



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
NAMIBIAN AGRONOMIC BOARD
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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REPUBLIC OF NAMIBIA



TO THE HONORABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Namibian Agronomic Board for the financial year ended 31 March 2018, 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.

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

WINDHOEK, February 2019

**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 2018**

1. UNQUALIFIED AUDIT OPINION

I certify that I have audited the financial statements of the Namibian Agronomic Board for the financial year ended 31 March 2018. These financial statements comprise the statement of financial position, statement of profit and loss and other comprehensive income, notes to the annual financial statements for the year then ended and summary of significant accounting policies and explanatory information.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Namibian Agronomic Board as at 31 March 2018 and its financial performance for the year then ended in accordance with Generally Accepted Accounting Practices

2. 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..

3. 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 Agronomic industry Act 20 of 1992 and the State Finance Act, Act 31 of 1991, 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.

4. 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, 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.

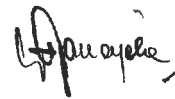
As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit.

- 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 used 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 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.

5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The financial statements were submitted late on the 31st of July 2018 by the Accounting Officer to the Auditor-General not in compliance with section 26 of the State Owned Enterprise Governance Act, 2006.



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, February 2019

**NAMIBIAN AGRONOMIC BOARD
STATEMENT OF FINANCIAL POSITION AT 31 MARCH**

	Note	2018 N\$	2017 N\$
ASSETS			
Non-current assets			
Property, plant and equipment	2	4 850 035	5 002 000
Investments	3	10 053 527	25 463 864
Current assets			
Trade and other receivables	4	81 016 071	100 085 432
Cash and cash equivalents	5	6 981 765	8 305 699
TOTAL ASSETS		102 901 398	138 856 995
FUNDS AND LIABILITIES			
Funds and reserves			
General Fund	6	14 622 075	31 016 888
General Administration Fund	7	1 003 148	1 003 148
Commodity Reserve Fund	8	13 798	13 799
Shares Agricultural Board's Building	9	4 621 290	4 621 290
Current liabilities			
Trade and other payables	10	82 641 087	102 201 870
Total funds and liabilities		102 901 398	138 856 995

ANNEXURE B

NAMIBIAN AGRONOMIC BOARD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH

	2018	2017	2017
		Restated	
Note	N\$	N\$	
INCOME	19 621 993	19 345 259	118 008 194
Levies and Fees Collect by AMTA	-	-	98 662 936
Permits issued	-	-	806 658
Processors registration	-	-	190 458
Inspection fees on in transit and export trucks	-	-	2 263 471
General producer's levy			
White Maize	-	-	2 603 422
Wheat	-	-	633 195
Grain Processors levy-Local			
White Maize and Mahangu	-	-	2 076 102
Wheat	-	-	633 195
Grain Processors levy-Imports			
White Maize and Mahangu	-	-	28 430 894
Wheat	-	-	22 575 647
Horticulture Levies			
Levies on local production	-	-	2 885 702
Levies on imports	-	-	22 522 099
Selling levy (local and imports)	-	-	10 031 207
Interest received	805 426	1 408 535	1 408 535
10% of profit – Agricultural Boards Building	188 434	146 477	146 477
Other accounting and administration fees	-	92 939	92 939
MAWF levy distribution	18 626 610	17 222 337	17 222 337
Profit on sale of equipment	-	19 959	19 959
Other income	1 523	455 012	455 012
Expenses	16 (15 175 797)	(13 918 455)	(112 581 389)
Net surplus for the year	4 446 196	5 426 804	5 426 804

NAMIBIAN AGRONOMIC BOARD

NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES**1.1 Introduction**

The annual financial statements set out in Annexures A to C were prepared on the historical cost basis, and incorporate the following principal accounting policies, which are consistent in all material aspects with those applied in the previous year.

1.2 Revenue recognition

Revenue comprises of levies and fees collected by the agency (AMTA) on behalf of the Board in terms of the Agronomic Industry Act of Namibia Act 20, of 1992.

1.3 Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investments.

1.4 Property, plant and equipment

All property, plant and equipment are initially recorded at cost and adjusted for any impairment in value.

