



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

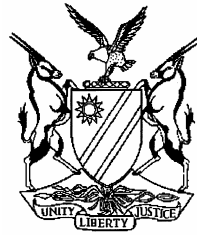
# LAND ACQUISITION AND DEVELOPMENT FUND

FOR THE FINANCIAL YEARS ENDED 31 MARCH 2008 AND 2009

Published by authority

Price (Vat excluded) N\$ 21.02  
Report no: 749

**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 Land Acquisition and Development Fund for the financial years ended 31 March 2008 and 2009, 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, October 2009**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE  
LAND ACQUISITION AND DEVELOPMENT FUND FOR THE FINANCIAL YEAR  
ENDED 31 MARCH 2008 and 2009**

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**1. INTRODUCTION**

The Land Acquisition and Development Fund was established in terms of Section 13A (1) of the Agricultural (Commercial) Land Reform Amendment Act , 2000 (Act 16 of 2000), to administer funds appropriated by Parliament for the purpose of the Fund, that is acquisition and rehabilitation of farms. The Permanent Secretary of the Ministry of Lands, Resettlement and Rehabilitation is the Accounting Officer in terms of the Act.

The firm EDB & Associates of Windhoek has been appointed in terms of the Section 26(2) of the State Finance Act, 1991, to audit the accounts of the Land Acquisition and Development Fund on behalf of the Auditor-General and under his supervision.

Figures in the report are rounded off to the nearest Namibian Dollar.

**2. FINANCIAL STATEMENTS**

The Fund's financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 13D (2), of the Act . The audited financial statements are in agreement with the general ledger and are filed in the Office of the Auditor-General. The abridged balance sheet, Annexure A, is a true reflection of the original.

The following Annexures are also attached to this report:

Annexure B: Abridged income statement  
Annexure C: Cash flow statement  
Annexure D: Notes to the financial statements

**3. SCOPE OF THE AUDIT**

The Accounting Officer of the Fund is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

The audit as carried out by the said firm, included:

- a) examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements,
- b) assessment of the significant estimates and judgements made by the Board of Directors of the Fund in preparation of the financial statements and whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed; and
- c) evaluation of the overall adequacy of the presentation of information in the financial statements. The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:
  - the financial statements are free from material misstatement, whether caused by error, fraud or other irregularities;

- in all material respects, the expenditure and income have been applied to the purposes intended; and
- the financial transactions conform to the authorities which govern them.

#### **4. AUDIT OBSERVATIONS AND COMMENTS**

Matters reported also in the prior year audit are indicated with an asterisk (\*).

##### **4.1 Interest income and investments (\*)**

The auditors found that no interest apportionment from the Fund's investment, were done at financial year end. Consequently, income and investment balances were understated in financial year 2008 with N\$ 1 843 617 and with N\$ 2 526 950 in financial year 2009.

Due to the significance of this matter, the Auditor-General cannot accept the accuracy and valuation of interest income and the investments account.

##### **4.2 Land tax income (\*)**

The auditors inspection on land tax income revealed that the Fund only accounted for this income on a receipt basis. At the time of the audit it was evident that no internal controls are in place to record and monitor the total income due to the Fund.

It was also found that in the 2008 financial year prior year income of N\$ 28 921 225 has been disclosed in the current financial statements whilst in 2009 land tax income has been understated by an amount of N\$ 428 755.

Due to the significance of this matter, the Auditor-General cannot accept the completeness of land tax income and accounts receivable.

##### **4.3 Bank and cash (\*)**

The Fund's bank reconciliation at 31 March 2009 and 31 March 2008 revealed stale and cancelled cheques amounting to N\$ 17 854 and N\$ 2 383 642 respectively, which were not cleared from the cash-book and general ledger, and as such remained as reconciling items. This resulted into a material overstatement of expenditure while bank balances on the other hand were understated.

Due to the significance of this matter, the Auditor-General can not accept the valuation and disclosure of the Fund's expenditure and bank and cash.

#### **5. ACKNOWLEDGEMENT**

The courteous assistance given to my representatives by the Fund's personnel during the audit is appreciated.

