



Marine Resources Forever!

Annual Report
2009/10

Fisheries Observer Agency





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Our Vision

“To provide an efficient and reliable monitoring and data collection services to stakeholders”

Our Mission

“The Fisheries Observer Agency contributes towards sustainable utilisation of marine resources within the Namibian exclusive economic zone and international waters through actively monitoring compliance to applicable legislation and collection of relevant data.”

Our Core Values

Integrity

We will always be honest and trustworthy in everything we do.

Commitment

We dedicate ourselves to performance excellence and take full responsibility for all our actions.

Respect

We value many things that make us different from one another.

Fairness

We commit to uphold the principles of equality and justice for all.

CHAIRPERSON'S REPORT

for the year ended 31 March 2010

The Fisheries Observer Agency is readily on the way to fulfil its mission as stipulated in its Strategic Plan approved by the Board in 2007. As the guideline for the achievement of its set objectives the FOA has devised a strategic map. The deployment of fisheries observers on board fishing vessels remain the mainstay of the Agency, ensuring that vessels comply with the established laws and regulations pertaining to the harvesting of marine resources within the Namibian waters as well as on the high seas.

The Board together with the management of the FOA came up with a Strategic Plan which is a working document to guide the FOA for a period of five years. The Strategic Plan outlines programmes or initiatives that have to be executed and enable the FOA to achieve its objectives. Among the objectives the FOA has set itself are the optimal coverage of fishing vessels with fisheries observers, collection of reliable scientific data, improvement in employee wellness and the improvement of the company's image in the eyes of the public. Significant financial resources were committed to ensure that the Agency succeed to deliver the required service of the next five years.

Due to the notably decrease of activities of illegal, unregulated and unreported fishing in the Namibian waters, the Agency is now putting more emphasis on the collection of scientific data. Data collected is crucial in the assessment of fish stocks, more especially; hake, horse mackerel, monk, crab and rock lobster. The total number of data samples by the fisheries observers aboard the fishing vessels has drastically increased during the reporting period compared to the previous years. The Fisheries Observer Agency is therefore on course in collecting such data meant to assist scientists in the assessment and to forecast stocks growth. The assessment and forecasting makes scientist give a reliable advice to the Minister in administration of the total allowable catches of different fish species.

As mentioned before, the FOA experienced a decrease in illegal, unregulated and unreported fishing activities during the report period. Some vessel operators, however, still continued committing acts of non-compliance. Act of such transgressions are detailed under the Chief Executive Officer's Report.

The Board would like to thank management for steering the day to day functions of the Agency and for the manner in which they continued to network with the staff and stakeholders, such as the Fishing Industry, Ministry of Works, and Transport (Maritime Affairs), Namfi and the Ministry of Fisheries and Marine Resources. It is through this kind of cooperation that much has been and can be achieved in the future by the FOA. We encourage the continuation of the cooperation with the stakeholders in the future and strive to improve for the better of all concerned.

The Board is also grateful for the spirit of cooperation and understanding displayed by all stakeholders and workers and in particular the union who were always ready to display good understanding and negotiating skills to the benefit of the workers and the FOA as an Agency.

Finally, we wish to extend a word of appreciation to the Honourable Minister of Fisheries and Marine Resources, Dr. Abraham Iiyambo, for his continued support and professional guidance rendered to the FOA's Board, management and staff.



Frans K. M. Tsheehama
Chairperson

1. INTRODUCTION

It gives me pleasure to present this report on the activities of the Fisheries Observer Agency (FOA) for the financial period ending 31st March 2010. The FOA succeeded in delivering on its mandate of compliance monitoring and the collection of scientific data. The main purpose of the FOA is to provide Observers to fishing vessels fishing in Namibian waters. The aim set by the Board is to cover 100% of all fishing activities. A secondary purpose of the FOA is the collection of scientific data (on behalf of the Ministry of Fisheries and Marine Resources' Fisheries Research Unit).

For the period under review, the FOA achieved over 91% coverage of all fishing trips. A total number of 2,654 fishing trips have been covered and a total of 48 (1.8% of all trips observed) incidents of non-compliance were reported during the same period. During the previous reporting period a total number of 2,838 fishing trips were covered and a total of 62 (2.1%) non-compliance incidents were reported. The collection of scientific data also improved significantly from 11,068 data sets collected the previous reporting period to 13,539 data sets for the period under discussion. The Agency is instrumental in the collection of scientific data required by the scientists for stock assessment purposes. The feedback from the scientist was positive showing that the data collected by our staff was of quality and reliable.

During the period under review, the FOA continued to work closely with all stakeholders, especially the Fishing Industry, the Ministry of Fisheries and Marine Resources in general and the Inspectorate and Resources Management in particular. The Namibian economy in general and the Fishing Industry in

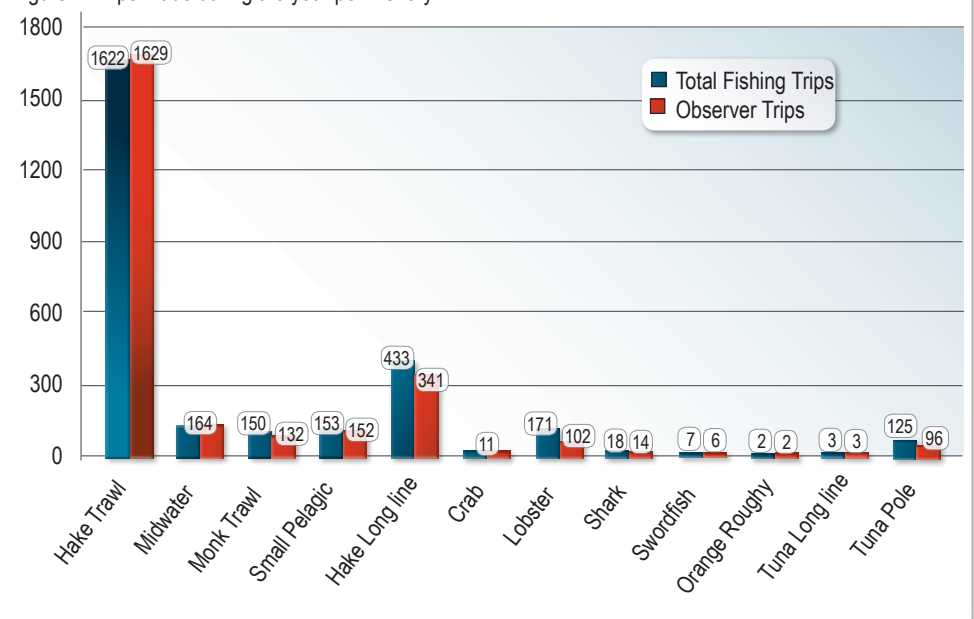
particular, have also been challenged financially due to the economic recession experienced universally. Fishing activities in Namibia as a result has decreased. The FOA main source of income is based on Observer levy charged to the Fishing Industry. A reduction in fishing activities thus impacts directly on the FOA's profitability. The FOA's main cost driver is salaries and wages. A reduction in fishing activities does not necessarily mean that staff of the FOA (mainly Observers) can be reduced in the same proportion. The FOA thus is challenged to maintain its profitability in an uncompromising economic environment