Impairment losses and reversal of impairment losses are recognised in the income statement.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

- Motor vehicles	4 years
- Furniture and fittings	5 years
- Office equipment	3 years

1.5 Provisions

Provisions are recognised when the Board has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

NAMIBIAN AGRONOMIC BOARD

NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH

(continued)

2. PROPERTY, PLANT AND EQUIPMENT

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
	N\$	N\$	N\$	N\$	N\$	N\$
Land & Building	4 623 000	-	4 623 000	4 623 000	-	4 623 000
Motor Vehicles	629 388	(543 325)	86 063	629 388	(385 978)	243 410
Furniture	156 735	(124 230)	32 505	133 825	(119 982)	13 843
Equipment	585 571	(477 103)	108 468	524 553	(402 806)	121 747
	5 994 693	(1 144 658)	4 850 035	5 910 765	(859 365)	5 002 000

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

	Carrying Value beginning of year	Additions	Disposals	Depreciation	Carrying Value end of year
	N\$	N\$	N\$	N\$	N\$
2018					
Land & Building	4 623 000	-	-	-	4 623 000
Motor vehicles	243 410	-	-	(157 346)	86 063
Furniture	13 843	25 990	(331)	(6 996)	32 505
Equipment	121 747	61 018	-	(74 298)	108 468
	5 002 000	87 008	(331)	(238 640)	4 850 035
2017					
Land & Building	4 623 000	-	-	-	4 623 000
Motor vehicles	238 195	153 000	(1)	(147 784)	243 410
Furniture	13 690	6 400	(35)	(6 213)	13 843
Equipment	186 888	23 341	(4)	(88 478)	121 747
	5 061 773	182 741	(40)	(242 475)	5 002 000

Details of Properties

Erf no 744 and 749, Windhoek

The property consists 2 ervens of which the Namibian Agronomic Board owns 10% of the two properties.

- Erf 744, Windhoek, and measures 4,205 square meters
- Erf 749, Windhoek measuring 1,854 square meters

NAMIBIAN AGRONOMIC BOARD
NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH
(continued)

	2018	2017
	N\$	N\$
3. INVESTMENTS		
At the period –end the amounts invested in terms of Section 14(5) of the Act were:		
Standard Bank – At 5.7 % interest rate at year end	9 567 801	25 013 128
Old Mutual Money Market – 7.36 % interest rate at year end	485 726	450 736
	10 053 527	25 463 864
4. TRADE AND OTHER RECEIVABLES		
Trade receivables	8 718	62 218
Outstanding levies –AMTA	80 926 543	99 887 514
VAT on levies collected from January 2015 to March 2015	1 224 579	1 224 579
Levies & fees collected from April to 31 March	79 701 964	98 662 935
Prepaid expenses	7 850	61 957
Sundries (Staff loans)	5 611	6 394
Vat receivable	67 349	67 349
	81 016 071	100 085 432
5. CASH AND CASH EQUIVALENTS		
In terms of the Act the Board has two current accounts at a commercial bank for levies and operations:		
Bank Balances	6 979 762	8 303 696
Petty cash	2 003	2 003
	6 981 765	8 305 699
6. GENERAL FUND		
The Fund was established to finance the administration expenses of the Board. Transactions were as follows:		
Balance – at the beginning of the year	31 016 888	52 445 420
Net surplus/(deficit)for the year	4 446 196	5 426 805
AMTA Staff costs 2015/16	-	(7 000 000)
MAWF approved purchasing grain NSFR	(26 000 000)	-
MAWF Approved 5% to reserves	4 795 435	-
MAWF Distribution of levies to NAB Association & Unions Special Activities	-	(17 222 337)
	363 556	(2 633 000)
	14 622 075	31 016 888

NAMIBIAN AGRONOMIC BOARD
NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH
(continued)

	2018	2017
	N\$	N\$

7. GENERAL ADMINISTRATIVE FUND

The fund was instituted to act as a buffer against effects of poor crops. The fund can be utilised in years of poor crops to finance the Board's administration functions.

Balance – 1 April	1 003 148	1 003 148
	1 003 148	1 003 148

8. 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 as follows:

Balance -1 April	13 798	13 799
Balance – 31 March	13 798	13 799

9. SHARES – AGRICULTURAL BOARD BUILDING

The Agronomic Board holds 10% share in a joint venture with the Karakul Board of Namibia and the Meat Board of Namibia in the Agricultural Boards' Building.