**6. ADVERSE AUDIT OPINION**

The accounts of the Land Acquisition and Development Fund for the financial years ended 31 March 2008 and 2009, summarized in Annexure A to D, have been audited in accordance of provisions of Section 25 (1)(b) of the State Finance Act, 1991 read with the Agricultural (Commercial) Land Reform Amendment Act 16 of 2000.

An adverse audit opinion is being expressed due to the following reasons:

- \* Interest income has been misstated in 2009 by N\$ 2 526 950 and in 2008 by N\$ 1 843 617.
- \* Land tax income related to the prior year whereas the current year income has not been accounted for.
- \* Stale and cancelled cheques in 2009 of N\$ 17 854 and in 2008 of N\$ 2 383 642 are being disclosed as expenditure with the result that the expenditure is overstated and the bank balances understated with the said amount. A correction has been made in the 2009 financial year.

Due to the material misstatements mentioned above, in my opinion, the financial statements do not present fairly, in all material respects the financial position of the Land Acquisition and Development Fund as at 31 March 2008 and 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**WINDHOEK, October 2009**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## LAND ACQUISITION AND DEVELOPMENT FUND

## BALANCE SHEETS ON 31 MARCH

	2009	2008	2007
Notes	N\$	N\$	N\$
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Investments	80 000 000	80 000 000	52 350 000
<b>3</b>	80 000 000	80 000 000	52 350 000
<b>Current assets</b>			
Cash and cash equivalents	110 589 453	29 232 019	59 245 122
<b>4</b>	110 589 453	29 232 019	59 245 122
<b>TOTAL ASSETS</b>	<b>190 589 453</b>	<b>109 232 019</b>	<b>111 595 122</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Funds and reserves</b>			
Funds and accounts	190 589 453	109 232 019	111 595 122
<b>2</b>	190 589 453	109 232 019	111 595 122
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>190 589 453</b>	<b>109 232 019</b>	<b>111 595 122</b>

**LAND ACQUISITION AND DEVELOPMENT FUND  
INCOME STATEMENT FOR THE YEARS ENDED 31 MARCH**

	2009	2008	2007
Note	N\$	N\$	N\$
<b>INCOME</b>	86 520 558	86 565 265	83 852 979
Government grants	50 000 000	50 000 000	50 000 000
Interest income	10 332 950	7 628 999	9 627 245
Sundry income	-	15 040	-
Land tax income	26 187 608	28 921 226	24 225 734
Less: Farm purchases	1 924 927	81 671 791	72 722 875
<b>GROSS SURPLUS</b>	84 595 631	4 893 474	11 130 104
<b>OPERATIONAL EXPENDITURE</b>	5 528 138	7 256 577	3 085 639
Advertising and promotion	52 554	14 451	-
Asset investment cost	-	-	19 461
Bank charges	24 143	14 755	10 055
Catering expenses	55 987	51 323	57 492
Consulting fees - Professional fees	35 200	24 010	-
Commissioners:			
- sitting allowances	230 698	114 634	117 784
- accommodation	40 979	31 190	22 464
- travel allowances	144 891	103 731	185 525
- daily allowances	32 739	93 177	79 803
Computer expenses	12 447	24 187	2 066
Courier and postage	1 714	33 565	25 783
Electricity and water	2 079 641	-	-
Land tribunal:			
- members fees	19 008	8 126	17 429
- travel allowances	-	10 290	10 290
Land tax refunds and other expenses	56 675	71 163	149 067
Land survey system	724 670	-	-
Hiring costs	-	1 800	13 096
Infrastrure - farms:			
- development costs	983 729	5 387 632	1 059 292
- repairs and maintenance	401 652	752 260	1 300 951
Printing and stationery	40 626	11 747	10 797
Security fees	-	5 300	-
Tribunal - DSA	6 300	3 213	4 284
Valuation roll expenses	12 423	310 665	-
Wages - casuals	572 062	188 998	-
<b>SURPLUS (DEFICIT) FOR THE YEAR before adjustments</b>	<b>79 067 493</b>	<b>(2 363 103)</b>	<b>8 044 465</b>
Adjustments	5 2 289 941	-	-
<b>NET SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>81 357 434</b>	<b>(2 363 103)</b>	<b>8 044 465</b>