2. OPERATIONS

2.1 OBSERVER COVERAGE

During this period, a total of 3,020 fishing trips were undertaken by the fishing vessels of which 118 were undertaken by the line fish fishery vessels that do not carry fisheries observers due to the limited space in such vessels. The total fishing trips during the period under review are slightly less than the fishing trips of the previous year where 3,456 trips were undertaken of which 123 trips were for line fish vessels.

Figure 1: Trips made during the year per Fishery



CHIEF EXECUTIVE OFFICER'S REPORT *(continued)*

for the year ended 31 March 2010

Out of the total of 2,902 fishing trips reported, 2,654 trips were serviced with fisheries observers translating into a 91.4% coverage of all vessels that could carry fisheries observers. As per Figure 1, on the previous page, it is shown that apart from monk and hake long line fisheries, all other fisheries were more than 90% and above serviced with fisheries observers during the period under review.

Figure 2: A comparison of trips made and covered for last five years.

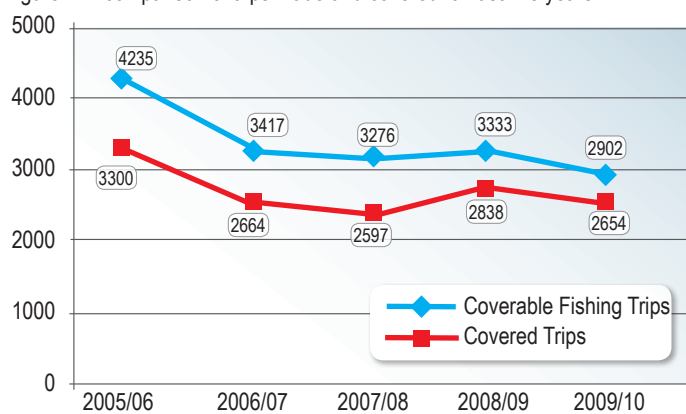


Figure 2, above, provides a comparison of the trips reported and covered for the last five years. A downward trend is depicted, which could amongst others, be due to the fact that chattered vessels in the tuna pole and line fishery did not participate in the fishery due to the requirement that 90% of their crew should consist of Namibians.

Also, some right-holders in the lobster fishery did not send vessels to participate in the fishery due to low prices on offer from their traditional markets, and as a result they regarded their operations not to be financially feasible. The total number of vessels in the industry had also dwindled compared to the previous fishing seasons resulting in a drop in the fishing trips.

The number of fishing trips reported dropped from 4,235 during the 2005/06 period to 2,902 during the reporting period which is a decline of 1,333 trips or 31.47%.

2.2 COMPLIANCE MONITORING

The FOA continued to monitor fishing vessels in Namibian waters to ensure that they adhere to the marine legislation in place. Fisheries observers were deployed on vessels departing for the fishing grounds to harvest different fish species. For vessels that did not comply with all marine legislation, reports of violations were compiled by fisheries observers as per their mandate to observe, record and report any violation of the legislation upon return from sea.

The violations have been evaluated and forwarded to the Ministry of Fisheries and Marine Resources Operations Directorate to take action where needed. During the reporting period, interaction between the FOA staff and the Fisheries Inspectorate took place with the aim of ironing out deficiencies in some violations reports and also to show the fisheries observers the right way of compiling reports. During the period under review, the following violations were recorded by the FOA as depicted in Table 1, below.

Table 1: Violations committed during the reporting period

Type of Incident	Amount	Violations Handled	Pending Cases
Discarding of fish or fish products	24	9	15
Unfair or inhuman treatment of observer	8	2	6
Non compliance to licence conditions	8	6	2
Discarding of litter or other non biodegradables	4	1	3
Non recording of fish caught	1	1	0
Denying observer access to equipment	1	0	11
Recording species caught wrongly	1	0	1
Threatening/intimidating observer	1	0	1
Total	48	19	29

The Table shows that discarding of fish and fish products was the major violation reported during this time. The discarding of fish and fish products accounted for 24 of the 48 violations committed followed by the unfair or inhuman treatment of observers with six violation reports, while non compliance to licence conditions accounted for five violations.

an overall decrease in violations recorded during that period. This indicates that the placement of fisheries observer onboard fishing vessels is paying off and the fishing industry has accepted the seriousness with which the Namibian Government view non-compliance. The decrease in such incidents is therefore accredited to the tireless efforts of the FOA management in general and Observers in particular to ensure compliance.

