

SAMOA LAND CORPORATION LIMITED

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30th October 2018

Hon. Leaupepe Taimaiono Tole'afoa Faafisi

Speaker

Legislative Assembly

TUANA'IMATO

ANNUAL REPORT 2017-2018

Pursuant to Section 110 of the Public Finance Management Act 2001, I present to the Legislative Assembly the Annual Report of the Samoa Land Corporation Limited for the period 2017/2018.



Lautafi Fio Selafi Purcell

MINISTER FOR SAMOA LAND CORPORATION

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AUDITED ACCOUNTS 2017/2018

VISION

"To ensure current and future generations of Samoa benefit from the sustainable management of all Corporations' assets"

MISSION

"To promote social and economic development opportunities for the people of Samoa, through the efficient and effective use of all Corporations' assets"

STATEMENT TO PARLIAMENT

The reconstruction of WESTEC in 1990 resulted in Government settling all WESTEC's debt of \$23,286,782.00 and the Government took control of about 24,000 acres of WESTEC land. Samoa Land Corporation Ltd (SLC) was then set up by the Government in the same year under the Companies Act 1955 repealed now by Companies Act 2001 which the Corporation is now registered under. SLC was mandated to divest the 24,000 acres, and repay Government the amount of \$21,286,762.00, with \$2 million to be repaid to WESTEC.

The Public Bodies (Performance and Accountability) Act 2001 requires Annual Reports to be tabled with Parliament, so that the public is informed on the operations of this Corporation. This Annual Report is in compliance with that legislative requirement.

The "Corporation's" **Vision** is *"to ensure current and future generations of Samoa benefit from the sustainable management of all Corporation's assets. The **Mission** to realise that vision is *"To promote social and economic development opportunities for the people of Samoa, through the efficient and effective use of all Corporation's assets".**

The overall goal of the Corporation is to divest its assets on a commercial basis, to assist with the promotion of social-economic development for the people of Samoa.

This annual report summarizes the overall performance of the Corporation for the **period 1st July 2017 up to 30th June 2018**, as well as its Audited Accounts.

CHAIRMAN'S REPORT

As Chairman of the Board of Directors I am happy to present the annual report of the Samoa Land Corporation (SLC) for the Financial Year from 1st July 2017 up to 30th June 2018.

This is a good year for SLC as we have achieved \$9.37 million tala in revenue, a substantial leap of close to 40 percent when compared to last year. Favourably and remarkably, expenses during the same period plunge to more than 30 percent or nearly \$2.0 million tala.

Our efforts to develop strategic and relevant policies to improve processes in dealing with the allocation and distribution of Government lands have contributed to this success as income from lands stack up to more than 80 percent of revenue. In addition, the tremendous recovery effort put in place through consultations, meetings, advisory and warnings through letters and advertisements in the media have also assisted prominently towards an improved financial year. The other critical area was the strategic review of the organisational structure merging two Divisions into one and downsizing the number of employees from more than 90 to around 80 employees. In addition to these approaches, we executed and upheld the transparent process for all goods and services acquired through competitive biddings as well as imposing strict control measures in spending.

The objective and main focus of SLC is to earn a profit as stipulated in the Public Bodies Act 2001 for all State Owned Enterprises (SOEs) where we are required to accomplish at least 7 percent rate of return and to pay 50 percent dividend to Government. In the period under review, SLC successfully achieved 8 percent return on equity.

In supplement to our commitment for a successful business entity, SLC has continually and significantly assisted and contributed over many years in the following areas:

- Assisting the public and the community by offering favourable leasing conditions and reduced rates to village schools, non-government organisations, Churches, and others;
- Lease to own agreements under customary land ownership by villages close to the Apia Town Area at below market prices to assist economically and to maintain the social and cultural identities of these villages;
- All land sales have an interest free term of one year;
- Government lands for sale or lease are below market rates.

- Provision of land to support government intentions through development of infrastructural services (*Solar projects developments, telecommunication and connectivity projects, SWA projects, EPC developments*) & sustaining food security production through lease of land for livestock and agricultural developments;
- Assist numerous tenants with limited or weak financial capacities to pay rent thus on many occasions often extending repayment terms and other assistances;
- SLC is at the forefront behind the Government drive to encourage and stimulate the private sector as the engine of growth. In moving forward, SLC now leased out the Malifa Lodge Hotel, the Vaitele market main building (first & second floor);
- Similarly, SLC has also leased out the second floor of the Salelologa Market to accommodate a variety of businesses and Offices;
- SLC has also offered spaces to small business operators at lower and affordable market rates utilizing Markets at Savalalo, Vaitele and Salelologa;
- Likewise, SLC has also leased out the Golf Range and the two Bars at the Faleata Golf Course offering reduced fees for Golfers to enjoy the Course.

Together with the provision of these services we have directed our focus on performance and commitment which has resulted in achieving profit enabling SLC to pay out our dividend with the hope of an increase in profitability in the years ahead.

