



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 2011

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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 2011, 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, June 2012

**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 2011**

1. INTRODUCTION

The accounts of the Land Acquisition and Development Fund, hereinafter referred to as the Fund, for the year ended 31 March 2011 are being reported on in accordance with the provisions set out in the Agricultural (Commercial) Land Reform Amendment Act, 2000 (Act 16 of 2000), hereinafter referred to as the Act. The main objectives of the Fund are stated in the Act.

The firm PKF (Namibia) 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 statement of 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;
- Statement of Comprehensive Income;
- Statement of Cash Flows; and
- 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 the 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 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 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**

Observations and comments with regards to the following listed points are also included in the report to management:

a) Land tax income and accrual thereof

The auditors noted as part of the audit procedures performed on Land Tax income that Land Tax income for February and March 2011 was received after year end and has not been accrued for in the current financial reporting period.

As reported in the prior year management report the current cash basis of accounting eludes the purpose of detecting any outstanding income which is due to Land Acquisition and Development Fund. An amount of N\$ 1 275 898.86 was not recorded and has been accounted for as a receivable in the current year financial statements.

b) Stale cheques

The auditors noted as part of the audit fieldwork procedures performed that a number of unpaid cheques existed at year-end. It was noted that subsequent to year end these cheques went stale and were cancelled. New replacement cheques were issues.

c) Minutes of meetings

During the review of minutes for the year under review it was observed that minutes of meetings of the Land Reform Advisory Commission were not signed and thus not approved for the majority of the year under review.

The only minutes for the year under review signed were for the meeting held 17 to 18 March 2011. All subsequent meetings inspected were signed.

d) Agribank of Namibia – Post Settlement Support Fund Revolving Credit

On inspection of the agreement entered into 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. Currently the contributions are disclosed as a current loan receivable in the financial statements of the Fund. The treatment of the loan is thus uncertain.

The auditors further observed that in terms of the agreement entered into, Agribank of Namibia was required to present regular financial reports on the performance of the PSSF Revolving Credit Account. For the period under review no reports have been received from Agribank of Namibia, a fact that was noted in the minutes of the Land Reform Advisory Commission.

At the time of the audit the Fund received annual financial reports from Agribank of Namibia with regards to the PSSF Revolving Credit Account financial reporting periods 31 March 2010 and 31 March 2011. These financial reports were unsigned.

e) Outstanding information not provided by end of fieldwork stage

During the performance of the fieldwork stage at the Offices of the Ministry of Lands and Resettlement the auditors requested the provision of certain documents which were not presented at the time. The relevant items / documentation requested are listed in the table below and are required in order for the auditors to complete the audit procedures and thus be able to submit the audit report to the Office of the Auditor-General.

Details		
Date	Details	Amount
		N\$
28/04/2010	Commissioner (Cheq2131)	8 313
28/04/2010	Commissioner (Cheq2131)	5 243
17/03/2010	MG Gosbert (EFT)	11 215
16/07/2010	AGRA (Cheq2284)	38 500
18/11/2010	AGRA (Cheq2633)	38 500
08/03/2011	Windmill (EFT)	85 250
		<u>187 021</u>

5. ACKNOWLEDGEMENT

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

6. FORMAL AND INFORMAL QUERIES

Formal and informal queries are embodied in this report.

7. AUDIT OPINION

The accounts of the Land Acquisition and Development Fund for the financial year ended 31 March 2011, summarized per Annexure A, 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, 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 2011, and the results of operations and cash flows for the year ended in accordance with International Financial Reporting Standards and the requirements of the Agricultural (Commercial) Land Reform Amendment Act, 2000 (Act 16 of 2000).

WINDHOEK, June 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

LANDS ACQUISITION & DEVELOPMENT FUND

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	2011	2010
		N\$	N\$
REVENUE		104 598 458	102 217 461
Government Grants-Current Year	2	50 000 000	50 000 000
Land Tax Income	3	37 960 617	38 162 866
Other Income - Interest Received	4	16 637 841	14 054 595
LESS: FARM PURCHASES		197 795 209	22 884 933
GROSS (DEFECIT) / SURPLUS		(93 196 751)	79 332 529
LESS: EXPENDITURE		40 959 200	20 041 462
Advertising & Promotions		11 382	57 750
Bank charges		40 426	29 896
Computer expenses		4 531	26 030
Computer and office equipment		7 448	11 155
Courier, postage and office consumables		-	23 407
Catering expenses		79 376	70 363
Printing & stationery		54 975	44 260
Consulting fees-Professional fees		1 073 983	1 197 887
Commissioners' expenses (DSA, Accommodation & Transport)		169 189	336 029
Land Tribunal Expenses (DSA, Accommodation & Transport)		454 875	16 848
Land Tax Refund / Direct expenses		300 376	39 720
Land Bill costs		1 643 313	741 163
Land Survey system		145 475	243 800
Regional resettlement committees		266 439	111 427
Registration of Deeds		122 680	-

Infrastructure: Repairs & maintenance	936 648	603 780
Infrastructure: Development costs	34 036 388	14 881 437
Electricity and related costs	104 666	703 231
Valuation and Estate Management	257 691	-
Water charges and related costs	131 869	471 539
Wages	1 117 470	431 741
Net (Loss) / Surplus	<u>(134 155 951)</u>	<u>59 291 067</u>