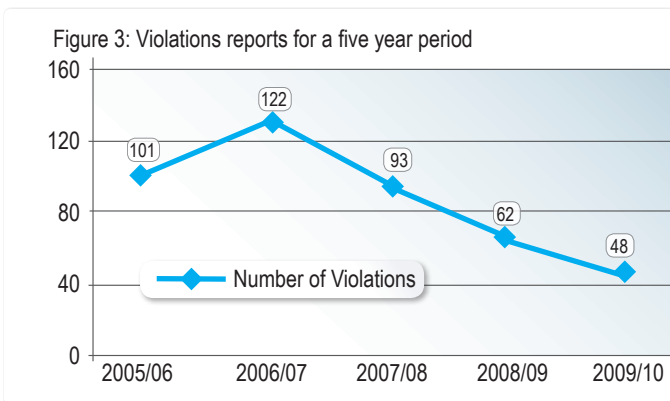
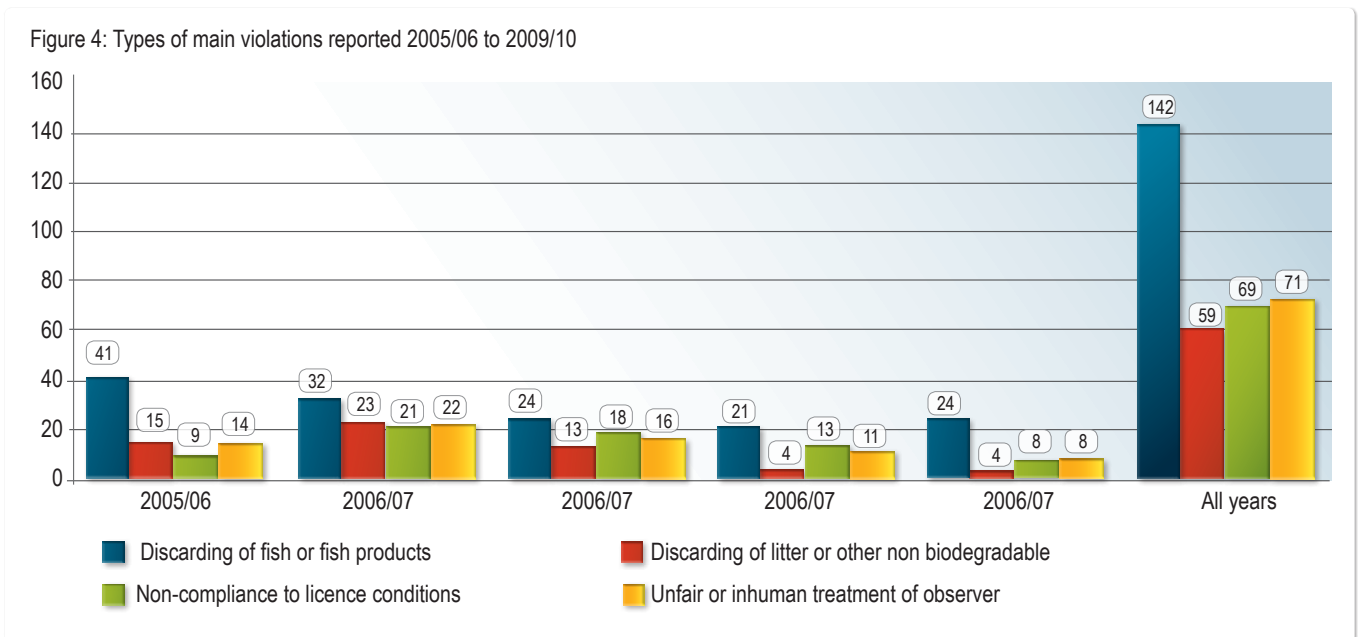


Figure 4, below, indicates that over the last five years, discarding of fish and fish products remained the main violation committed with 41 committed in 2005/2006, 32 in 2006/2007, 24 in 2007/2008, 21 in 2008/09 and 24 violations in 2009/10 during the reporting period.

Comparing the current incidents reports to the past four years as shown on Figure 3, above, it is evident that incidents although still existing, went down significantly from 122 violations in 2006 to only 48 violations during the reporting period. The trend of the violations reports had a downward slope indicating

The unfair or inhuman treatment of observers on board fishing vessels was the second main violation recorded followed by noncompliance to the licence conditions.

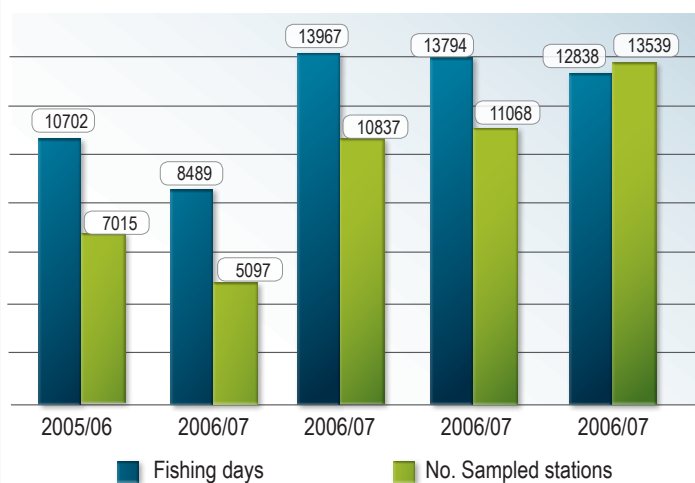
Although the discarding of fish and fish products violation dropped significantly from 41 cases during the 2005/06 to 24 in 2009/10, the FOA remain concerned that incidents of non-compliance are still occurring. The FOA is cooperating with the Ministry of Fisheries and Marine Resources Inspectorate aiming to achieve 100% compliance constantly.



2.3 DATA COLLECTION

The collection of reliable scientific data by the fisheries observers is required by the fisheries scientists for their stock assessment models that determine the state of fisheries stock and determine the total allowable catches (TACs) on fisheries like hake, horse mackerel, monk and crab. In Figure 5, below, sampling performance by our fisheries observers are shown over

Figure 5: Sampling Performance



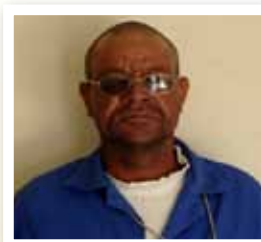
the period of five years in relation to the fishing days. The data collection increased from 7,015 during the 2005/06 season to 13,539 sampled stations during the period under review. The collection of scientific data had been at times hampered by conditions beyond the departments' control such as whether and lack of sampling space.

During this reporting period, the FOA had close interactions with scientists from NatMIRC forming part of the debriefing team of the fisheries observers together with supervisors when returning from sea. This was done to ensure that the data collected by our staff was of quality and reliable and ensure that the right methods were followed in the collection of data. The FOA was represented at various fisheries working groups to discuss various issues related to both quality and quantity of data that observers needed to collect.