Finally, I wish to acknowledge our management and staff for a good year and I thank you for the persistent and unrelenting commitment to your work. I also like to take this opportunity to acknowledge the hard work put-in by the Board of Directors. Your advice and wisdom makes it easy to achieve a successful year. Last but not the least, a special word of thanks to our Minister, Hon. Lautafi Fio Selafi Purcell for your continue advice and support that enables the Board and management to operate successfully.

God bless.


Lavea Lemalu Tupuola Sione Malifa
CHAIRMAN

GENERAL MANAGER'S REPORT

It is my duty to report on the financial performance of the Samoa Land Corporation (SLC) for the period of 1st July 2017 up to 30th June 2018.

1.0 MAJOR DEVELOPMENTS

The future outlooks reported in our previous annual report of 2016-2017 were identified as developments to be initiated or completed in the following years and include:

- Timely repayment of a commercial loan with a reduced interest rate is in progress;
- The lands sub-committee of the Board is currently considering a few investment options for some of the corporation's land holding;
- SLC continues to strengthen recovery action plans to improve our financial performance & to be more robust on the collection of arrears.

The following developments have been completed or are in progress:

- SLC office relocated to its 3 Storey Office at Tuanaimato in the beginning of 2018;
- Finalised Malifa Lodge lease arrangement;
- Finalised Coin Save lease arrangement for Vaitele Market;
- New tenants for Faleata Golf Course Pro-shop and Driving range;
- New tenant for Faleata Sports Bar;
- Review/assess lands for agricultural and commercial activities to encourage:
 - i. tenants to develop land;
 - ii. employment opportunities;
 - iii. export potentials;
 - iv. quick return for farmers/economy etc.
- Commenced development of Government land for Salelologa township now under SLC, with Salelologa Land-use & Planning officer on board;
- Long term goal of Leasing rather than selling land;
- Reduction in arrears on lands with priority to engage/meet with Alii & Faipule of villages affected.

In addition, the following were executed during the reported year:

2.0 HUMAN RESOURCES & ADMINISTRATION DIVISION

- Total number of staff recorded at end of this financial year was 89 compared to 93 in June 2017, 28% females 72% male;

- Organisational Structure has been revised with Investments & Finance now merged as one Division, with Human Resources & Administration now under the General Manager's Executive Division;
- Team Leader Survey and Team Leader Information Technology employed;
- Salelologa Land-use & Planning Officer commenced for Salelologa lands now under SLC;
- SLC managed to secure a Consultant through the Samoa Technical Assistance Facility to work on the Project "*Optimising the Performance and Profitability of the Samoa Land Corporation*". This project is funded by the Australian Government and is expected to start in October 2018.

3.0 INTERNAL AUDITOR

- Internal Auditor continues to monitor & conducts spot checks on:
 - i. Receipts for all outlets (*all 3 markets & Faleata Golf Course*) on a monthly and quarterly basis to detect & avoid any fraud or misappropriation as experienced in the past;
 - ii. Fixed assets and other properties bi-annually in order to update its register and movement as required from time to time;
 - iii. Internal control processes & procedures on a random basis.

4.0 LEGAL DIVISION

- Establishment of the Legal Division with the appointment of Legal Manager & the recruitment of 2 recoveries officers and a clerk;
- Improved enforcement of recoveries directly and indirectly through legal and face to face meeting processes as reflected in an increase in recoveries especially with long outstanding debts;
- Review of past, current and proposed agreements & contracts for land sales and leases, markets & other investment options;
- Working together with the Office of the Attorney General in dealing with other legal matters affecting the Corporation;
- Continue to improve debt recovery methods and approaches in order to reduce arrears to a substantial amount;
- Continue to improve team work and spirit to harvest better rewards for SLC and maintain healthy relationships with the community.

5.0 LANDS DIVISION

- On-going recoveries of arrears every month and reported;
- Formalised lease and payment effected by EPC for use of sixty one (61) acres of land at Tuanaimato for solar energy projects and developments;
- Pending approval of Survey Plan to formalise allotment of one hundred & sixty (160) acres at Tapatapao for Alii and Faipule of Vaiusu and individuals;
- Completed survey plan for forty (40) acres of land for lease at Vailele. Pending approval of remaining forty (40) acres;
- Ongoing subdivision for the remaining two thousand four hundred & twenty (2,420) un-surveyed lands inland of Vailele;

