



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MARINE RESOURCES FUND
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011 AND 2012**

Published by authority

Price (Vat excluded) N\$ 25.00
Report no 2017/09

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 Marine Resources Fund for the financial years ended 31 March 2011 and 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.

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, February 2017

**REPORT OF THE AUDITOR-GENERAL ON THE
ACCOUNTS OF THE MARINE RESOURCES FUND
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011 AND 2012**

1. Report on the financial statements

1.1 INTRODUCTION

The accounts of the Marine Resources Fund for the years ended 31 March 2011 and 2012 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and Section 45 (8) of the Marine Resources Act, 2000 (Act No. 27 of 2000).

Figures in the report are rounded to the nearest Namibia dollar and deficits are indicated in (brackets).

I certify that I have audited the accompanying financial statements of the Marine Resources Fund for the financial years ended 31 March 2011 and 2012.

Annexure A: Balance Sheet

Annexure B: Income Statement

Annexure C: Cash Flow Statement

Annexure D: Notes to the financial statements

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 26 of the State Owned Enterprise Governance Act, 2006, except that they were only submitted on the 7th April 2016 instead of three months (3 months) after the year end as required by the Act.

The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexures A-D.

2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 12 of the State Finance Act, 1991 and relevant legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

3. AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Powers and duties

Section 25(1) (c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- (a) All reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) All reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- (c) The expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1) (b)(iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

4. ACKNOWLEDGEMENT

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

5. KEY AUDIT FINDINGS

5.1 REVENUE

The auditors observed that revenue disclosed in the 2011 financial statements could only be verified based on receipts, but no other supporting documents could be provided.

Recommendation

It is recommended that the Fund should provide all supporting documents for audit purposes.

5.2 ACCOUNT RECEIVABLES

It was noted that no receivables were raised during 2011 financial year. This was as a result of transactions recognised on a cash basis, instead of accrual basis of accounting. Furthermore, Customers' Age Analysis for 2012 was understated by N\$ 1 116 455, due to the inclusion of debtors with credit balances in the Customers' Age Analysis. The auditors further noted that there were no mechanisms or policies to guide the Fund on the treatment of outstanding debtors.

Recommendation

It is recommended that the Fund should ensure that transactions are recorded on accrual basis of accounting, and debtors raised accordingly. Reconciliations should be performed to ensure that balances disclosed in the financial statements reflect the position of the Fund. Furthermore the Fund should ensure that mechanisms are in place that guides the Fund on the treatment of outstanding debts.

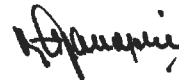
6. BASIS FOR QUALIFIED AUDIT OPINION

- No receivables were raised during 2011 financial year;
- Customers Age Analysis for 2012 understated by N\$ 1 116 455; and
- Non-provision for bad debts during 2012.

7. QUALIFIED AUDIT OPINION

The financial statements of the Marine Resources Fund of Namibia for the financial years ended 31 March 2011 and 2012 were audited by me in accordance with the provisions of Section 25 (1) of the State Finance Act, 1991 read with Section 45 (8) of the Marine Resources Act, 2000 (Act No. 27 of 2000).

In my opinion, except for the possible 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 Marine Resources Fund as at 31 March 2011 and 2012, their financial performance and cash flows for the years then ended.



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, February 2017

**MARINE RESOURCES FUND
BALANCE SHEET AS AT 31 MARCH**

	Notes	2012 N\$	2011 N\$	2010 N\$
ASSETS				
Fixed Assets	14	257 223	355 169	5 733 149
Machinery Equipment		245 456	307 140	3 434 822
Motor Vehicles		-	-	17 792
Office & Computer Equipment		11 767	48 029	2 280 535
Investments & Shares in other companies	15	1 322 498	1 069 230	(3 831 595)
Sanlam		870 562	722 854	-
Long-term investment		-	-	(5 831 595)
Old Mutual		451 936	346 376	2 000 000
Net Fixed Assets		1 579 721	1 424 399	1 901 554
Current Assets		6 367 431	3 055 277	1 954 756
Debtors		3 880 536	-	-
Bank & Cash at hand	16	2 486 895	3 055 277	1 954 756
Current Liabilities	17	1 837 011	1 786 699	-
Creditors		603 568	918 185	-
Sundry Creditors		1 233 443	868 514	-
Working Capital		4 530 420	1 268 578	1 954 756
Invested Capital		6 110 141	2 692 977	3 856 310
Equity		6 110 143	2 692 976	3 856 308
Accumulated Fund and Reserves	18	6 110 143	2 692 976	3 856 308
TOTAL EQUITY		6 110 143	2 692 976	3 856 308