Best Scientific Data Collection Observers



Immanuel Hamunyela



Ludwig Jantjies



Marcellinus Pieters



Maria N. Namene



Martin H. Simeon



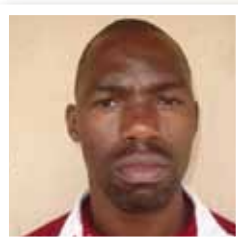
Simon N. Alukaku



Heimo F. Ndeutapo



John Nghitewa



Hamunyela Philemon Elisa



Unona Jeremia

During these working group meetings, such as the monk and hake working groups, the scientists were happy with the quality of the data that the FOA staff members have been collecting during the course of the year. With regard to the quantity, the scientists indicated a need for more samples to be collected especially from trawling vessels in hake, monk and horse mackerel fisheries.

In this regard, it was decided that the samples will have to be increased from one sample per fishing day to at least three stations in hake trawling and horse mackerel trawling depending on the number of trawls in a specific fishing day. The FOA together with the scientists in the monk fisheries agreed to meet and discuss the prospective collection of other data that was not collected before. The FOA found the collection of data challenging but with the continuous training of staff, the FOA met those challenges and the coming year will see a more improved data collection.

3 HUMAN RESOURCES

3.1 EMPLOYEE RELATIONS

A settlement agreement was signed by the parties on the 16 July 2009 ending the protracted wage negotiations between the two parties for 2009/2010 financial year. Salary increments were introduced retrospectively from April 1st 2009.

3.2 EMPLOYEE DISCIPLINARY PROFILE

The number of disciplinary cases recorded for the period is three (3). The table below illustrates the disciplinary profile over the period of reporting.

Table 2: Disciplinary Profile for the Financial Year

Number of cases	1 st W/W	Final W/W
3	3	0

3.3 RECRUITMENT

At the end of the reporting period, the FOA had 215 employees on the establishment comprising of 194 sea going personnel and 21 administrative staff. The FOA is an equal opportunity employer and shop stewards are present during interviews to observe the interview process and air their views on the fairness of the process. The Accounts Clerk and Head of Information Management joined the FOA respectively. One additional Control Fisheries Observer position was created for Lüderitz and filled by an Fisheries Observer and the Accounts Clerk was promoted to Accountant.

Table 3: Internal Promotions

Job Category	Post Designation	Walvis Bay	Lüderitz
Administration	Senior Fisheries Observer	0	1
Administration	Accountant	1	0
Total		1	1

3.4 TRAINING AND DEVELOPMENT

3.4.1 Observer Training

No employees could be sent for the Fisheries Inspector and Observer Course (FIOC) during the reporting period due to budgetary constraints. Budgetary provision is however made for the next financial year, 2010/2011. In the meantime the selection of the candidates continued as NAMFI informed FOA that the course is earmarked to start in April 2010.

Table 4: Observer Training and Training Levels at the End of the Reporting Period

Training Course	Total Staff Employed	Trained During Period	Total Staff Trained
Grade 0	194	0	194
Grade 0	194	21	193
Grade 0	194	10	166
FIOC	194	0	89
Basic Safety	194	77	194
International Convention	194	0	18

CHIEF EXECUTIVE OFFICER'S REPORT *(continued)*

for the year ended 31 March 2010

Training provided through NatMIRC and Capfish continued and the table below is an illustration of training status of observers currently in the employ of FOA as at 31st March 2010. See the training statistics in the table on the previous page.

3.4.2 Training of Administration Staff

The Board approved the enrolment of two heads of department and three Control Fisheries Observers for SMDP/MDP courses through the Business School of University of Stellenbosch for 2009 respectively. Furthermore, the Human Resources Assistant was enrolled for a two year Human Resources Diploma through Berma Management Training College (BMTC) in South Africa. The PA to the CEO also attended a three day minutes taking course in Windhoek offered through Corporate Training Solutions. The table below reflects all courses attended by administrative staff during the period of reporting:

Table 5: Administration Staff Training

Post Designations	Course, Workshop Attended	Institute/ Place
Head of Operations (Walvis Bay)	SMDP	Stellenbosch University
Head Finance	SMDP	Stellenbosch University
3 x Control Fisheries Observers	MDP	Stellenbosch University
Assistant HR	HR Diploma	BMTC
Accounts Clerk	VIP Payroll	VIP Softline
PA CEO	Minutes taking	Corporate Training Solutions

3.5 EMPLOYEE TURNOVER

The FOA is not immune to staff turn over and some staff members have left the Agency on a voluntary basis. A total of 8 (eight) employees left the Agency during the reporting period, due to disability, resignations, dismissals, death, etc.

Table 6: Employee Turnover Statistics

Type	Duty Station		Total
	Walvis Bay	Lüderitz	
Resignation	4	1	5
Death	2	0	2
Retrenchment	0	0	0
Misconduct	1	0	1
Abscondment	0	0	0
Retirement	0	0	0
Incapacity	1	0	1
Total	7	1	8

3.6 PERSONNEL ADMINISTRATION

3.6.1 Social Security Commission

All FOA employees continue to enjoy benefits under the Maternity leave, Sick leave and Death (MSD) benefits fund and the Employees' Compensation Fund (ECF) from the Social Security Commission.

The table below indicates the number of MSD fund claims for the period under review:

Table 7: MSD Fund

Maternity	Leave Claims	Sick Leave Claims	Death Claims
2	2	0	0



3.6.2 FOA Pension Fund

During the previous reporting period, the FOA started the process of moving its pension fund from Ondunda (Metropolitan) to Orion. (Old Mutual) However, the section 14 transfer in terms of the Pension Fund Act has not been finalized as the Ondunda (Metropolitan) actuaries have not yet concluded and submitted their final benefit statement report to Orion (Old Mutual) actuaries for verification and confirmation. The process of the funds transfer is expected to be finalised during the next financial year.

3.6.3 Pension Fund Claims

The table below indicates the total number of claims over the period from the fund:

Table 8: FOA Pension Fund Claims

Retirement Claims	Withdrawal Claims	Death Claims	Disability Claims
0	4	2	0

3.6.4 Medical Aid Schemes

One of the benefits offered by the FOA to all its employees is the medical aid scheme which is voluntary. The Agency contributes 50% monthly towards the total cost of the medical aid for all employees joining the scheme. The following table illustrate the membership data of employees on the various medical aid schemes. From the table below it can be seen that only 177 employees have medical aid and 38 either are on their spouses' medical aid or do not have a medical aid at all.