- Continual negotiations with Alii and Faipule for formalising leases for lands at Taga, Safune, Safotu, Falelima, Paia of Savaii & Malie & Fagalii of Upolu;
- Agreements formalised with Alii & Faipule of Letogo for lease of ninety (90) acres to individuals;
- Finalised negotiations with Alii & Faipule of Toamua for allocation of fifty-one (51) acres to individuals. Agreement now signed and in effect;
- Negotiation ongoing with MNRE for implementation of transfer of Tafaigata lands to SLC;
- Ensued liaisons with EPC for formalising lease of ninety-seven (97) acres at Fiaga;
- Completed allocation and formalisation of leases for Nu'u Residential leases;
- Completed allocation and formalisation of Toamua 3¾ landsale;
- Completed allocation and formalisation of residential leases on thirty-eight (38) acres at Tapatapao;
- Commenced subdivision of one hundred & eleven (111) acres of land at Tapatapao Phase 2;
- Completed Construction of Road Works (Iamalamalama Street) & Access Roads of 3,578m for Toamua (Phase 1 & Phase 2) Settlement;
- Commenced Subdivision of ten (10) acres at Tafaigata for Residential Leases;
- Approval of subdivision works for five (5) Acres at Falelima Savaii for Church Lease;
- Earmark twenty (20) Acres of Land at Salelologa for NUS Lease for Establishment of Satellite Campus;
- Subdivision of 3.25 acres of land at Nu'u for residential lease;
- Review for Business Lease Rates Commenced;
- Ensued negotiation for subdivision of sixty-five (65) acres of land at Tanumapua;
- Approved Plan for Ae'e (11a Or 22.64p) this includes both residential and roads;
- Pursued negotiations for subdivision of six hundred & ninety six (696) acres of lands at Casala, Fasitoo-uta;
- Completed subdivision of seventy (70) acres at Tuanaimato Golf Course for UTOS security facility;
- Offered lease of five (5) acres at Tafaigata for extension of Robert Louis Stevenson School Developments;
- Completed subdivision of twelve (12) acres at Letava for agricultural purposes;
- Grant of seven hundred & eighty five (785) square metres for lease to Samoa Nianda Group Ltd for Children Gaming Activities;
- Completed and achieved a total of hundred & ninety-one (191) property boundaries identification for residential and agricultural purposes;
- Finalised Alii & Faipule list for allocation of seventy three (73) acres of land at Vailele for land sale.

6.0 FINANCE & INVESTMENTS DIVISION

- Malifa Lodge lease arrangement finalised;
- Coin Save lease arrangement for Vaitele old market finalised;

- Merging of Investment and Finance department as a cost saving measure to improve financial performance of the Corporation;
- Faleata Golf Course Pro-shop and driving range new tenant commenced;
- Faleata Sports Bar new tenant commenced;
- Implementing of Investment recovery policy to improve collection and recoveries process now in place with the commencement of Legal Services Department;
- Strengthen internal control systems for safeguarding of liquid assets of the Corporation;
- Updating of internal control policies and procedures related to Accounting & Finance;
- Ongoing Monitoring of Server, LAN Connection, IT Equipment and Internet Plan;
- Discussion underway on upgrading of Website with CSL, new implementation to be launched next Financial Year.

7.0 FINANCIAL PERFORMANCE

o ASSETS

Net Assets has increased by 3% from \$37.6 million tala to \$38.7 million tala for the reported period. Total current assets increased by more than 90% from \$5.3 million last year to \$10.3 million this year as a result of the increase in savings and new term deposits invested during financial period. The Corporation at the end of the financial year also has sufficient assets to cover for its current obligations as shown by the favourable current ratio of 3.7:1.

o INCOME

Income for the year has increased by 41% from \$6.65 million tala to \$9.37 million tala. This was mainly due to the increase in payments from land sales and leases as a result of aggressive collection approach. The implementation of the recoveries division has also contributed to immense improvement in collection from land debtors and arrears. Income from Faleata Golf Course and Malifa Lodge on the other hand has also increased compared to prior period.

o EXPENSES

Total operating expenses plummeted by more than 30% from \$7.37 million tala to \$5.54 million tala in current financial year compared to previous period. This is due mainly to the reduction in administration and operating costs as a result of effective internal controls on spending for the Corporations during the financial year. Additionally, finance expenses continued to reduce from year to year as a result of prompt payment of the Corporations term loan with UTOS.

o PROFITABILITY

The Corporation recorded a net profit after tax of \$2.1 million at the end of financial year with 50% of this amount is payable to Government as dividend for

the year. Return on equity ratio of 8% was recorded at the end of financial period. This is an achievement by the Corporation surpassing the standard rate set under the Public Bodies Act of 7%.

8.0 FUTURE OUTLOOK

Major Development Activities Going Forward are; Priority will be on leasing Government land:

- Continue development of Salelologa township area now under SLC mandate through consultation with new tenants and confirmation & verification of lease boundaries;
- Maintain a robust approach on reducing arrears specifically relating to land estates since Recovery Officers on-board;
- Priority focus on regular engagement and meet with individuals and village communities and to maintain good relationship relating to lease holding arrangements and consistent payment of arrears;
- Continue to review and assess lands for economic development such as agricultural, commercial and employment opportunities;
- Preparations are in progress for a Temporary more solid structure at the Savalalo Market to replace existing tarpaulin shelter. This will be funded by the Corporation as approved by Cabinet;
- Explore training courses locally and overseas to keep staff updated on work related issues & to improve their line of responsibilities;
- Available office space upstairs Vaitele Market has been advertised to the Business Community in early January 2018;
- It is important for the Corporation to constantly review its investment strategy to boost and sustain revenues in the long run.