ANNEXURE B

**MARINE RESOURCES FUND
INCOME STATEMENT FOR THE YEARS ENDED 31 MARCH**

	Notes	2012 N\$	2011 N\$	2010 N\$
INCOME				
Total Income	2	19 368 602	16 891 080	15 087 914
EXPENDITURE				
		16 204 682	20 086 416	14 230 876
Subsistence and Travel Allowance	3	-	7 476	44 658
Materials and Supplies	4	6 075 070	3 551 159	3 562 858
Transport	5	20 145	9 478	-
Utilities	6	126 580	364 512	231 160
Maintenance Expenses	7	3 372 302	5 859 110	2 636 800
Other Services and Expenses	8	4 076 794	5 083 347	4 451 887
Training and Transfer	9	313 674	576 612	583 104
Subsidies, Grants & Contributions	10	2 000 000	4 470 000	2 700 000
Miscellaneous Expenses	11	54 292	1 442	-
Bank Charges	12	11 319	14 365	20 409
Depreciation	13	154 506	148 915	-
NET PROFIT/ (LOSS) FOR THE YEAR		3 163 920	(3 195 336)	857 038

ANNEXURE C

MARINE RESOURCES FUND
CASH FLOWS STATEMENT FOR THE YEARS ENDED 31 MARCH

	Notes	2012 N\$	2011 N\$	2010 N\$
Cash flows from operating activities				
Net operating profit for the year		3 163 918	(3 195 334)	857 039
Adjusted for non-cash items:				
Depreciation	13	154 506	148 915	-
Working capital changes				
(Increase) or decrease in trade and other payables		50 313	1 786 699	-
(Increase) or decrease in trade and other receivables		(3 880 536)	-	-
Adjustment to the retained income	18	253 247	2 032 000	-
<i>Net cash flow from operating activities</i>		<u>(258 552)</u>	<u>772 280</u>	<u>857 039</u>
Cash flows from investing activities				
Investment acquired/redeemed		(253 268)	(4 900 824)	-
Property, plant & equipment acquired	14	(56 561)	5 229 065	960 990
<i>Net cash flow from investing activities</i>		<u>(309 829)</u>	<u>328 241</u>	<u>960 990</u>
Net change in cash and cash equivalents		(568 381)	1 100 521	1 818 030
Cash and cash equivalents				
at the beginning of the year		3 055 277	1 954 756	136 727
at the end of the year	16	<u>2 486 896</u>	<u>3 055 277</u>	<u>1 954 756</u>

MARINE RESOURCES FUND**NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2011 AND 2012****1. ACCOUNTING CONVENTION****1.1 Basis of presentation**

The following are the accounting policies of the Marine Resources Fund which are consistent in all material respect with those applied in the previous year, except as otherwise indicated. The financial statements have been prepared on the historical cost basis.

The Marine Resources Fund processes its transactions on accrual basis.

1.2 Currency

The financial statements are expressed in Namibia dollars.

1.3 Property, Plant and Equipment

Property, plant and equipment (owned or leased) are stated at historical cost less depreciation.

Depreciation is calculated on a straight line method to write-off the cost of each asset over its estimated useful life as follows:

Buildings	50 years (2%)
Vehicles	5 years (20%)
Computer Equipment	3 years (33.33%)
Office Equipment	3 years (33.33%)
Furniture & Fittings	5 years (20%)
Machinery & Equipment	5 years (20%)
Land	No depreciation

1.4 Revenue

Revenue is recognized in the financial statements at the date the goods are delivered or services are rendered.

Income is mainly from levies, fishing permits and aquarium fees.

