

## AGRA in Perspective

Pursuant to the recent liquidations of co-operatives both locally and in South Africa, members are inclined to question the situation at Agra. Particular concern is expressed regarding the security of members' funds and the future of such funds should the co-operative be liquidated.

The financial history of Agra in the past 22 years is characterised by sound, discerning and professional management. At no juncture during this period has the co-operative experienced either any financial pressure or any threat of liquidation. In contrast, the co-operative has enjoyed healthy growth, currently boasting in excess of 6000 members and an annual turnover of more than N\$ 500 million.

Agra's roots are embedded in the agricultural sector of Namibia, which forms the backbone of the Namibian economy. Although agriculture is the core activity of Agra, the co-operative has adapted and diversified to the extent that it is no longer dependent on agriculture alone. Agra's trade with members currently constitutes less than 50% of total turnover.

The co-operative's comprehensive audited annual financial statements, from which all information on Agra can be obtained, are always available to its members. An annual general meeting is furthermore held for members to convey information and discuss the financial statements.

An important element is that Agra's members are the only shareholders in the business. The statements indicate that members' funds currently comprise N\$ 14 million, with Agra's assets exceed liabilities by N\$ 63 million and a debt:equity ratio of 53%. This alone should serve to reassure members.

However, should liquidation of the co-operative occur, there are certain legal procedures, as described in the co-operative law and statute of the co-operative, that must be adhered to.

- Firstly, all outstanding debt and financial obligations at the time of liquidation would be squared.
- Secondly, members' stakes in bonus shares and the members' funds would be paid out. In the event that a member may be indebted to the co-operative, such debits may be written off against this credit.
- Finally, any remaining surplus - including any reserve funds - shall then be divided amongst existing members as a repayment of the nominal value of the original shares registered in the member's name. Any remaining assets shall also be divided amongst the existing members on the basis of the business conducted by the member with the co-operative during its life.

We trust that this exposition has provided clarity and, above all, peace of mind for our members.