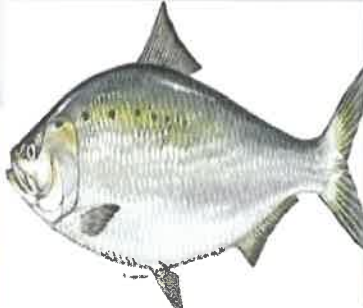




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

FISHERIES OBSERVER FUND

FOR THE FINANCIAL YEAR ENDED 31 MARCH 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 Fisheries Observer Fund for the financial year ended 31 March 2019, 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, December 2019

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
FISHERIES OBSERVER FUND
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

1. UNQUALIFIED AUDIT OPINION

I have audited the financial statements of the Fisheries Observer Fund for the financial year ended 31 March 2019. These financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the annual financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Fisheries Observer Fund as at 31 March 2019 and its financial performance and cash flows.

2. 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 have nothing to report in this regard.

3. 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. If based on the work I have performed I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

4. 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 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.

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.

5. 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 a 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 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 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 auditor's 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.

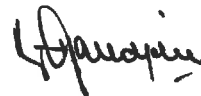
6. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (COMPLIANCE)

The auditors observed for the third consecutive year that the Fund is not charging interest on debtors owing the Fund within 7 days of receipt of invoices. This indicates non-compliance with notice No.146 from the Ministry of Fisheries and Marine Resources which states that “The Minister may impose interest at the rate of 12% against any person who fails to pay the levy due and payable”.

7. ACKNOWLEDGEMENT

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

WINDHOEK, December 2019



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

FISHERIES OBSERVER FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

	Note	2019 N\$	2018 N\$
Assets			
Current assets			
Prepayments and trade receivables	2	1 610 974	8 332 673
Cash and cash equivalents		51 880 592	44 456 474
Total assets		53 491 566	52 789 147
Equity and Liabilities			
Equity			
Retained funds		52 456 413	51 949 976
Surplus / (deficit) for the year		769 080	375 428
Short-term Liabilities			
Advances : Observer Levies		266 072	463 743
Total equity and liabilities		53 491 565	52 789 147

ANNEXURE B

**FISHERIES OBSERVER FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH**

	2019	2018
	N\$	N\$
Revenue	62 570 315	61 255 955
Fee income - observers	60 037 691	59 115 790
Interest received - bank	2 532 624	2 140 165
Less: Operating expenses		
Contributions to Fisheries Observer Agency	61 798 892	60 081 313
Gross operating surplus / (deficit)	771 423	1 174 642
Less: Expenses	2 342	799 214
Bank charges	2 320	1 540
Provision for Doubtful Debts	-	797 674
General Expenses	22	-
Net surplus / (deficit) for the year	769 081	375 428

ANNEXURE C

**FISHERIES OBSERVER FUND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH**

Retained funds	Note	NS
Balance at 01 April 2017		51 949 976
Capital contribution		-
Net Surplus for the year		<u>375 428</u>
Balance at 31 March 2018		<u>52 325 404</u>
Balance at 01 April 2018		52 325 404
Adjustment to Retained Income	4	131 009
Capital contribution		-
Net surplus for the year		769 081
Balance at 31 March 2019		<u>53 225 494</u>

ANNEXURE D

FISHERIES OBSERVER FUND

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH

	Note	<u>2019</u>	<u>2018</u>
		N\$	N\$
Cash generated by operating activities	3	7 490 780	5 060 369
Cash flow from financing activities			
Other borrowings/Advance Receipts		(197 672)	(121 156)
Adjustment to retained earnings	4	131 009	-
Decrease in cash and cash equivalents		<u>7 424 117</u>	<u>4 939 213</u>
Cash and cash equivalents			
- at the beginning of the year		44 456 474	39 517 261
- at the end of the year		<u><u>51 880 591</u></u>	<u><u>44 456 474</u></u>

ANNEXURE E

FISHERIES OBSERVER FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

1. Basis of preparation

The financial statements are prepared on the historical cost basis as modified by the revaluation of investments. The following are the principle accounting policies used by the Fund, which are consistent with those of the previous years.

1.1 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and net bank overdrafts. In the statement of financial position, bank overdrafts are included in current liabilities.

	2019	2018
	N\$	N\$
2. Prepayments and trade receivables		
Trade receivables	2 149 668	9 130 347
Provision for Doubtful Debts	(538 694)	(797 674)
	1 610 974	8 332 673
3. Cash (absorbed) / generated by operations		
Net surplus / (deficit)	769 081	375 428
Adjust for:		
Increase / (decrease) in accounts receivable	6 721 699	4 684 942
	7 490 780	5 060 369
4. Adjustment to Retained Income		
Reversal of income overstated in 2008.	(127 970)	-
Reversal of Doubtful Debtors Provision due to payment of debt.	258 979	-
	131 009	-