Agricultural Boards' Building	4 621 290	4 621 290
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10. TRADE AND OTHER PAYABLES

Agency fees	79 701 964	98 662 935
Administrative expenses	41 773	90 299
Provisions	1 562 829	1 312 955
Guarantee deposits from Millers/Traders	485 726	450 736
Unions & Associations Special Activities	626 990	1 352 867
Other payables	221 805	332 078
	82 641 087	102 201 870

All payables that relate to Levies and any expenses that correspond to functions that have been transferred in the current year to AMTA have nil balances at the reporting date.

11. ACCOUNTING AND ADMINISTRATION FEES

The Board acts as unit co-ordinator and financial controller for the project on behalf of the Ministry of Agriculture Water and Forestry.

NAMIBIAN AGRONOMIC BOARD
NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH
(continued)

12. BOARD MEMBERS

Expenses on members of the Board decreased with 5% during the 2017/2018-year end compared to the (2016/2017) financial year increase of 5%.

13. STAFF

Remuneration of staff increased by 5% during the 2017/2018-year end compared to the (2016/2017) financial year increase of 21% which resulted from a provision that was passed for retirement packages payable to employees that neared the age of 65.

14. SUBSEQUENT EVENT

The Ministry of Agriculture, Water and Forestry issued a directive on the 30th of July 2018, for a distribution of the agronomic levies:

AMTA- Agent fees and Budget support	42 080 147
Agribusdev- Budget support	18 405 990
NAB	23 888 819
	<u>84 374 955</u>

Accumulated interest amounting to N\$4 672 991.86 is inclusive in the total.

15. PRIOR YEAR ADJUSTMENTS

In line with the disbursements by the Ministry, Namibian Agronomic Board reviewed their revenue to only cater for what is due to them instead of the previous financial report for 2016/2017, where they had accounted for the levies income in full as collected by AMTA. The same principle was applied to expenses for the 2016/2017 financial year. However, the adjustments does not have an effect to the profit for the year as it is a set off transaction which is indicated as follows:

	<u>2017</u>
	N\$
Levies and feed collected by AMTA	98 622 936
Agents levies	<u>(98 622 936)</u>
	<u>-</u>

NAMIBIAN AGRONOMIC BOARD
NOTES TO THE FINANCIAL STATEMENTS OF THE YEAR ENDED 31 MARCH
(continued)

16. SCHEDULE FOR EXPENSES FOR THE YEAR ENDED 31 MARCH

	2018	2017	2017
	N\$	restated N\$	N\$
Advertising	44 735	-	-
Auditors remuneration – External	53 101	47 725	47 725
Bank charges	30 424	32 403	32 403
Board fees	3 131 722	3 499 393	3 499 393
Board member induction training	209 739	-	-
Chartered Accountant - Financial Management committee	24 696	23 633	23 633
Contribution to Agricultural Outlook Conference	-	15 000	15 000
Cost of information centre	67 023	71 666	71 666
Depreciation – equipment	74 298	88 478	88 478
Depreciation – furniture	6 996	6 213	6 213
Depreciation – motor vehicles	157 346	147 784	147 784
Designing and printing of annual report	122 519	113 443	113 443
Farmer day	566 573	441 175	441 175
Insurance	45 661	43 805	43 805
Liaison	3 089	8 408	8 408
Loss on sale of fixed assets	331	-	-
Motor vehicles expenses	93 328	75 044	75 044
Personnel remuneration	6 896 027	6 630 487	6 630 487
Postal and freight	13 954	8 562	8 562
Professional services and legal costs	397 269	55 538	55 538
Promotions	38 467	36 820	36 820
Public relations services	120 176	165 608	165 608
Refreshments	25 727	23 892	23 892
Rent paid	914 959	860 686	860 686
Repairs and maintenance – Computer equipment	200 690	191 981	191 981
Special functions (awards ceremony)	1 171 846	767 798	767 798
Staff – Subsistence and travel	334 976	265 766	265 766
Stationary and printing	164 816	129 249	129 249
Subscriptions	8 110	7 916	7 916
Team building	66 575	22 220	22 220
Telephone and fax	65 893	63 534	63 534
Training and personnel development	65 827	34 145	34 145
Web development and maintenance of website	58 947	40 083	40 083
Agents levies (AMTA & AGRIBUSDEV)	-	-	98 662 935
Total expenses	15 175 797	13 918 455	112 581 389

