



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

DIAMOND BOARD OF NAMIBIA

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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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 2020 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, August 2021

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 2020**

1. QUALIFIED AUDIT OPINION

I have audited the financial statements of the Diamond Board of Namibia for the financial year ended 31 December 2020. 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 financial statements.

In my opinion, except for the effects of the matters 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 2020 and its financial performance and their cash flows 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.

2.1 Unapproved accounting policies.

The Diamond Board of Namibia does not have an approved accounting policy, despite the fact that the Board implemented or approved the first-time adoption of IPSAS (International Public Sector Accounting Standard) – Framework during the current financial period 31 December 2020.

2.2 Board of Directors.

The Diamond Board does not have an active Board of Directors in place. As a result, the Board has not executed their responsibilities with regard to the overall management of the Board's affairs, including the strategy, organisation, financial structure of the Board and oversight of risk management.

These observations are being reported for the past four consecutive years.

2.3 Legal status

The Diamond Board currently operates as a division within the Ministry of Mines and Energy as oppose to Section 21 of the Companies Act, 2004 (No. 28 of 2004) or autonomous entity, however

the Minister appointed the Diamond Commission whose role is not clearly defined in the Diamond Board Act.

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 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 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.

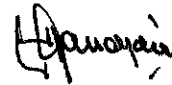
I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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, August 2021



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

DIAMOND BOARD OF NAMIBIA

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	2020 N\$	2019 N\$
Assets			
Non - current assets			
Property, plant and equipment	3	812 708	-
Current Assets			
Cash and cash equivalents	4	11 471 522	8 296 125
Fixed deposit	5	1 892 648	1 781 877
Trade and other receivables	6	24 206	33 589
Total Assets		14 201 084	10 111 591
Equity and Liabilities			
Equity			
Retained income		10 824 288	8 525 902
Accumulated surplus/(deficit)		3 274 008	1 468 386
Current liabilities			
Trade and other payables	7	102 787	117 303
Total equity and Liabilities		14 201 083	10 111 591

ANNEXURE B

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

		2020	2019
	Note	N\$	N\$
Revenue			
Levies received		4 858 427	5 538 455
Sales		-	900
Gross income		4 858 427	5 539 355
Finance income	8	186 387	342 649
Operating expenses	9	(1 770 806)	(4 413 618)
Profit for the year		3 274 008	1 468 386

ANNEXURE C

DIAMOND BOARD OF NAMIBIA

STATEMENT OF CHANGES IN RESERVE FOR THE YEAR ENDED 31 DECEMBER

	Note	Accumulated	Total
		Surplus	
		N\$	N\$
Balance at 1 January 2019		8 525 902	8 525 902
Total comprehensive income for the year		1 468 386	1 468 386
Balance at 31 December 2019		9 994 288	9 994 288
Change in Accounting Estimate – asset Revaluation		830 000	830 000
Balance at 31 December 2019 - Restated		10 824 288	10 824 288
Profit for the year		3 274 009	3 274 009
Balance at 31 December 2020		14 098 297	14 098 297

ANNEXURE D

DIAMOND BOARD OF NAMIBIA
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER

	Note	2020 N\$	2019 N\$
Cash flows from operating activities			
Profit for the year		3 274 009	1 468 386
<i>Adjustments for:</i>			
Depreciation		17 292	1 737
Investment income	8	(186 387)	(342 649)
<i>Working capital changes:</i>			
(Increase) / decrease in trade and other receivables		9 383	92 124
Increase / (decrease) in trade and other payables		(14 516)	(4 137 193)
Cash utilised in operating activities		3 099 781	(2 917 595)
Increase / (decrease) in investment income		186 387	342 649
Net cash flows from operating activities		3 286 168	(2 574 946)
Net increase cash and cash equivalents		3 286 168	(2 574 946)
Cash and cash equivalents at beginning of the period		10 078 002	12 652 948
Cash and cash equivalents at end of the year of the period		13 364 170	10 078 002

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).

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 Production levies

Production levies are recognized on the accrual basis in accordance with the substance of the relevant agreements.

2.1.3 Finance income

Finance income is recognized using the effective interest method.

2.2 Property, Plant and Equipment

All property, plant and equipment are initially recorded at cost. 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

	Accumulated Depreciation	31 December 2020 Carrying value	Cost	Accumulated depreciation	2019 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	1 161 489	-
Change in Accounting Estimate	830 000	17 293	-	-	-
IT equipment	461 405	-	461 405	459 668	-
	2 452 894	1 640 187	1 622 894	1 622 894	-

The carrying amounts of property plant and equipment can be reconciled as follows: 2020

	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 - Revaluation	830 000	-	-	17 292	812 708
IT equipment	-	-	-	-	-
	830 000	-	-	17 292	812 708

DIAMOND BOARD OF NAMIBIA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER (continued)

3.1 CHANGE IN ACCOUNTING ESTIMATE

The Diamond Board Fund has changed its accounting estimate in respect of the depreciation method applied in the prior years in order to align the assets current status with carrying values in the financial statements. The financial statements of the prior year's period shows that non-current assets have fully depreciated (showing zero values). An assessment of the present status of, and expected future benefits and obligations associated with those assets was conducted indicating that some of these assets are still generating economic benefits or have service potential embodied in them. Following the results of the assessment, a change in accounting estimate was therefore applied and the carrying amount of those assets were adjusted accordingly in line with IPSAS 3.

	2020	2019
	N\$	N\$
4. Cash and Cash equivalents	11 471 522	8 296 125
Cash on hand	3 805	4 907
Fixed Deposit	11 467 717	8 291 218
5. Investments	1 892 648	1 781 877
Fixed Deposit - Opening balance	1 781 877	1 707 064
Accrued interest	110 771	74 813

Period year-end balance was re-invested for 1 year at 8.12%

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

ANNEXURE E

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

	2020	2019
	N\$	N\$
6. Trade and other receivables		
6.1 Items included in trade and other receivables not classified as financial instruments		
	24 205	33 588
Pre-payment expenses: License fee and Secretarial	-	604
Prepaid expense: Mobile Telecommunications Ltd	10 460	-
Prepaid expense: Advertising and promotion - Namibia Petroleum Corporation Ltd	63	63
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
Subsistence allowance: Miina Gahutu	6 096	6 096
Subsistence allowance: Monika Maletsky	4 586	4 586

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

	2020	2019
	N\$	N\$
7. Trade and other payables	102 787	117 303
Separation Gratuity	76 736	12 267
Leave Gratuity	33 251	6 944
Bonus	-	7 024
Insurance: Property, plant and equipment	-	90 918
Income Tax	(7 200)	150
8. Interest earned	186 387	342 649
Interest income	75 616	208 949
Fixed deposit's interest	46 591	58 887
Accrued	64 180	74 813

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

	2020	2019
	N\$	N\$
9. Operating Expenses		
Operating cost is arrived at after taking into account the following items:		
Expenditures	1 770 805	4 413 618
Accounting fees	4 140	4 209
Advertisement and promotions	4 978	753 003
Bank Charges	5 318	6 974
Depreciation for tangible assets	17 292	1 737
Insurance	92 443	90 918
License and Secretarial	1 948	9 841
Motor vehicle expenses	19 085	6 692
Parliamentary Resource Unit (PRU)	510 268	512 495
Salaries and wages	784 717	581 458
Telephone and fax	323 951	321 388
Travel and accommodation	6 665	76 163
State Revenue Fund	-	2 048 740