9.0 RISKS AND UNCERTAINTIES

- The Corporation's mandate is predominantly to promote social and economic development opportunities for the people of Samoa by the efficient and effective use of its assets mainly Land. SLC's main income is from land sales and leases as well as income from existing markets and other investment to fund its operations. The stability of our economy is a major determining factor on how well these sources of capital come in;
- Plans to merge STEC, SLC and Land Board under a new Ministry/Corporation as per FK(15)31 to administer total landholding currently registered under Government is still pending;
- SLC staff encountering issues from Alii & Faipule and some villages especially illegal occupants settling on government land leading to delay in executing of Corporation mandate;
- Ongoing Identification of Court Grants;
- Fraud sometimes perform by personnel on land sale and lease and markets;
- The uncertainty of rates allocated to community leases and others;
- Unforeseen Government plans & directives against set Corporation plans.

10.0 CONCLUSION

The Samoa Land Corporation's financial performance in the period under review recorded a substantial increase in income whilst expenses were considerably dropped. This is a good sign of strategic management and team work aiming to maximise revenue but at the same time control spending. SLC relies heavily on revenue from land sales and leases for funding its operation as well as collections from its existing markets.

However, despite its favourable performance, SLC continues to be faced with numerous challenges when dealing with land issues and markets (*i.e Savalalo, Vaitele & Salelologa*). Land is a very delicate issue and it takes times to negotiate with village communities as they believe it's their land taken over during the colonial era and should return to them for free. This is the reason behind the continued accumulation of arrears, with village people refusing to pay. The other encounter experienced by SLC surface from the collection of revenues by employees from markets but this has been closely monitored by our Internal Auditor.

Outsourcing of some of SLC assets has been effectively implemented and will continue. In addition ongoing allocation of lands for developments and residential purposes are major priorities for the Corporation to execute in the next financial year, with an attempt to consistently consult with individuals, groups and villages leasing on Government lands. We are also fortunate that a Consultant will assist and work closely with management to identify weaknesses and come up with recommendations on the way forward for SLC.

Finally, I would like to take this opportunity to acknowledge our management and staff for the hard work and effort put-in place that enables SLC to achieve a successful financial year and hope this will continue in years ahead. I am also very appreciative to the Chairman and Board of Directors for the support, advised and guiding management and staff to a successful year. We were able to operate effectively due to the conducive environment you allow us to work in.

My last word of thanks goes to the Hon. Minister, Afioga Lautafi Fio Selafi Purcell for his leadership, guidance, constructive advice and support.

Ma le fa'aaloalo tele



Ulugia Petelo Kavesi

GENERAL MANAGER



samoa land corporation

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

SAMOA LAND CORPORATION LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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Please address all correspondences
to the Controller and Auditor General



AUDIT OFFICE

REPORT OF THE AUDIT OFFICE

TO THE GOVERNING BODY IN CHARGE OF GOVERNANCE – SAMOA LAND CORPORATION LIMITED

Audit Opinion

We have audited the accompanying Financial Statements of the Samoa Land Corporation Limited which comprise the Financial Position as at 30 June 2018, and Statements of Financial Performance, Changes of Equity, and Cash Flows for the year then ended, and a Summary of Significant Accounting Policies and Other Explanatory Notes. The Accounting Firm of Isitolo Leota, Chartered Accountants, assisted in the audit. The Engagement Partner on the audit resulting in this Independent Auditor's Report is Alice Niumata Leota.

In our opinion, the financial statements give a true and fair view of the financial position of the Samoa Land Corporation Limited as at 30 June 2018, and of its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Samoa, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Responsibilities of Those Charged with Governance for the Financial Statements

Directors and Management are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and with requirements of the Companies Act 2001 and for such internal control as directors and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with these International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

*Please address all correspondences
to the Controller and Auditor General*



AUDIT OFFICE

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors and Management regarding, among other matters, the significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors and Management with a Statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations that we have required. In our opinion the Company has kept proper accounting records, as far as it appears from our examination of them and the financial statements of the Company also provide in the prescribed manner the information required by the Companies Act 2001 and the Public Bodies (Performances and Accountability) Act 2001.

Our audit was completed on the 24th October 2018 and our opinion is expressed as at that date.

Apia, Samoa
30 October 2018

C. Afele
Fuimaono Mata'afā Papali'i C.G. Afele
CONTROLLER AND AUDITOR GENERAL

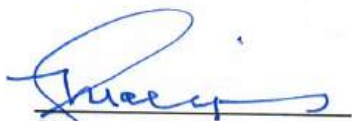
**SAMOA LAND CORPORATION LTD
CERTIFICATION BY DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2018**

We certify that the attached financial statements for Samoa Land Corporation Ltd comprising of the statement of financial performance, statement of financial position, statement of changes in equity, statement of cash flows, notes to financial statements for the year ended 30 June 2018:

- a) give a true and fair view of the matters to which they relate; and
- b) have been prepared in accordance with International Financial Reporting Standards; and
- c) comply with the Public Finance Management Act 2001 and Companies Act 2001 (amendment 2006) in relation to the form or content of financial statements made under the Public Bodies (Performance and Accountability) Act 2001.