Table 9: Medical Aid Membership Data

Medical Aid Scheme	Administration	Observers	Total
NHP	4	7	12
NMC	14	143	155
PROSPERITY HEALTH	2	7	7
TOTAL	20	157	177

4. INFORMATION MANAGEMENT

During the reporting period the configuration, maintenance and IT development continued to enhance improvement to existing systems, while upgrading into new eras of technology; by standardising the computer software and legislation of software licensing. The necessary firewall, antivirus precautions were implemented for the protections of the FOA Server and client's computer. Various database are used that enables and enhances the administrative functions of the FOA; namely OBSDAT, Pastel, VIP and D-Bit Fixed Assets Programme. The website hosted at www.foa.com.na is currently up and running.

5. FINANCE DEPARTMENT

5.1 ONLINE BANKING

The Agency implemented fully functional online banking payment system during the financial year under reporting after approval of all the necessary security measures by the external auditors. Training was offered to all the personnel that create, verify and release payments on the system. This resulted in significant savings in bank charges and more effective payment method.

5.2 PAYE CERTIFICATES

The annual reconciliation of income tax and issuance of PAYE certificates was always outsourced, but during the financial year under reporting, all this was done successfully in house without asking for extension of submission of income returns from the Receiver of Revenue.

5.3 WITHDRAWAL OF FUNDS INVESTMENT ACCOUNT

The FOA experienced some cash flow problem towards the end of the year under review and had to make withdrawal of N\$1.8 million from its investment account..

CHIEF EXECUTIVE OFFICER'S REPORT *(continued)* *for the year ended 31 March 2010*



6 VESSEL SURVEY

With the establishment of the FOA, the Agency inherited a criteria that is used to determine the number of Observers to be placed on a particular vessel that is not well defined.

In pursuit of the FOA's strategic objective of providing an efficient and optimal Observer deployment service, towards the end of the period under review, the Agency contracted external assistance to help in formulating a criteria that will be transparent and fair to stakeholders.

The outcome of this project/research is expected early the ensuing year.

7 CONCLUSION

I feel grateful to the guidance that I have received from the Board during this period and I appreciate the good relationship that existed between the Agency and all other stakeholders such the fishing industry, the Ministry of Fisheries and Marine Resources and the Department of Maritime Affairs and colleagues at the FOA. It is through cooperation and interaction that we will be able to forge ahead and achieve all our objectives.



Hafeni Mungungu
Chief Executive Officer



STATEMENT OF RESPONSIBILITY AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS BY THE MEMBERS OF THE MANAGEMENT BOARD

for the year ended 31 March 2010

The members of the management board are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the agency as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with Namibian Statements of Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium Sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with Namibian Statements of Generally Accepted Accounting Practice - NAC001: Financial Reporting for Small and Medium Sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The members of the management board acknowledge that they are ultimately responsible for the system of internal financial control established by the agency and place considerable importance on maintaining a strong control environment. To enable the members of the management board to meet these responsibilities, the members of the management board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the agency and all employees are required to maintain the highest ethical standards in ensuring the agency's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk

management in the agency is on identifying, assessing, managing and monitoring all known forms of risk across the agency. While operating risk cannot be fully eliminated, the agency endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members of the management board are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

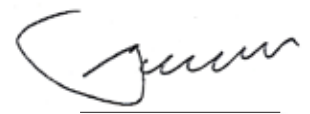
The members of the management board have reviewed the agency's cash flow forecast for the year to 31 March 2011 and, in the light of this review and the current financial position, they are satisfied that the agency has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the agency's annual financial statements. The annual financial statements have been examined by the agency's external auditors and their report is presented on page 11.

The annual financial statements set out on pages 13 to 22, which have been prepared on the going concern basis, were approved by the members of the management board on 9 July 2010 and were signed on its behalf by:



Chairperson
Walvis Bay
9 July 2010



Vice Chairperson
Walvis Bay
9 July 2010

REPORT OF THE INDEPENDENT AUDITORS

to the members of the Management Board of the Fisheries Observer Agency

We have audited the annual financial statements and group annual financial statements of Fisheries Observer Agency, which comprise the statement of financial position as at 31 March 2010, and the statement of comprehensive income, the statements of changes in funds and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 22.

Members of the Management Board's responsibility for the financial statements

The agency's members are responsible for the preparation and fair presentation of these financial statements in accordance with Namibian Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium Sized Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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 internal control. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the agency and the group at 31 March 2010 and its financial performance and its cash flows for the year then ended in accordance with Namibian Statements of Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium Sized Entities.



BDO

Chartered Accountants (Namibia) Walvis Bay
Registered Accountants and Auditors 9 July 2010

MANAGEMENT BOARD'S REPORT

for the year ended 31 March 2010

1. The members of the management board present their annual report which forms part of the audited financial statements of the group for the year ended 31 March 2010.

GENERAL REVIEW

2. The purpose of the agency is to administer and manage the Observer programme and to ensure compliance with marine resources legislation by placing fisheries observers on board fishing vessels to monitor the harvesting operations and to collect biological and scientific data in order to compliment the Government's monitoring, control, surveillance and scientific activities.
3. No matter which is material to the financial affairs of the agency has occurred between 31 March 2010 and the date of approval of the annual financial statements.

RESULTS

4. Full details of the financial results of the agency and the group are set out in the income statement and the notes thereto.

EVENTS SUBSEQUENT TO THE YEAR END

5. There have been no facts or circumstances of a material nature that have occurred between the accounting date and the date of this report.

MEMBERS OF THE MANAGEMENT BOARD

6. The following were members of the management board of the agency during the year:

Name	Date Appointed	Nationality
Steven Ambabi	01-10-2007	Namibian
Salomé Bandlow-Izaaks	01-10-2007	Namibian
Carel Jacobs	01-10-2007	Namibian
Amit Mohan	01-10-2007	Namibian
Meriam Onesmus	01-10-2009	Namibian
Frans Tsheehama	01-10-2007	Namibian

AUDITORS

7. BDO will continue in office for the ensuing year.

SUBSIDIARY

8. The subsidiary, Fisheries Observer Agency (Proprietary) Limited is a property owning company which is 100% owned by Fisheries Observer Agency.



