



**REPUBLIC OF NAMIBIA**



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

# **DIAMOND BOARD OF NAMIBIA**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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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 2019 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, July 2020**

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 2019**

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**1. QUALIFIED AUDIT OPINION**

I have audited the financial statements of the Diamond Board of Namibia for the financial year ended 31 December 2019. 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 annual 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 2019 and its financial performance and their cash flow 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 2019.

**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.

This observation is being reported for the past three 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 or 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 and 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 uses 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, July 2020

**JUNIAS ETUNA KANDJEKE**  
**AUDITOR-GENERAL**



## DIAMOND BOARD OF NAMIBIA

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Note	2019 N\$	2018 N\$
<b>Assets</b>			
<b>Non - current assets</b>			
Property, plant and Equipment	3	-	1 737
<b>Current Assets</b>			
Cash and Cash equivalents	4	8 296 125	11 004 771
Fixed Deposit	5	1 781 877	1 648 177
Trade and other receivables	6	33 589	125 712
<b>Total Assets</b>		<b>10 111 591</b>	<b>12 780 397</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained income		8 525 902	5 065 372
Accumulated Surplus/(Deficit)		1 468 386	3 460 530
<b>Current liabilities</b>			
Trade and other payables	7	117 303	4 254 495
<b>Total funds and Liabilities</b>		<b>10 111 591</b>	<b>12 780 397</b>

## ANNEXURE B

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

		<b>2019</b>	<b>2018</b>
	Note	N\$	N\$
<b>Revenue</b>			
Levies received		5 538 455	6 097 806
Sales		900	-
<b>Gross income</b>		<b>5 539 355</b>	<b>6 097 806</b>
Finance income	8	342 649	504 707
Operating expenses	9	(4 413 618)	(3 141 983)
<b>Profit for the year</b>		<b>1 468 386</b>	<b>3 460 530</b>

## DIAMOND BOARD OF NAMIBIA

STATEMENT OF CHANGES IN RESERVE FOR THE YEAR ENDED 31 DECEMBER

	Note	N\$	N\$
		<b>Accumulated Surplus</b>	<b>Total</b>
<b>Balance at 1 January 2018</b>		<b>5 065 372</b>	<b>5 065 372</b>
Total comprehensive income for the year			
Profit for the year		3 460 530	3 460 530
<b>Balance at 31 December 2018</b>		<b>8 525 902</b>	<b>8 525 902</b>
Total comprehensive income for the year:			
Profit for the year		1 468 386	1 468 386
<b>Balance at 31 December 2019</b>		<b>9 994 288</b>	<b>9 994 288</b>

## ANNEXURE D

## DIAMOND BOARD OF NAMIBIA

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER

	Note	2019 N\$	2018 N\$
<b>Cash flows from operating activities</b>			
Profit before taxation		1 468 386	3 460 530
<i>Adjustments for:</i>			
Depreciation of Tangible assets		1 737	43 647
Investment income	8	(342 649)	(504 707)
<i>Working capital changes:</i>			
(Increase) / Decrease in trade and other receivables		92 124	(92 264)
Increase / (Decrease) in trade and other payables		(4 137 193)	(3 207 823)
Cash utilised in operating activities		<b>(2 917 595)</b>	<b>(300 617)</b>
Increase / (Decrease) in investment income		342 649	504 707
<b>Net cash flows from operating activities</b>		<b>(2 574 946)</b>	<b>204 090</b>
<b>Net increase cash and cash equivalents</b>		<b>(2 574 946)</b>	<b>204 090</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>12 652 948</b>	<b>12 448 858</b>
<b>Cash and cash equivalents at end of the year of the period</b>		<b>10 078 002</b>	<b>12 652 948</b>

**DIAMOND BOARD OF NAMIBIA**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER**

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**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/N\$).

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)**

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### **2.1.2 Royalties and production levies**

Royalties and production levies are recognized on the accrual basis in accordance with the substance of the relevant agreements.

