



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

LAND ACQUISITION AND DEVELOPMENT FUND

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

Published by authority

Price (Vat excluded) N\$
Report no: 76/2013

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 year ended 31 March 2012, 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, July 2013

**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 2012**

1. INTRODUCTION

The accounts of the Land Acquisition and Development Fund, hereinafter referred to as the Fund, for the year ended 31 March 2012 are being reported on in accordance with the provisions set out in the Agricultural (Commercial) Land Reform Amendment Act, 2000 (Act 16 of 2000), thereafter referred to as the Act. The main objectives of the Fund are to provide for the acquisition of agricultural land by the Namibian Government for the purposes of land reform, and for its redistribution to Namibian citizens “who do not own or otherwise have the use of agricultural land or adequate agricultural land, and foremost to those Namibian citizens who have been socially, economically or educationally disadvantaged by past discriminatory laws or practices”.

Figures in the report are rounded off to the nearest Namibia Dollar. Deficits are indicated in brackets.

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 statement of the financial position, Annexure A, is a true reflection of the original.

The following annexure is attached to this report

- Annexure A: Statement of Financial Position;
- Annexure B: Statement of Comprehensive Income;
- Annexure C: Statement of Cash Flows; and
- Annexure D: Notes to the financial statements.

3. SCOPE OF AUDIT

The Accounting Officer of the Fund is responsible for the preparation of the financial statements and of 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 included:

- a) Examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of the financial transactions included in the financial statements;
- b) Assessment of the significant estimates and judgments made by the Commissioners of the Fund in the 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 the 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 for the purposes intended; and
- The financial transactions conform to the authorities which govern them.

4. AUDIT OBSERVATIONS AND COMMENTS

4.1 Agribank of Namibia

On inspection of the agreement entered into as reported in the previous report between Agribank of Namibia and Land Acquisition and Development Fund the auditors noted that the terms and conditions regarding repayment of the loan by Agribank are not clearly documented. As a result the uncertainty, as to whether the funds contributed to the PSSF Revolving Credit Account at Agribank of Namibia, exists with regards to recovery thereof.

It is recommended that the fund should clearly define the terms of repayment and should be documented.

5. ACKNOWLEDGEMENT

I express my appreciation for the courteous assistance given by the Fund's personnel during the audit.

6. AUDIT OPINION

The account of the Land Acquisition and Development Fund for the financial year ended 31 March 2012, summarised per Annexure A to D, have been audited in accordance with the provision of Section 25(1)(b) of the State Finance Act, 1991 read with the Agricultural (Commercial) Land Reform Amendment Act, 2000 (Act 16 of 2000).

In my opinion, these financial statements fairly present the financial position of the Land Acquisition and Development Fund at 31 March 2012, and the results of the operations and cash flows for the year ended in accordance with the International Financial Reporting Standard and the requirement of the Agricultural (Commercial) Land Reform Amendment Act, 2000 (Act 16 of 2000).

WINDHOEK, July 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

LAND ACQUISITION AND DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH

	Notes	<u>2012</u>	<u>2011</u>
		N\$	N\$
ASSETS			
NON-CURRENT ASSETS			
Loan	5	5 346 000	21 346 000
Current Assets			
Cash and Cash Equivalents			
Bank and Cash	6	100 932 383	75 221 050
PSSF- Revolving Credit	7	30 000 000	20 000 000
Trade Receivables	8	-	1 275 899
TOTAL ASSETS		<u>136 278 383</u>	<u>117 842 949</u>
EQUITY AND LIABILITIES			
Retained Funds	9	136 278 383	115745296
Current Liabilities			
Trade and other payables	10	-	2 097 653
TOTAL FUNDS AND LIABILITIES		<u>136 278 383</u>	<u>117 842 949</u>