Frans K. M. Tsheehama
Chairperson

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2010

	Note	Group		Agency	
		2010 N\$	2009 N\$	2010 N\$	2009 N\$
ASSETS					
Non-current assets					
Property, plant and equipment	2	1 694 314	1 354 275	848 780	501 827
Investment in subsidiary	3	-	-	7 273	7 273
Loan to related party	3	-	-	891 763	891 763
Total non-current assets		1 694 314	1 354 275	1 747 816	1 400 863
Current assets					
Cash and cash equivalents	4	3 386 147	2 065 881	3 386 147	2 065 881
Total current assets		3 386 147	2 065 881	3 386 147	2 065 881
Total assets		5 080 461	3 420 156	5 133 963	3 466 744
FUNDS AND LIABILITIES					
Funds					
Retained surplus		1 847 000	1 283 794	1 900 502	1 330 382
Total funds		1 847 000	1 283 794	1 900 502	1 330 382
Current liabilities					
Accounts payable	5	3 233 461	2 136 362	3 233 461	2 136 362
Current liabilities		3 233 461	2 136 362	3 233 461	2 136 362
Total funds and liabilities		5 080 461	3 420 156	5 133 963	3 466 744

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2010



	Note	Group		Agency	
		2010 N\$	2009 N\$	2010 N\$	2009 N\$
Revenue		26 934 700	21 388 437	26 934 700	21 388 437
Cost of Sales		(23 712 100)	(20 909 757)	(23 712 100)	(20 909 757)
Gross surplus		3 222 600	478 680	3 222 600	478 680
Other income		218	96 470	218	96 470
Operating surplus before administration expenses		3 222 818	575 150	3 222 818	575 150
Administration expenses		(3 020 930)	(2 246 650)	(3 014 016)	(2 227 975)
Surplus / (deficit) before investment income	7	201 888	(1 671 500)	208 802	(1 652 825)
Investment income	6	361 318	28 631	361 318	28 631
Surplus / (deficit) before taxation		563 206	(1 642 869)	570 120	(1 624 194)
Taxation		-	(853)	-	-
Net surplus / (deficit) for the year		563 206	(1 643 722)	570 120	(1 624 194)

STATEMENT OF MOVEMENT IN FUNDS

for the year ended 31 March 2010



<i>Group</i>	Note	Retained	
		Funds N\$	Total N\$
Balance at 1 April 2008		2 927 516	2 927 516
Net deficit for the year per the income statement		(1 643 722)	(1 643 722)
Balance at 31 March 2009		1 283 794	1 283 794
Net surplus for the year per the income statement		563 206	563 206
Balance at 31 March 2010		1 847 000	1 847 000
<i>Agency</i>			
Balance at 1 April 2008		2 954 576	2 954 576
Net deficit for the year per the income statement		(1 624 194)	(1 624 194)
Balance at 31 March 2009		1 330 382	1 330 382
Net surplus for the year per the income statement		570 120	570 120
Balance at 31 March 2010		1 900 502	1 900 502

CASH FLOW STATEMENT

for the year ended 31 March 2010



	Note	Group		Agency	
		2010 N\$	2009 N\$	2010 N\$	2009 N\$
Cash flow from operating activities					
Cash generated from operations	8.1	1 420 659	(841 543)	1 420 659	(829 247)
Investment income		361 318	28 631	361 318	28 631
Taxation paid	8.2	-	(853)	-	-
Net cash flow from operating activities		1 781 977	(813 765)	1 781 977	(800 616)
Cash flow from investing activities					
Additions to property, plant and equipment	2	(461 711)	(123 752)	(461 711)	(123 752)
Change in loans to related parties		-	-	-	(13 148)
Net cash flow from investing activities		(461 711)	(123 752)	(461 711)	(136 900)
Net change in cash and cash equivalents		1 320 266	(937 517)	1 320 266	(937 516)
Cash and cash equivalents at beginning of year		2 065 881	3 003 398	2 065 881	3 003 397
Cash and cash equivalents at end of year	4	3 386 147	2 065 881	3 386 147	2 065 881



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010



1. ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with Namibian Statements of Generally Accepted Accounting Practice - NAC 001: Financial Reporting for Small and Medium Sized Entities. The annual financial statements have been prepared on the historical cost basis, except for the measurement of property, plant and equipment and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. These accounting policies are consistent with the previous year. The principle accounting policies are:

1.1 Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Loans and receivables

The agency assesses its loans and receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the income statement, the agency makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimated and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

1.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the agency and of its subsidiary. The results of any subsidiaries acquired or disposed of during the year are included from the effective dates of acquisition and up to the effective dates of disposal. Unrealised gains and inter agency balances arising from transactions within the group are eliminated.

1.3 Underlying concepts

The financial statements are prepared on the going concern basis using accrual accounting.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a currently legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the standard. If no such guidance is given, they are applied retrospectively, unless it is impractical to do so, in which case they are applied prospectively.

Changes in accounting estimates are recognised in gains or losses.

Prior period errors are retrospectively restated unless it is impractical to do so, in which case they are applied prospectively.

Accounting policies are not applied when the effect of applying them is immaterial.

1.4 Recognition of assets and liabilities

Assets are only recognised if they meet the definition of an asset, it is probable that future economic benefits

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010



associated with the asset will flow to the agency and the cost or fair value can be measured reliably.

Liabilities are only recognised if they meet the definition of a liability, it is probable that future economic benefits associated with the liability will flow from the agency and the cost or fair value can be measured reliably. Financial instruments are recognised when the agency becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities as a result of firm commitments are only recognised when one of the parties has performed under the contract.

Regular way purchases and sales are recognised using trade date accounting.

1.5 Derecognition of assets and liabilities

Financial assets or parts thereof are derecognised when the contractual rights to receive cash flows have been transferred or have expired or if substantially all the risks and rewards of ownership have passed. Where substantially all the risks and rewards of ownership have not been transferred or retained, the financial assets are derecognised if they are no longer controlled. However, if control in this situation is retained, the financial assets are recognised only to the extent of the continuing involvement in those assets.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use or on disposal.