We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 24 / 10 / 2018 on behalf of the directors of the Samoa Land Corporation Ltd



Signature

Afioga Lavea Tupuola Lemalu Sione Malifa
CHAIRMAN
Samoa Land Corporation Ltd
Apia, Samoa
24 / 10 / 2018



Signature

Afioga Tuilagi James Bartley
DIRECTOR
Samoa Land Corporation Ltd
Apia, Samoa
24 / 10 / 2018

SAMOA LAND CORPORATION LTD
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
	Notes	\$	\$
Income			
Real Estate	13(a)	7,131,730	4,541,825
Markets	13(b)	1,369,689	1,394,931
Faleata Golf Course	13(c)	461,178	447,574
Malifa Lodge	13(d)	86,157	65,945
Other Income	13(e)	324,765	208,050
Total Income		9,373,519	6,658,325
Operating Expenses			
Remuneration costs	14	1,962,597	2,109,994
Administration & Operating costs	15	2,208,846	3,708,562
Audit fees		41,630	64,434
Directors fees and expenses	23	138,145	143,041
Depreciation	12	1,186,428	1,346,829
Total Operating Expenses		5,537,646	7,372,860
Net Operating Profit (loss)		3,835,873	(714,535)
Loss on land transfers to/from Government	29	-	156,104
Finance Expenses			
Interest/fees on borrowings	16	850,755	977,435
Net Profit (loss) before Tax		2,985,117	(1,848,074)
Income Tax (Expense)/revenue	10(a)	(805,982)	436,160
Net Profit (loss) after Tax		2,179,136	(1,411,914)

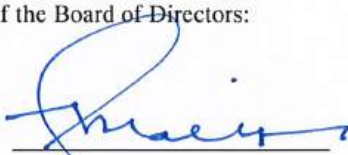
This statement of Financial Performance is to be read in conjunction with the accompanying notes to the financial statements on pages 7 to 17.

SAMOA LAND CORPORATION LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalent	3	3,186,224	1,884,307
Inventory		16,190	27,604
Trade Debtors - Land Leases	5	290,891	689,878
Trade Debtors - Land Sales	6	3,647,715	2,342,620
Other Debtors and Prepayments	7	662,809	272,018
Dividend paid in advance	11	-	124,647
Term Deposits	4	2,521,651	-
Total Current Assets		10,325,480	5,341,075
Non Current Assets			
Property, Plant & Equipment	12	46,951,868	47,708,520
Due from Government	17	-	-
Trade Debtors - Land Sales	6	53,234,354	38,743,498
Deferred tax asset	10(c)	5,626,449	6,548,159
Total Non Current Assets		105,812,671	93,000,178
TOTAL ASSETS		116,138,151	98,341,252
LIABILITIES			
Current Liabilities			
Other creditors and accruals	9	176,634	292,325
Income Tax Payable	10(b)	-	-
Funds held on deposit	22	311,878	638,933
Vagst Payable	20	235,620	11,293
Dividend Payable (paid in advance)	11	964,921	-
Current portion of term loan	8	1,044,167	393,138
Total Current Liabilities		2,733,221	1,335,689
Non Current Liabilities			
Term Loan	8	10,382,572	11,478,471
Deferred Income	19	58,548,114	42,026,689
Deferred Tax Liability	10(c)	5,819,581	5,935,309
Total Non Current Liabilities		74,750,268	59,440,469
TOTAL LIABILITIES		77,483,488	60,776,158
NET ASSETS		38,654,662	37,565,094
SHAREHOLDERS EQUITY			
2,400,000 ordinary shares	21	2,400,000	2,400,000
Retained Earnings		36,254,662	35,165,094
Total Shareholders Equity		38,654,662	37,565,094

This statement of Financial Position is to be read in conjunction with the accompanying notes to the financial statements on pages 7 to 17.

On behalf of the Board of Directors:

Chairman 

Director 

SAMOA LAND CORPORATION LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Share Capital \$	Land Revaluation Reserve \$	Retained Earnings \$	Total \$
Balance as at 30 June 2016		2,400,000	-	36,577,008	38,977,008
Profit/(Loss) for the period				(1,411,914)	(1,411,914)
Balance as at 30 June 2017		<u>2,400,000</u>	<u>-</u>	<u>35,165,094</u>	<u>37,565,094</u>
Profit/(Loss) for the period		-	-	2,179,136	2,179,136
Less: Dividend provided	11	-	-	(1,089,568)	(1,089,568)
Balance as at 30 June 2018		<u><u>2,400,000</u></u>	<u><u>-</u></u>	<u><u>36,254,662</u></u>	<u><u>38,654,662</u></u>

This statement of Changes in Equity is to be read in conjunction with the accompanying notes to the financial statements on pages 7 to 17.

