



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 2013

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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 2013, 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 2014

**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 2013**

1. INTRODUCTION

The accounts of the Land Acquisition and Development Fund, hereinafter referred to as the Fund, for the year ended 31 March 2013 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.

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, 2000 (Act 16 of 2000). 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 annexures are 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 THE AUDIT

Management's responsibility for the financial statements

The Accounting Officer of the Fund is responsible for the preparation and fair presentation of the financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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 said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm complies with ethical requirements and plans and performs the audit to obtain reasonable assurance whether the financial statements are free from misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

4. AUDIT OBSERVATIONS

4.1 Land tax income

A difference of N\$ 4 156 774 was observed between the amount disclosed in the annual financial statements (N\$ 29 714 971) and the confirmation received from the Ministry of Finance amounting to (N\$ 25 558 197). Furthermore, it was observed with great concern that the Fund did not regularly request the Ministry of Finance to deposit income received for land tax resulting in the balance outstanding at year end.

Recommendation

It is recommended that the Fund explains the difference of N\$ 25 558 197 and ensures that financial statements are correct at all times.

4.2 Accounts payable

Account payables totalling N\$ 831 485 for the year under review were not accounted for in the financial statements.

Recommendation

The fund must prepare final accounts on accruals basis in order to avoid misstatement of financial statements.

5. ACKNOWLEDGMENT

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 2013, summarised per Annexure A, B, C and 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 as at 31 March 2013, 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, June 2014

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

LAND ACQUISITION AND DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	Notes	<u>2013</u>	<u>2012</u>
		N\$	N\$
ASSETS			
NON-CURRENT ASSETS			
Loan: Ministry of Lands and Resettlement	5	5 346 000	5 346 000
Current Assets			
Cash and Cash Equivalents	6	74 654 884	100 932 383
Post Settlement Support Fund -Revolving Credit	7	30 000 000	30 000 000
Trade Receivables		29 714 971	-
TOTAL ASSETS		<u>139 715 855</u>	<u>136 278 383</u>
EQUITY AND LIABILITIES			
Retained Funds	8	139 715 855	136 278 383
TOTAL FUNDS AND LIABILITIES		<u>139 715 855</u>	<u>136 278 383</u>

LAND ACQUISITION AND DEVELOPMENT FUND

STATEMENT OF COMPREHENSIVE INCOME AS AT 31 MARCH 2013

	Notes	2013 N\$	2012 N\$
REVENUE		136 507 610	111 612 633
Government Grants	2	91 200 000	63 117 015
Land Tax Income	3	29 714 971	37 224 103
Other Income	4	15 592 639	11 271 515
FARM PURCHASES		96 483 887	65 481 141
GROSS (DEFICIT)/SURPLUS		40 023 723	46 131 492
EXPENDITURE		36 668 484	25 673 173
Advertising & Promotions		9 007	119 694
Bank charges		44 485	30 094
Computer expenses		489	12 999
Computer and office equipment		16 100	6 932
Consultative meetings - LRAC		7 500	8 048
Catering expenses		155 822	112 652
Printing and stationery		84 061	22 635
Consulting fees- professional fees		167 726	575 079
Commissioners' expense (DSA, accommodation and transport)		958 633	476 068
Land Tax System and related cost		479 171	189 967
Land Survey system		1 947 150	-
Legal fees- damages		1 449 200	-
Regional Resettlement committees		291 129	399 514
Registration of Deeds		-	23 845
Infrastructure: Repairs and Maintenance		114 955	96 553
Infrastructure: Development costs		27 672 992	20 866 224
Electricity and related costs		126 695	44 442
Valuation and Estates Management		1 441 552	994 557
Wages		1 701 817	1 693 870
Net Surplus/(Deficit)		3 355 239	20 458 319

LAND ACQUISITION AND DEVELOPMENT FUND

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH

	Notes	<u>2013</u>	<u>2012</u>
		N\$	N\$
CASH RETAINED FROM OPERATING ACTIVITIES			
Operational Surplus/ (Deficit)		(41 952 368)	15 982 972
Interest Received		15 592 639	3 653 593
Cash generated from operations		(26 359 729)	19 636 565
Net cash inflow from operating activities		(26 359 729)	19 636 565
PSSF- Revolving credit	7	-	(10 000 000)
MLR: Loan repayment		-	16 000 000
Net increase in cash and cash equivalents		(26 359 729)	25 636 565
Cash and cash equivalents at beginning of period		100 932 384	75 221 051
Stale cheques reversed		82 230	74 768
Cash and cash equivalents at end of period	6	<u>74 654 885</u>	<u>100 932 384</u>

LAND ACQUISITION AND DEVELOPMENT FUND

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2013

	Notes	<u>2013</u>	<u>2012</u>
		N\$	N\$
CASH RETAINED FROM OPERATING ACTIVITIES			
Operational Surplus/ (Deficit)		(41 952 368)	15 982 972
Interest Received		15 592 639	3 653 593
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LAND ACQUISITION AND DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

1. Principle Accounting Policies

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

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

2. Government Grants

The Commission received N\$ 91 200 000 in respect of annual government grant for the year (2012: N\$ 63 177 015).

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

	2013	2012
	N\$	N\$
This is made up as follows:		
Bank Windhoek- Current	904 546	992 746
Bank Windhoek- Call	3 024 812	2 660 849
Sales of farm- Ministry of Environment and Tourism	11 615 576	7 615 771
Sundry income	47 705	2 149
	15 592 639	11 271 515

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

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

6. Cash and Cash Equivalents

Cash and Cash equivalents comprise of the following:

Bank Windhoek- Current	7 858 306	28 360 617
Bank Windhoek- Call	66 796 578	72 571 766
	74 654 884	100 932 383

LAND ACQUISITION AND DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENT AS AT 31 MARCH

7. Post Settlement Support Fund-Revolving Credit

	2013	2012
	N\$	N\$
Agribank of Namibia Ltd	30 000 000	30 000 000

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. Retained Surplus

Opening Balance	136 278 384	115 745 296
Prior year adjustments (stale cheques)	82 230	74 768
Restated opening balance	136 360 614	115 820 064
Surplus/ (Deficit) for the period	3 355 242	20 458 320
Balance at end of period	139 715 856	136 278 384