MARINE RESOURCES FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH (Continued)

	2012	2011	2010
	N\$	N\$	N\$
2. Income	19 368 602	16 891 080	15 087 914
Jetty Rental	308 662	69 704	47 080
Donations - BCC Project	-	-	39 358
Refunds	-	245 008	-
Interest earned - Current Account	-	155 888	70 639
Interest - Long term Investment	-	-	25 620
Dividends Received	37 375	34 010	-
Interest Received - Bank	141 581	-	-
Interest - 32 Days' Notice	-	144 933	-
Fuel Rebates	-	-	233 431
Other Income	-	51 031	413 529
Recreational Fishing	43 718	45 558	31 536
Industrial Fund Levies	-	120 392	11 368
Levies- Horse Mackerel	6 810 968	6 161 666	4 876 372
Levies- Hake	8 273 502	7 204 325	6 681 689
Levies- Tuna	569 205	241 946	335 130
Levies- Line fish	145 477	62 638	79 773
Levies- Rock Lobster	111 005	36 870	43 388
Levies- Crab	215 600	305 121	342 472
Levies- Pelagic	2 335 692	1 568 520	1 175 819
Levies- Monk	375 817	330 892	278 111
Levies- Snoek	-	2 380	3 036
Levies - Mulletts	-	29	13
By catch Levies- Horse Mackerel	-	46 832	-
Aquarium Fees- Brochures	-	700	-
Aquarium Fees- Adults	-	34 340	202 130
Aquarium Fees- Children	-	8 260	50 532
Aquarium Fees- Pensioners	-	1 200	7 300
Aquarium Fees- School Groups	-	1 211	6 081
Aquarium Fees- Teacher	-	790	3 915
Aquarium Fees- Study Groups	-	680	4 066
Aquarium Fees- Hire Auditorium	-	2 750	4 800
Miscellaneous Income	-	306	-
Aquarium Fees- Other	-	-	5 396
Aquarium Fees- Foreign Adults	-	8 790	95 160
Aquarium Fees- Foreign Children	-	390	6 435

MARINE RESOURCES FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH (Continued)

	2012	2011	2010
	N\$	N\$	N\$
Aquarium Fees- Foreign Pensioners	-	1 920	13 735
Aquarium Fees	-	2 000	-
3. Subsistence & Travel Allowance	-	7 476	44 658
Subsistence & Travel Allowance	-	7 476	44 658
4. Material & Supplies	6 075 070	3 551 159	3 562 858
Stationery	27 659	19 736	16 851
Cleaning Material	790	5 953	2 758
Provision	377 579	488 715	504 850
Subscription	1 102	200 050	137 397
Protective Clothing	25 742	16 801	22 422
Vessel Fuel	5 653 014	2 278 509	2 480 400
Books	(132 415)	3 305	3 813
Lab Consumables	94 532	345 153	220 982
Computer Software	4 581	-	45 515
Computer Consumables	22 486	-	-
Other	-	192 937	127 870
5. Transport	20 145	9 478	-
Fuel	-	3 061	-
Repairs	17 770	2 233	-
Batteries	684	633	-
Services	941	1 214	-
Tyres	750	2 337	-
6. Utilities	126 580	364 512	231 160
Water & Electricity	-	110 401	-
Courier Charges	-	564	1 850
Fax Rental	1 584	1 540	1 100
Communication Expenses	124 996	252 007	228 210
7. Maintenance Expenses	3 372 302	5 859 110	2 636 800
Computer	748	21 446	4 018
Air Conditioner	-	33 474	-
Computer equipment	10 699	20 264	-

MARINE RESOURCES FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH (Continued)

	2012	2011	2010
	N\$	N\$	N\$
Research	3 341 994	5 705 548	2 272 648
Building	-	4 090	37 273
Aquarium	17 297	74 288	322 861
Office Equipment	1 564	-	-
8. Other Services & Expenses	4 076 794	5 083 347	4 451 887
Vessel Management Fees	3 218 298	3 397 161	4 221 098
Symposium and Workshops	-	21 523	3 105
Printing	-	2 645	-
Consultancy kilometre claim	7 000	-	-
Security Services	34 900	44 273	35 457
Refreshments & Entertainment	2 055	-	-
Vehicle/Plane/Crew/Vessel	-	170 804	-
Consultancy Fees	138 090	7 815	-
Accounting Fees	268 473	8 251	-
Training	-	24 146	-
Interest on overdue accounts	594	-	-
Refuse removal	-	-	2 008
Salaries	86 895	135 073	119 332
Receiver of Revenue	-	16 318	16 628
Social Security	749	1 917	2 129
Port Dues	161 740	341 604	196 500
Clearing Charges	-	10 549	7 119
Contributions	-	-	411 500
Others	-	46 852	20 488
Main Budget	-	811 166	(608 477)
Sitting Allowance	158 000	43 250	25 000
9. Training & Transfers	313 674	576 612	583 104
NAMFI	-	16 280	-
Training	-	2 180	375
Bursaries	302 125	540 252	582 729
Course	11 549	17 900	-
10. Subsidies, Grants & Contributions	2 000 000	4 470 000	2 700 000
Subsidies, Grants & Contributions	2 000 000	4 470 000	2 700 000