SAMOA LAND CORPORATION LTD
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Cash received from land leases		1,515,960	1,150,661
Cash received from land sales		6,378,725	6,582,445
Cash received from other operations		2,054,960	2,440,670
Cash paid for employees remunerations		(1,962,597)	(2,109,994)
Cash paid for Directors fees and expenses		(138,145)	(143,041)
Cash paid for supplies and other operating expenses		(1,710,414)	(4,486,544)
Net cash flows from operating activities		6,138,489	3,434,198
Cash flows from investing activities			
Cash received from disposal of fixed assets		44,580	33,863
Cash used to purchase fixed deposit		(2,500,000)	-
Cash used to purchase fixed assets		(434,499)	(315,393)
Net cash used for investment activities		(2,889,919)	(281,530)
Cash flows from financing activities			
Cash received from loan		-	-
Cash used for loan & Interest repayment		(1,946,654)	(1,786,355)
Net cash flows from financing activities		(1,946,654)	(1,786,355)
Net increase in cash		1,301,917	1,366,313
Opening cash balance		1,884,307	517,994
Closing Cash Balance		3,186,224	1,884,307
Represented by:			
Cash at bank and at Bank	3	3,186,224	1,884,307
		3,186,224	1,884,307

This statement of Cash Flow is to be read in conjunction with the accompanying notes to the financial statements on pages 7 to 17.

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. GENERAL INFORMATION

The Samoa Land Corporation Limited was set up under the Company's Act 1955 to administer approximately 24,000 acres of Government land which were formally owned by the Samoa Trust Estate Corporation (STEC). It is now registered under the companies Act 2001.

Samoa Land Corporations's primary segments consist of the following:

- (i) Samoa Land provides leasing and sale of land services to residential, agriculture and business customers in Samoa. It is also responsible for managing the markets at Savalalo, Vaitele and Salelologa as well as the Malifa Lodge Hotel.
- (ii) Faleata Golf Course provides golf equipments and products for Samoa.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Set out below is a summary of significant accounting policies adopted by the corporation in the preparation of its financial statements.

a) Basis of preparation of Financial Statements

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention. The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

b) Functional and presentation currency

The financial statements are presented in Samoan tala, which is both the functional and presentation currency of Samoa Land Corporation.

c) Property, Plant and Equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. An item of property, plant and equipment may be gifted or contributed to Samoa Land Corporation. Under these circumstances the cost of the item is its fair value as at the date it was acquired.

(ii) Subsequent costs

The costs of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to Samoa Land Corporation and the cost can be measured reliably. The cost of day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

(iii) Depreciation

Property, plant and equipment having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits. No depreciation is charged on land. Depreciation is provided for on the straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value using rates which are reviewed annually.

The following rates are used in the calculation of depreciation for each class of depreciable asset:

<u>Class</u>	<u>Annual Rate</u>
Office machines	20%
Furnitures & fittings	10%
Motor Vehicle	20%
Lease improvement	5%
Buildings	2.5% - 10%

(iv) Change in Accounting Estimates

There has been no change in the accounting estimates of SLC financials within this financial year.

d) Lease arrangements

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. Leases in terms of which Samoa Land Corporation assumes substantially all of the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Samoa Land Corporation is a lessor in a number of operating leases for agricultural and industrial property.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Deferred Income

Deferred income relates to land sales to be amortised (apportioned) over the agreed term of land purchase. Income is recognised on an accrual basis throughout the term of the land purchase/sales agreement.

f) Provision for doubtful debts

The provision for doubtful debt is a general provision based on the history of overdue amounts and those that may not be recovered.

g) Foreign Currency

All foreign currency transactions during the year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Exchange differences are recognised in profit or loss in the period in which they arise.

h) Provisions

Provisions are recognised if, as the result of a past event, the Corporation has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

i) Income taxes

Income taxes are calculated using the deferred income tax method using the balance sheet approach.

j) Inventory

Inventory is valued at the lower of cost and net realisable value.

k) Revenue recognition

Revenue from land sales is recognised when all the following conditions are satisfied:

- (i) Samoa Land Corporation has transferred to the buyer the significant risks and rewards of ownership of the land;
- (ii) The amount of revenue can be reliably measured.
- (iii) It is probable that the economic benefits associated with the transaction will flow to Samoa Land Corporation.

Lease rental revenue from operating leases is recognised as income on a straight line basis over the lease term.

l) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are highly liquid investments with short periods to maturity which are readily convertible to cash and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

m) New standard and interpretations adopted

The Corporation has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies. The Trust did not early adopt any of IFRS 9 in previous periods. As permitted by the transitional provisions of IFRS 9, the Trust elected not to restate comparative figures. Consequently, for notes disclosures, changes to IFRS 7 disclosures have also only been applied to current period.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial instruments: Disclosures'.