### **2.1.3 Interest income**

Interest income is recognized using the effective interest method.

## **2.2 Property, Plant and Equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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)**

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**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**

	2019 Carrying		Accumulated depreciation	Cost	2018 Carrying value at the end of the year
	value at the end of the year	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	-
IT equipment	461 405	-	461 405	459 668	1 737
	<b>1 622 894</b>	<b>-</b>	<b>1 622 894</b>	<b>1 621 157</b>	<b>1 737</b>

The carrying amounts of property plant and equipment can be reconciled as follows: 2019

	Carrying value at beginning of year		Additions	Disposals	Depreciation	Carrying value at end of the year
	year	year				
	N\$	N\$	N\$	N\$	N\$	N\$
<i>Owned assets</i>						
Motor vehicles	-	-	-	-	-	-
IT equipment	1 731	-	-	-	1 731	-
	<b>1 731</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 731</b>	<b>-</b>



## DIAMOND BOARD OF NAMIBIA

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

The carrying amounts of property plant and equipment can be reconciled as follows: 2018

	Carrying value at beginning of the year	Additions	Disposals	Depreciation	Carrying value at the end of the year
	N\$	N\$	N\$	N\$	N\$
<i>Owned assets</i>					
Motor vehicles	19 752	-	-	19 752	-
IT equipment	25 632	-	-	23 895	1 731
	<b>45 384</b>	<b>-</b>	<b>-</b>	<b>43 647</b>	<b>1 731</b>

	2019	2018
	N\$	N\$

## 4. Cash and Cash equivalents

Cash on hand	8 296 125	11 004 771
Bank balances	4 907	700
	8 291 218	11 004 071

## 5. Investments

Fixed Deposit - Opening balance	1 781 877	1 648 177
Accrued interest	1 707 064	1 520 094
Period year-end balance was re-invested for 1 year at 8.12%	74 813	128 083

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

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

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>6. Trade and other receivables</b>		
<b>6.1 Items included in trade and other receivables not classified as financial instruments</b>		
	<b>33 589</b>	<b>125 712</b>
Pre-payment expenses: License fee and Secretarial	602	302
Prepaid expense: Advertising and Promotion - Namibia Petroleum Corporation Ltd	66	-
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	19 239
Subsistence Allowance: Miina Gahutu	6 096	6 096
Subsistence Allowance: Monika Maletsky	4 586	4 586
Subsistence Allowance: Helena Ithamba	-	26 494
Subsistence Allowance: Thomas Alweendo	-	65 995

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

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>7. Trade and other payables</b>	<b>117 303</b>	<b>4 254 495</b>
Diamond Valuation Fund	-	3 730 159
Separation Gratuity	12 267	341 382
Leave Gratuity	6 944	54 854
Bonus	7 024	-
Insurance: Property, plant and equipment	90 918	128 100
Income Tax	150	-
<b>8. Finance Income</b>	<b>342 649</b>	<b>504 707</b>
Interest income	208 949	376 624
Fixed deposit's interest	58 887	128 083
Accrued	74 813	-

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

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>9. Operating Expenses</b>		
Operating cost is arrived at after taking into account the following items:		
<b>Expenditures</b>	<b>4 413 618</b>	<b>3 141 983</b>
Accounting fees	4 209	4 209
Advertisement and promotions	753 003	926 722
Bank Charges	6 974	12 899
Computer expenses	-	1 489
Depreciation for tangible assets	1 737	43 657
Insurance	90 918	128 100
License and Secretarial	9 841	7 203
Motor vehicle expenses	6 692	20 859
Printing and stationery	-	86 427
Parliamentary Resource Unit (PRU)	512 495	419 564
Salaries and wages	581 458	945 677
Telephone and fax	321 388	474 159
Travel and accommodation	76 163	71 018
State Revenue Fund	2 048 740	-