LAND ACQUISITION AND DEVELOPMENT FUND

STATEMENT OF COMPREHENSIVE INCOME

AS AT 31 MARCH

	Notes	2012 N\$	2011 N\$
REVENUE		111 612 633	104 598 458
Government Grants	2	63 117 015	50 000 000
Land Tax Income	3	37 224 103	37 960 617
Other Income	4	11 271 515	16 637 841
FARM PURCHASES		65 481 141	197 795 209
GROSS (DEFICIT)/SURPLUS		46 131 492	(93 196 751)
EXPENDITURE		25 673 173	40 959 200
Advertising & Promotions		119 694	11 382
Bank charges		30 094	40 426
Computer expenses		12 999	4 531
Computer and office equipment		6 932	7 448
Consultative meetings - LRAC		8 048	-
Catering expenses		112 652	79 376
Printing and stationery		22 635	54 975
Consulting fees- professional fees		575 079	1 073 983
Commissioners' expense (DSA, accommodation and transport)		476 068	624 064
Land Tax System and related cost		189 967	300 376
Land Bill costs		-	1 643 313
Land Survey system		-	145 475
Regional Resettlement committees		399 514	266 439
Registration of Deeds		23 845	122 680
Infrastructure: Repairs and Maintenance		96 553	936 648
Infrastructure: Development costs		20 866 224	34 036 388
Electricity and related costs		44 442	104 666
Valuation and Estates Management		994 557	257 691
Water charges and related costs		-	131 869
Wages		1 693 870	1 117 470
Net Surplus/(Deficit)		20 458 319	(134 155 951)

ANNEXURE C

LAND ACQUISITION AND DEVELOPMENT FUND

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH

	Notes	2012 N\$	2011 N\$
CASH RETAINED FROM OPERATING ACTIVITIES			
Operational Surplus/ (Deficit)		8 365 051	(148 483 706)
Interest Received		11 271 515	16 637 841
Cash generated from operations		19 636 566	(131 845 865)
Net cash inflow from operating activities		19 636 566	(131 845 865)
PSSF- Revolving credit	7	(10 000 000)	(10 000 000)
MLR: Loan repayment		16 000 000	5 100 000
Net increase in cash and cash equivalents		25 636 566	(136 745 865)
Cash and cash equivalents at beginning of period		75 221 051	211 964 043
Stale cheques reversed		74 768	2 873
Cash and cash equivalents at end of period	6	100 932 383	75 221 051

LAND ACQUISITION AND DEVELOPMENT FUND**BALANCE SHEET AS AT 31 MARCH****1. PRINCIPAL ACCOUNTING POLICIES**

The financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies set out below.

These policies comply with Namibian statements of generally accepted accounting practice.

2. Government Grants

The Commission received N\$ 63 117 015 in respect of annual government grant for the current year (2011: N\$ 50 000 000).

3. Land Tax Income

Income received from taxes levied on all commercial farms. The rate charged are 0.75% and 1.75% respectively, of unimproved site per hectare depending on ownership, that is local or foreign and that the rates increase by 0.25 per each additional farm owned.

4. Other Income

	2012	2011
	N\$	N\$
This is made up as follows:		
Money Market Investments	-	8 396 530
Bank Windhoek- Current	992 746	612 350
Bank Windhoek- Call	2 660 849	7 624 794
Sales of farm- Ministry of Environment and Tourism	7 615 771	-
Sundry income	2 149	4 166
	11 271 515	16 637 840

5. Loan: Ministry of Lands and Resettlement **5 346 000** **21 346 000**

The funds were used to finance part of the construction cost of the Ministry office complex. The loan is non-interest bearing and has no specific repayment terms.

	2012	2011
	N\$	N\$

6. Cash and Cash Equivalents

Cash and Cash equivalents comprise of the following:

Bank Windhoek- Current	28 360 617	47 926 186
Bank Windhoek- Call	72 571 766	27 294 864
	100 932 383	75 221 050

7. PSSF- Revolving Credit

Agribank of Namibia Ltd	30 000 000	20 000 000
-------------------------	------------	------------

The Land Acquisition and Development Fund has invested N\$ 30 million into the Post Settlement Support Fund. The Fund is a revolving credit facility managed by the Agribank of Namibia. Funds are used to support investments and operations of newly resettled farmers. The investment in the PSSF is non-interest bearing and has no fixed repayment terms.

8. Trade Receivables

Ministry of Finance- Land Tax Income	-	1 275 899
--------------------------------------	---	-----------

9. Retained Surplus

Opening Balance	115 745 296	249 898 374
Prior year adjustments (stale cheques)	74 768	2 873
Restated opening balance	115 820 064	249 901 247
Surplus/ (Deficit) for the period	20 458 319	(134 155 951)
Balance at end of period	136 278 383	115 745 296

10. Trade and other payables

Infrastructure Development- Water systems	-	1 283 592
Infrastructure Development- Farm debushing	-	753 250
Valuation and Estate Management	-	60 811
	-	2 097 653