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Comparative Amounts

When the presentation or classification of items in the financial statement is amended, comparative amounts are reclassified unless the reclassification is impracticable.

When comparative amounts are reclassified, Samoa Land Corporation discloses:

- (i) the nature of the classification
- (ii) the amount of each item or class of items that is reclassified; and
- (iii) the reason for the reclassification

3. CASH AND CASH EQUIVALENT

	2018	2017
	\$	\$
Cash on hand and at bank		
ANZ Bank (Samoa) Ltd	1,896,255	1,261,323
Bank of South Pacific	481,727	222,581
National Bank of Samoa	111,202	66,710
Samoa Commercial Bank Ltd	695,691	331,244
Cash on hand - Petty cash	1,000	2,000
Cash on hand - Float	300	400
Stamp imprest	50	50
Total	3,186,224	1,884,308

4. TERM DEPOSITS

	2018	2017
	\$	\$
National Bank of Samoa (NBS)	2,521,651	-

The amount represents funds invested with the National Bank of Samoa on term deposits earning interests at various rates ranging from 4.75% and 5.75% monthly and quarterly basis.

5. LAND DEBTORS - LAND LEASES

	2018	2017
	\$	\$
Debtors balances are as follows:		
Agricultural Lease	195,039	499,090
Alii & Faipule	210,432	238,495
Commercial Lease	637,742	773,815
Residential	227,938	276,141
Community Lease	57,228	41,492
Other	-	5,112
	1,328,379	1,834,145
Debts written off	-	(81,667)
	1,328,379	1,752,478
Provision for Expected Credit Losses (ECL)	(1,037,487)	(1,062,600)
NET DEBTORS - LAND LEASES	290,891	689,878
% of Provision	78%	66%

Movement - Provision for ECL

Opening balance	(1,062,600)	(1,058,381)
Doubtful debts recovered	173,279	81,667
Additional provision for the year	(148,166)	(85,886)
Ending balance	(1,037,487)	(1,062,600)

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

6. LAND DEBTORS - LAND SALES

This amount is represented as follows:

	Current \$	Term \$	2018 \$	2017 \$
Ex W S T E C	6,402	89,634	96,036	97,774
Industrial area	14,986	209,804	224,790	148,473
Vaitele Fou	44,992	629,889	674,881	894,953
Nuu Subdivision	2,818	39,453	42,271	61,986
Outright Purchase - Industrial Zone	2,500	35,000	37,500	37,500
Pay Within 10 Years	45,131	631,830	676,960	713,644
Vailele	45,379	635,311	680,690	693,187
Lease to own - Falelauniu 1	549,880	7,698,316	8,248,196	8,907,987
Lease to own - Falelauniu 2	667,800	9,349,206	10,017,006	11,000,631
Lease to own - Falelauniu 3	245,807	3,441,292	3,687,099	3,960,065
Lease to own - Vaitele Ind 5 years	100,455	1,406,368	1,506,823	4,796,626
A&F Toamua	612,914	8,580,791	9,193,705	9,612,041
A&F Vailele	138,733	1,942,261	2,080,994	50,684
Toamua	1,002,253	14,031,544	15,033,797	3,784,953
A & F Toamua 51 acres		5,502,833	5,502,833	-
A&F Vaitele	63,824	893,536	957,360	861,750
Sogi-Falelauniu	103,432	1,448,053	1,551,485	1,583,943
Tafaigata	-	388	(388)	-
Korea	409	5,756	6,165	62,315
	3,647,715	56,570,487	60,218,203	47,268,514
Provision for Expected Credit Losses (ECL)		(3,336,133)	(3,336,133)	(6,182,392)
Net Debtors - Land Sales	3,647,715	53,234,354	56,882,070	41,086,122

Movement - Provision for ECL

Opening Balance	(6,182,392)	(4,115,852)
Debts written off against provision	3,262,815	195,170
Doubtful debts recovered	10,916	-
Additional provision	(427,472)	(2,261,710)
Ending Balance	(3,336,133)	(6,182,392)

7. OTHER DEBTORS AND PREPAYMENTS

	2018 \$	2017 \$
i) Sundry debtors - Markets	1,071,645	787,391
Repayments misappropriated in prior year (see Note 28)	-	(23,657)
	1,071,645	763,734
Less: Provision for expected credit loss (Markets)	(712,176)	(560,480)
Net Sundry debtors - Markets	359,469	203,254

Movement - Provision for ECL Markets

Opening balance	(560,480)	(401,669)
Add: Additional provisions	(151,696)	(327,371)
Write off against provision	-	168,560
Closing balance	(712,176)	(560,480)

ii) Other debtors & Prepayments	313,822	94,897
Less: Provision for expected credit loss (Staff & Others)	(10,483)	(26,133)
Net Sundry debtors - Staff & Others	303,340	68,764

Movement - Provision for ECL (Staff & Others)

Opening Balance	(26,132)	(15,337)
Doubtful debts recovered	15,650	-
Add: Additional provisions	-	(10,795)
Closing balance	(10,483)	(26,132)

Total Sundry debtors	662,809	272,018
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The amount of \$23,657 is the total amount identified being misappropriated by staff responsible for collecting lease payments from tenants for the three markets, Savalalo, Vaitele and Salelologa.