## LAND ACQUISITION AND DEVELOPMENT FUND

## CASH FLOW STATEMENT FOR THE YEARS ENDED 31 MARCH

	Notes	2009 N\$	2008 N\$	2006 N\$
Cash absorbed by operations	A	71 024 484	(9 992 102)	(1 582 780)
Investment income - banks		10 332 950	7 628 999	9 627 245
<i>Cash generated (utilized) by operating activities</i>		81 357 434	(2 363 103)	8 044 465
<i>Cash utilized in investing activities</i>		-	(27 650 000)	1 275 458
(Increase) decrease in investments		-	(27 650 000)	1 275 458
Change in cash and cash equivalents		81 357 434	(30 013 103)	9 319 923
Cash and cash equivalents at beginning of year	4	29 232 019	59 245 122	49 925 199
Cash and cash equivalents at end of year		<b>110 589 453</b>	<b>29 232 019</b>	<b>59 245 122</b>

## NOTES TO THE CASH FLOW STATEMENT

## A. Cash absorbed by operations

Net surplus after investment interest and adjustments.	81 357 434	(2 363 103)	8 044 465
Interest income	(10 332 950)	(7 628 999)	(9 627 245)
	<b>71 024 484</b>	<b>(9 992 102)</b>	<b>(1 582 780)</b>



## LAND ACQUISITION AND DEVELOPMENT FUND

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 MARCH

**1. ACCOUNTING POLICIES**

The annual financial statements are compiled in accordance with the historical convention modified by the restatement of financial instruments to fair value, except where otherwise stated.

The principal accounting policies of the Fund, which are set out below, had been consistent and comply with Namibian Statements of Generally Accepted Accounting Practices.

**1.1 Accounting basis**

Except for interest income, the Fund's policy is to prepare the income statement on the cash receipts and disbursement basis. On this basis revenue is recognized when received rather than when earned, including repayments of Sysmin loans, and expenses are recognized when paid rather than when incurred. Interest income is accounted for on an accrual basis.

**1.2 Property plant and equipment**

Property, plant and equipment purchased are expensed as operating expenses at the date of acquisition.

**1.3 Loan provision**

Provision for bad and doubtful debts is made against identified doubtful loans receivable, including amounts in respect of interest which is not serviced, and this provision is deducted from loans receivable.

**1.4 Bank and cash**

Cash and cash equivalents comprise cash on hand, deposits on call with banks, net of bank overdrafts, all of which are available for use by the Fund unless otherwise stated.

**1.5 Investments**

Investments are stated at cost. Dividends are brought to account as at the last day of registration in respect of listed shares and when declared in respect of unlisted shares.

**2 OWN FUNDS**

	<b>2009</b> N\$	<b>2008</b> N\$	<b>2007</b> N\$
<b>2.1 Funds and reserves</b>	190 589 453	109 232 019	111 595 122
Opening balance	109 232 019	111 595 122	103 550 657
Surplus (deficit) for the year	79 067 493	(2 363 103)	8 044 465
Reversal of stale cheques	2 289 941	-	-
<b>TOTAL FUNDS</b>	<b>190 589 453</b>	<b>109 232 019</b>	<b>111 595 122</b>

## LAND ACQUISITION AND DEVELOPMENT FUND

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 MARCH (continued)

	<b>2009</b>	<b>2008</b>	<b>2007</b>
	N\$	N\$	N\$
<b>3. INVESTMENTS</b>			
First National Bank of Namibia	-	-	52 350 000
Bank Windhoek Namibia	80 000 000	40 000 000	-
Nedbank Namibia	-	40 000 000	-
	<b><u>80 000 000</u></b>	<b><u>80 000 000</u></b>	<b><u>52 350 000</u></b>
<b>4. CASH AND CASH EQUIVALENTS</b>			
For the purpose of the cashflow statement the year-end cash and cash equivalents comprise of the following:			
Bank Windhoek - call account	110 330 028	18 232 352	63 252 783
Bank Windhoek - current account	259 425	10 999 667	(4 007 661)
	<b><u>110 589 453</u></b>	<b><u>29 232 019</u></b>	<b><u>59 245 122</u></b>
<b>5. ADJUSTMENTS AND UTILIZATIONS</b>			
Reversal of stale cheques	2 289 941	-	-
	<b><u>2 289 941</u></b>	<b><u>-</u></b>	<b><u>-</u></b>