MARINE RESOURCES FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH (Continued)

	2012	2011	2010
	N\$	N\$	N\$
11. Miscellaneous Expenses	54 292	1 442	-
12. Bank Charges	11 319	14 365	20 409
13. Depreciation	154 506	148 915	-
Computer Equipment	8 584	8 469	-
Furniture Fittings	229	96	-
Office Equipment	28 544	38 109	-
Machinery Equipment	117 149	102 241	-

14. Property, Plant & Equipment

2012	Machinery Equipment	Motor Vehicles	Office Equipment	Computer Equipment	Total
	N\$	N\$	N\$	N\$	N\$
Closing cost 01/03/ 2012	9 181 514	-	2 416 276	885 208	12 482 998
Opening cost at 01/04/2011	9 126 027	-	2 416 276	884 113	12 426 416
Additions	55 487	-	-	1 095	56 582
Accumulated Depreciation	8 936 058	-	2 411 176	878 541	12 225 775
Balance as at 01/04/2011	8 818 887	-	2 382 403	869 957	12 071 247
Adjustments	22	-	-	-	22
Depreciation charge for the year	117 149	-	28 773	8 584	154 506
Netbook Value as at 31/03/2012	245 456	-	5 100	6 667	257 223

MARINE RESOURCES FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH (Continued)

Property, Plant & Equipment

2011	Machinery Equipment	Motor Vehicles	Office Equipment	Computer Equipment	Total
	N\$	N\$	N\$	N\$	N\$
Closing cost 01/03/ 2011	9 126 027	-	2 416 276	884 113	12 426 416
Opening cost at 01/04/2010	9 888 202	371 427	2 342 322	881 988	13 483 939
Adjustments	(917 549)	(371 427)	67 181	-	(1 221 795)
Additions	155 374	-	6 773	2 125	164 272
Accumulated Depreciation	8 818 887	-	2 382 403	869 957	12 071 247
Balance as at 01/04/2010	6 453 381	353 635	255 578	688 197	7 750 791
Adjustments	2 263 265	(353 635)	2 088 620	173 291	4 171 541
Depreciation charge for the year	102 241	-	38 205	8 469	148 915
Netbook Value as at 31/03/2011	307 140	-	33 873	14 156	355 169
2010	Machinery Equipment	Motor Vehicles	Office Equipment	Computer Equipment	Total
	N\$	N\$	N\$	N\$	N\$
Closing cost 01/03/ 2010	9 888 202	371 427	2 342 323	881 987	13 483 939
Opening cost at 01/04/2009	9 888 202	371 427	2 323 359	861 941	13 444 929
Additions	-	-	18 964	20 046	39 010
Accumulated Depreciation	6 453 380	353 635	255 578	688 197	7 750 790
Balance as at 01/04/2009	6 453 380	353 635	255 578	688 197	7 750 790
Netbook Value as at 31/03/2010	3 434 822	17 792	2 086 745	193 790	5 733 149

MARINE RESOURCES FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH (Continued)

	2012	2011	2010
	N\$	N\$	N\$
15. Investments & Shares in other companies	1 322 498	1 069 230	(3 831 595)
Sanlam	870 562	722 854	-
Call Account	-	-	1 708 405
32 days' notice	-	-	(7 540 000)
Old Mutual	451 936	346 376	2 000 000
16. Cash & Cash equivalents	2 486 895	3 055 278	1 954 756
Bank Windhoek current account	1 249 310	377 957	1 965 719
Commercial Bank	-	-	(10 963)
NDP 32 Days' Account 3000442745	1 237 247	2 677 321	-
Cash Control-Walvis Bay	53	-	-
Cash Control-HQ	285	-	-
17. Creditors Control	1 837 011	1 786 699	-
Suppliers Control Account	603 568	918 185	-
BCC/UNDP Projects	1 233 443	868 514	-
18. Accumulated Fund and Reserves	6 110 143	2 692 976	3 856 308
Opening balance	2 692 976	3 856 310	2 999 270
Surplus ((Deficit) for the year	3 163 920	(3 195 334)	857 038
Adjustments	253 247	2 032 000	-

