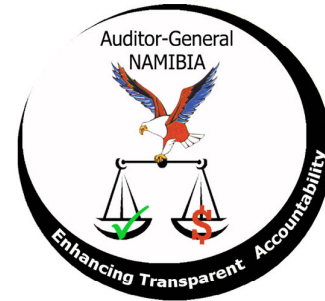




REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
LAND ACQUISITION AND DEVELOPMENT
FUND**

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

Published by authority

Price (Vat excluded) N\$ 19.95
Report no 973

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 2010, 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 2011

**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 2010**

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 Section 26(2), of the State Finance Act, 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 Namibia 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 judgments 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

4.1 Land tax income

For the third consecutive year the auditors inspection revealed that Fund accounts for land tax income on a receipt basis and at the time of the audit it was evident that no internal controls were in place to effectively monitor and control the total amount accrued. As a result, it was detected that unrecorded income for the month of March 2010 amounting to N\$ 346 417.

The auditors noted that the above concern is mainly due to limitations within the Land Tax Reconciliation System.

5. ACKNOWLEDGEMENT

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

6. OPINION

The accounts of the Land Acquisition and Development Fund for the financial year ended 31 March 2010, 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.

In my opinion, these financial statements fairly present the financial position of the Land Acquisition and Development Fund at 31 March 2010, and the results of operations and cash flows for the year then ended in accordance with Internal Financial Reporting Standards.

WINDHOEK, July 2011

**JUNIAS ETUNA KANJEKE
AUDITOR-GENERAL**

LAND ACQUISITION AND DEVELOPMENT FUND

BALANCE SHEET ON 31 MARCH 2010

	Notes	2010 N\$	2009 N\$
ASSETS			
Non-current assets			
Property, plant and equipment	2	26 446 000	-
Current assets			
Cash and cash equivalents	3	46 964 043	110 589 453
Loans receivable	4	10 000 000	-
Accrued income	5	1 488 332	-
Short-term investment	6	165 000 000	80 000 000
TOTAL ASSETS		249 898 375	190 589 453
EQUITY AND LIABILITIES			
Funds and reserves			
Funds and accounts	7	249 898 375	190 589 453
TOTAL EQUITY AND LIABILITIES		249 898 375	190 589 453

LAND ACQUISITION AND DEVELOPMENT FUND

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	2010	2009
	N\$	N\$
INCOME	88 162 866	76 187 608
Government grants	50 000 000	50 000 000
Land tax income	38 162 866	26 187 608
Less: Farm purchases	22 884 933	1 924 927
NET OPERATING SURPLUS BEFORE FINANCE INCOME	65 277 933	74 262 681
Add: Interest income	14 054 595	10 332 950
GROSS SURPLUS	79 332 528	84 595 631
OPERATIONAL EXPENDITURE	20 041 461	5 528 138
Advertising and promotion	57 750	52 554
Bank charges	29 896	24 143
Catering expenses	70 363	55 987
Consulting fees	1 197 887	35 200
Commissioners' expenses	336 029	449 307
Computer expenses	26 030	12 447
Computer and office equipment	11 155	-
Courier and postage	23 407	1 714
Electricity and water	1 174 770	2 079 641
Infrastructure costs - farms:		
- development costs	14 881 437	983 729
- repairs and maintenance	603 780	401 652
Land tribunal expenses	16 848	25 308
Land tax refunds and other expenses	39 720	56 675
Land bill expenses	741 163	-
Land survey system	243 800	724 670
Printing and stationery	44 260	40 626
Regional resettlement committees	111 427	-
Valuation roll expenses	-	12 423
Wages - casuals	431 741	572 062
Surplus for the year before adjustments	59 291 067	79 067 493
Prior year adjustments	17 855	2 289 941
Surplus for the year	59 308 922	81 357 434
Accumulated funds available at beginning of the year	190 589 453	109 232 019
Accumulated funds available at the end of the year	249 898 375	190 589 453

LAND ACQUISITION AND DEVELOPMENT FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 N\$	2009 N\$
Cash absorbed by operations	A	45 254 327	71 024 484
Investment income - banks		14 054 595	10 332 950
Utilized to decrease working capital	B	(11 488 332)	-
<i>Cash generated by operating activities</i>		47 820 590	81 357 434
<i>Cash utilized in investing activities</i>		(26 446 000)	-
Fixed assets acquired		(26 446 000)	-
Change in cash and cash equivalents		21 374 590	81 357 434
Cash and cash equivalents at beginning of year		190 589 453	109 232 019
Cash and cash equivalents at end of year	3	211 964 043	190 589 453

NOTES TO THE CASH FLOW STATEMENT

A. Cash absorbed by operations

Net deficit after investment interest and adjustments.	59 291 067	79 067 493
Adjustments to funds	17 855	2 289 941
Interest income	(14 054 595)	(10 332 950)
	45 254 327	71 024 484

B. Utilized to decrease working capital

Trade and other receivables	(11 488 332)	-
	(11 488 332)	-

LAND ACQUISITION AND DEVELOPMENT FUND

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 MARCH 2010

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. 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 receivables.

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 PROPERTY, PLANT AND EQUIPMENT

Ministry of Lands and Resettlement Office Complex:
-Fund's contribution

<u>2010</u>	<u>2009</u>
N\$	N\$
26 446 000	-
<u>26 446 000</u>	<u>-</u>

LAND ACQUISITION AND DEVELOPMENT FUND

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 MARCH 2010 (continued)

	<u>2010</u> N\$	<u>2009</u> N\$
3 CASH AND CASH EQUIVALENTS		
Bank Windhoek Current Account	4 363 554	259 425
Bank Windhoek Call Account	42 600 489	110 330 028
Held-to-maturity investments:		
	<u>46 964 043</u>	<u>110 589 453</u>
For the purpose of the cash flow statement the year-end cash and cash equivalents comprise of the following:		
Bank and short-term investment balances	211 964 043	190 589 453
	<u>211 964 043</u>	<u>190 589 453</u>
4 LOANS RECEIVABLE		
Post Settlement Support - Revolving Credit Fund	10 000 000	-
	<u>10 000 000</u>	<u>-</u>
The LAD Fund is in partnership with Agribank Namibia.		
5 ACCRUED INCOME		
Held-to-maturity investments	1 488 332	-
	<u>1 488 332</u>	<u>-</u>
6. SHORT-TERM INVESTMENT		
Bank Windhoek	-	80 000 000
Nedbank	85 000 000	-
Standard Bank	80 000 000	-
	<u>165 000 000</u>	<u>80 000 000</u>
7 FUNDS AND ACCOUNTS		
7.1 Distributable reserves	249 898 375	190 589 453
Opening balance	190 589 453	109 232 019
Surplus for the year	59 291 067	79 067 493
Prior year adjustments	17 855	2 289 941
	<u>249 898 375</u>	<u>190 589 453</u>
8. ADJUSTMENTS AND UTILIZATIONS		
Stale cheques	17 855	2 289 941
	<u>17 855</u>	<u>2 289 941</u>