Financial liabilities are derecognised when the relevant obligation has either been discharged or cancelled or has expired.

1.6 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the agency;

- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Property, plant and equipment are carried at revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to equity in the revaluation reserve. The increase is recognised in gains or losses to the extent that it reverses a revaluation decrease of the same asset previously recognised in gains or losses. Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in gains or losses in the current period. The decrease is debited directly to equity in the revaluation reserve to the extent of any credit balance existing in the revaluation gain in respect of that asset.

Depreciation is provided on all property, plant and equipment other than land, to write down the cost, less residual value, on a straight line basis over their useful lives as follows:

Buildings	50 years
Motor vehicles	5 years

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010



Furniture and fittings 10 years
Computer and office equipment 3 years

Land is not depreciated as it is deemed to have an indefinite life.

The residual value and the useful life of each asset are reviewed at each financial year-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

1.7 Impairment of assets

The agency assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the agency estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in gains or losses. Any impairment gain of a revalued asset is treated as a revaluation decrease.

A reversal of any impairment gain of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in gains or losses. Any reversal of an impairment loss of a revalued asset is treated as an revaluation increase.

1.8 Financial Instruments

Initial recognition

The agency classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument

in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the agency's balance sheet when the agency becomes party to the contractual provisions of the instrument.

Loans to/(from) subsidiaries

These include loans to holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

On loans receivable an impairment loss is recognised in gains or losses when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an even occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010



1.9 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates. Revenue is recognised as follows:

(a) Contributions received

Contributions are recognised when the right to receive payment is established.

(b) Interest received

Interest income is recognised on a time-proportion basis using the accrued interest method.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease

if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. The liability is not discounted.

1.11 Retirement benefits

The agency operates a defined contribution plan. The assets are held in a separate trustee-administrated fund. The plan is funded by payments from employees and by the agency. The contributions of the agency to the defined contribution pension plan are charged to the statement of comprehensive income in the year to which they relate.

2 PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings	Motor vehicles	Furniture and fittings	Computer and office equipment	2010 Total	2009 Total
	N\$	N\$	N\$	N\$	N\$	N\$
Cost or valuation						
At beginning of year	984 136	556 571	325,960	373,010	2,239,677	2,067,260
Additions during the year	110 743	314,558	17,120	19,290	461,711	123,752
Transfers	-	-	-	-	-	48,665
At end of year	1,094,879	871,129	343,080	392,300	2,701,388	2,239,677
Depreciation						
At beginning of year	20 743	367,098	152,380	345,181	885,402	667,751
Charge for the year	6 914	53,821	41,114	19,823	121,672	168,986
Transfers	-	-	-	-	-	48,665
At end of year	27,657	420,919	193,494	365,004	1,007,074	885,402
Carrying value						
At beginning of year	963,393	189,473	173,580	27,829	1,354,275	1,399,509
At end of year	1,067,222	450,210	149,586	27,296	1,694,314	1,354,275

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010



2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Agency	Land and buildings	Motor vehicles	Furniture and fittings	Computer and office equipment	2010 Total	2009 Total
	N\$	N\$	N\$	N\$	N\$	N\$
Cost						
At beginning of year	110,945	556 571	325,960	373,010	1,366,486	1,194,069
Additions during the year	110,743	314,558	17,120	19,290	461,711	123,752
Transfers	-	-	-	-	-	48,665
At end of year	221,688	871,129	343,080	392,300	1,828,197	1,366,486
Depreciation						
At beginning of year	-	367,098	152,380	345,181	864,659	653,922
Charge for the year	-	53,821	41,114	19,823	114,758	162,072
Transfers	-	-	-	-	-	48,665
At end of year	-	420,919	193,494	365,004	979,417	864,659
Book value						
At beginning of year	110,945	189,473	173,580	27,829	501,827	540,147
At end of year	221,688	450,210	149,586	27,296	848,780	501,827

3 SUBSIDIARY COMPANIES

	Group		Agency	
	2010 N\$	2009 N\$	2010 N\$	2009 N\$
Shares at cost - Fisheries Observer Agency Property (Proprietary) Limited			7 273	7 273
Loans to subsidiaries - Fisheries Observer Agency Property (Proprietary) Limited			891 763	891 763
			899 036	899 036
Members' valuation			899 036	899 036

Loans to and from subsidiaries are unsecured and not subject to any fixed terms of repayment. No interest is charged by or to subsidiaries at present but these arrangements are subject to revision from time to time.

4 CASH AND CASH EQUIVALENTS

Cash on hand	7 037	3 730	7 037	3 730
Bank balances	3 060 372	18 209	3 060 372	18 209
Funds at call	318 738	2 043 942	318 738	2 043 942
	3 386 147	2 065 881	3 386 147	2 065 881

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010



5 TRADE AND OTHER PAYABLES

	2010	2009	2010	2009
Trade payables	120 833	122 065	120 833	122 065
Other payables	294 692	830 056	294 692	830 056
Other payables - Provision for leave	1 307 905	1 184 241	1 307 905	1 184 241
Other payables - P.A.Y.E	972 553	-	972 553	-
Other payables - Salary deductions	537 478	-	537 478	-
	3 233 461	2 136 362	3 233 461	2 136 362

6 INVESTMENT INCOME

Interest received	361 318	28 631	361 318	28 631
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7 OPERATING SURPLUS BEFORE INVESTMENT INCOME

Depreciation

Property, plant and equipment	121 672	168 986	114 758	162 072
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Auditors' remuneration

Audit fees - current year	107 254	96 964	107 254	96 964
Board members' emoluments	65 746	67 500	65 746	67 500
	173 000	164 464	173 000	164 464

8 CASH FLOW INFORMATION

8.1 Cash generated by operations

	2010	2009	2010	2009
Surplus/(deficit) on ordinary activities	563 206	(1 642 869)	570 120	(1 624 194)
Adjustments:				
Depreciation	121 672	168 986	114 758	162 072
Investment income	(361 318)	(28 631)	(361 318)	(28 631)
Changes in working capital:				
Changes in accounts payable	1 097 099	660 971	1 097 099	661 506
	1 420 659	(841 543)	1 420 659	(829 247)