LANDS ACQUISITION & DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Notes	<u>2011</u>	<u>2010</u>
		N\$	N\$
ASSETS			
Non-Current Assets			
Loan: Ministry of Lands and Resettlement	5	<u>21 346 000</u>	<u>26 446 000</u>
Current Assets			
Cash and Cash Equivalents			
		75 221 050	211 964 043
Bank & Cash	6	<u>75 221 050</u>	<u>46 964 043</u>
Short Term Investments	7	<u>-</u>	<u>165 000 000</u>
PSSF - Revolving Credit	8	20 000 000	10 000 000
Trade Receivables	9	1 275 899	1 488 332
TOTAL ASSETS		<u>117 842 949</u>	<u>249 898 374</u>
EQUITY AND LIABILITIES			
Retained Funds	11	<u>115 745 296</u>	<u>249 898 374</u>
Current Liabilities			
Trade and other payables	10	<u>2 097 653</u>	<u>-</u>
TOTAL EQUITY AND LIABILITIES		<u>117 842 949</u>	<u>249 898 374</u>

LANDS ACQUISITION & DEVELOPMENT FUND

STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	Notes	<u>2011</u>	<u>2010</u>
		N\$	N\$
CASH RETAINED FROM OPERATING ACTIVITIES			
Operational Surplus		(148 483 706)	18 790 472
Interest Received		16 637 841	12 566 263
Cash generated from operations		(131 845 865)	31 356 735
Net cash inflow from operating activities		(131 845 865)	31 356 735
PSSF - Revolving Credit	9	(10 000 000)	(10 000 000)
MLR: Loan Repayment	5	5 100 000	-
Net increase in cash and cash equivalents		(136 745 865)	21 356 735
Cash and cash equivalents at beginning of period		211 964 043	190 589 453
Stale cheques reversed		2 873	17 854
Cash and cash equivalents at end of period	6 & 7	<u>75 221 050</u>	<u>211 964 043</u>

LANDS ACQUISITION & DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SMEs) and in the manner required by the Agricultural (Commercial) Land Reform Amendment Act, 2000 (Act 16 of 2000). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with International Financial Reporting Standards for Small and Medium Sized Entities (IFRS for SMEs) and in the manner required by the Agricultural (Commercial) Land Reform Amendment Act, 2000 (Act 16 of 2000) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies.

1.2 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts are included in current liabilities.

1.3 Borrowings

Loans receivable that are unsecured, interest free and not subject to any fixed terms of repayment are measured at cost.

2. Government Grants

The Commission has received N\$ 50 000 000 of the annual government grant for the year 2010/11 (2009/10: N\$ 50 000 000).

LANDS ACQUISITION & DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

3 LAND TAX INCOME

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

	<u>2011</u>	<u>2010</u>
4 OTHER INCOME	N\$	N\$
This is made up as follows:		
Money market investments	8 396 530	12 932 476
Bank Windhoek -Current	612 350	1 107 489
Bank Windhoek -Call	7 624 794	14 630
Sundry income	4 166	-
	<u>16 637 841</u>	<u>14 054 595</u>
5 LOAN RECEIVABLE		
Ministry of Lands and Resettlement	<u>21 346 000</u>	<u>26 446 000</u>
Opening balance	26 446 000	-
Loan advance	-	26 446 000
Repayment	<u>(5 100 000)</u>	<u>-</u>
Closing balance	<u>21 346 000</u>	<u>26 446 000</u>

The funds were used to finance part of the construction costs for the MLR Office complex. The loan is non-interest bearing and has no specific repayment terms.

The loan was disclosed as Property, plant and equipment during the 2010 financial reporting period. The loan has been restated as a loan receivable during 2011.

LANDS ACQUISITION & DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

	2011	2010
	N\$	N\$
6 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents comprise of the following:		
Bank Windhoek-Current	47 926 186	4 363 554
Bank Windhoek-Call	27 294 864	42 600 489
	75 221 050	46 964 043
7 SHORT TERM INVESTMENTS		
Nedbank Investments	-	85 000 000
Bank Windhoek Investments	-	80 000 000
	-	165 000 000
8 PSSF- Revolving Credit		
Agribank of Namibia Ltd	20 000 000	10 000 000

The Land Acquisition and Development Fund has invested N\$ 20 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.

LANDS ACQUISITION & DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

	<u>2011</u>	<u>2010</u>
	N\$	N\$
9 TRADE RECEIVABLES		
Bank Windhoek Investments - Interest receivable	-	369 359
Ministry of Finance - Land Tax income accrual	1 275 899	-
Nedbank Investments - Interest receivable	-	1 118 973
	<u>1 275 899</u>	<u>1 488 332</u>
10 TRADE AND OTHER PAYABLES		
Accruals		
Infrastructure Development - Water systems	1 283 592	-
Infrastructure Development - Farm debushing	753 250	-
Valuation and estate management	60 811	-
	<u>2 097 653</u>	<u>-</u>
11 RETAINED SURPLUS		
Opening balance	249 898 374	190 589 453
Prior year adjustments - Stale cheques	2 873	17 854
Restated opening balance	<u>249 901 247</u>	<u>190 607 307</u>
(Defecit) / Surplus for the year	<u>(134 155 951)</u>	<u>59 291 067</u>
Closing balance	<u>115 745 296</u>	<u>249 898 374</u>