| Balance at the end of the year | 1 817 023 | 946 474 |

NAMIBIAN AGRONOMIC BOARD - HORTICULTURE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

(continued)

3. INVESTMENTS

At year-end the amounts invested in terms of Section 14(5) of the Act were:

| | <u>2007</u> | <u>2006</u> |
|---|-------------------------|-----------------------|
| | N\$ | N\$ |
| At a commercial bank (Tiered rate call account). The rate of interest was 4% at 31 March 2006 and 5.5% at March 2007. | 140 836 | 737 577 |
| At a money market dealer. The interest rate was 8.1% at 31 March 2007. | 1 062 156 | |
| At a money market dealer. The interest rate was 9.2% at 31 March 2007. | 521 402 | |
| | <u>1 724 394</u> | <u>737 577</u> |
| Interest was credited to: | | |
| Horticulture income | <u>99 110</u> | <u>22 343</u> |

4. ACCOUNTS RECEIVABLE

The following amounts were owed to the Board at 31 March 2007 in respect of:

| | <u>2007</u> | <u>2006</u> |
|----------------|-----------------------|-----------------------|
| | N\$ | N\$ |
| Trade debtors | 404 040 | 372 786 |
| Sundry debtors | 16 333 | 20 954 |
| | <u>420 373</u> | <u>393 740</u> |

5. BANK

In terms of the Act the Board only has one current account at a commercial bank for the execution of all its financial transactions. Transfers of monies between various bank accounts are therefore not necessary, although provided for in Section 14(3) of the Act.

The current bank statement's balance at 31 March 2007 was N\$ 100,259 favourable with uncleared cheques of N\$ 1,510 which resulted in the account in the ledger showing a N\$ 98 749 favourable balance.

6. ACCOUNTS PAYABLE

Unpaid commitments of the Board at 31 March 2007 were:

| | <u>2007</u> | <u>2006</u> |
|------------------------------|-----------------------|-----------------------|
| | N\$ | N\$ |
| Income received in advance | 20 960 | 12 486 |
| Vat payable | 57 429 | 31 317 |
| Various administrative costs | 362 738 | 268 283 |
| Provision for leave pay | 5 450 | 983 |
| Tea club contribution | 270 | - |
| | <u>446 847</u> | <u>313 069</u> |