8.2 Taxation paid

Change in deferred tax	-	853	-	-
	-	853	-	-

9 CONTINGENCIES

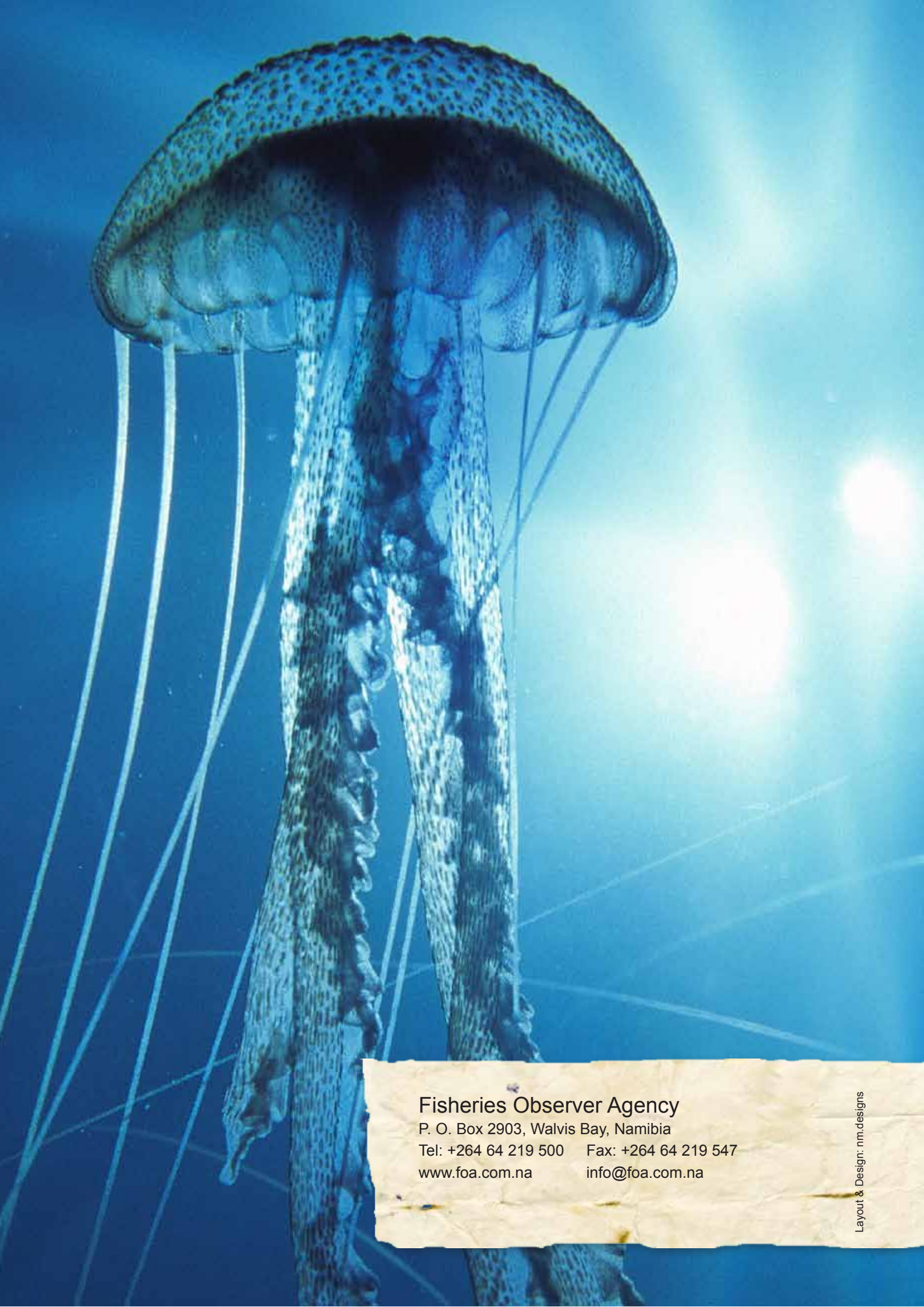
The fund did not settle all its statutory obligations within the stipulated time in respect of Pay As You Earn. There is a possibility that the fund can be charged penalties and interest on the unpaid amount if the current negotiations with the regulator are not successful.

DETAILED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2010

	Agency	
	2010	2009
Revenue		
Ministry of Fisheries and Marine Resources Contributions	5 734 700	1 700 000
Transfer from Fisheries Observer Fund	21 200 000	19 688 437
	26 934 700	21 388 437
Cost of Sales		
Medical expenses	92 350	64 129
Recruitment expenses	69 885	81 772
Salaries and wages	23 530 709	20 742 887
Staff welfare	19 156	20 969
	(23 712 100)	(20 909 757)
	3 222 600	478 680
Gross surplus		
Other income		
Sundry income	218	96 470
Interest received	361 318	28 631
	361 536	125 101
Operating expenses		
Administration fees	35 625	7 976
Auditors remuneration	107 254	96 964
Bank charges	64 659	42 381
Cleaning	11 665	8 004
Computer expenses	34 440	22 053
Consulting fees	366 362	268 363
Depreciation	121 672	168 986
Members emoluments	65 746	67 500
Entertainment	11 489	4 766
Office expenses	3 190	2 636
Licences	13 259	18 191
Sundry expenses	-	75 755
Insurance	201 114	196 424
Lease rentals on operating lease	103 658	93 768
Legal expenses	79 671	34 011
Motor vehicle expenses	163 108	148 940
Postage	26 662	18 290
Printing and stationery	107 712	94 796
Protective clothing	121 906	16 814
Repairs and maintenance	19 934	11 761
Security	1 860	1 860
Subscription	1 380	150
Telephone and fax	210 592	194 931
Training	477 348	175 036
Travel - local	573 837	391 427
Water and electricity	96 787	84 867
	3 020 930	2 246 650
Surplus / (deficit) before taxation	563 206	(1 642 869)
Taxation	-	853
Surplus / (deficit) for the year	563 206	(1 643 722)

The supplementary information presented does not form part of the annual financial statements and is unaudited.



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