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

8. BORROWINGS	2018	2017
	\$	\$
Unit Trust of Samoa (UTOS)	11,426,739	11,871,609
Represented by:		
Current	1,044,167	393,138
Non current	10,382,572	11,478,471
	<u>11,426,739</u>	<u>11,871,609</u>

The loan with UTOS is at 6.9% interest rate over a 15 year term. It is repayable on a monthly basis including interest and principal, a repayment of \$150,000 per month. Security over the borrowings is with land under the Corporation as agreed with UTOS.

9. OTHER CREDITORS AND ACCRUALS	2018	2017
	\$	\$
Accruals	104,812	115,516
Provision for audit fees	42,550	62,000
Other creditors	29,272	114,809
Total	<u>176,634</u>	<u>292,325</u>

10. INCOME TAX	2018	2017
	\$	\$
(a) Income tax expense/(revenue)		
Net profit/(loss) for the year	2,985,117	(1,848,074)
Prima facie tax at 27%	805,982	(498,980)
Permanent differences		
Adjustment to remove benefit from current year tax losses		62,820
Tax adjustment related to current period	-	-
Tax expense/(revenue) in the Statement of Profit and Loss	<u>805,982</u>	<u>(436,160)</u>
The taxation expense/(revenue) is represented by :		
Deferred taxation- current year movements	805,982	(436,159)
	<u>805,982</u>	<u>(436,159)</u>
(b) Income tax receivable/(payable)		
Opening balance - payable	-	-
Tax adjustments related to prior period	-	-
Closing balance - (payable)/receivable	<u>-</u>	<u>-</u>
(c) Deferred tax asset/(Deferred Tax liability)		
Opening balance	612,850	176,691
Tax adjustments related to current period	(921,710)	-
Deferred taxation - current year movements	115,728	436,159
Closing balance	<u>(193,132)</u>	<u>612,850</u>
Represented by:		
- Deferred tax asset	5,626,449	6,548,159
- Deferred tax liability	<u>(5,819,581)</u>	<u>(5,935,309)</u>
Net deferred tax liability	<u>(193,132)</u>	<u>612,850</u>

11. DIVIDEND PAYABLE (PAID IN ADVANCE)

The Public Bodies (Performance and Accountability) Regulations 2002 Schedule 6 paragraph 6.2.1(d) specifies that the annual report shall include "the dividend payable by the Public Body to the State for the financial year to which the report relates". Furthermore, Schedule 7 (paragraph 25.2) requires "a company to pay dividend in accordance with the Government's dividend policy as advised by the Financial Secretary from time to time". In May 2005, the Chief Executive Officer of the Ministry of Finance advised that Public Trading Bodies would be accountable for a dividend of 50% of Net profit after tax.

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

11. DIVIDEND PAYABLE (PAID IN ADVANCE) (continued)

		2018	2017
		\$	\$
Opening balance		(124,647)	(124,647)
Net Profit (loss) after tax for current financial year	\$ 2,179,136 at 50%	1,089,568	-
		964,921	(124,647)
Less: Dividend payments		-	-
Dividend payable (paid in advance) to the Government of Samoa		<u>964,921</u>	<u>(124,647)</u>

12. PROPERTY, PLANT AND EQUIPMENT

Cost	Land \$	Building \$	Motor Vehicles \$	Office Equipment & Machinery \$	Total \$
Balance as at 1 July 2016	24,857,262	30,382,381	773,469	6,240,236	62,253,348
Additions/(Disposals)	(156,104)	93,522	(163,181)	124,847	(100,916)
Balance as at 30 June 2017	24,701,158	30,475,904	610,288	6,365,083	62,152,432
Balance as at 1 July 2017	24,701,158	30,475,904	610,288	6,365,083	62,152,433
Additions/(Disposals)		9,000	35,366	109,234	153,600
Balance as at 30 June 2018	24,701,158	30,484,904	645,654	6,474,317	62,306,033
Accumulated depreciation					
Balance as at 1 July 2016	-	7,309,760	671,208	5,376,319	13,357,287
Depreciation charged	-	945,452	43,536	357,841	1,346,829
Disposals	-		(250,138)	(10,066)	(260,204)
Balance as at 30 June 2017	-	8,255,212	464,606	5,724,094	14,443,912
Balance as at 1 July 2017	-	8,255,212	464,606	5,724,094	14,443,912
Depreciation charged	-	851,554	61,913	272,961	1,186,428
Assets Written off - Acc Depreciation	-		(229,417)	(46,757)	(276,174)
Disposals	-				-
Balance as at 30 June 2018	-	9,106,766	297,101	5,950,298	15,354,165
Carrying amount					
30 June 2017	24,701,158	22,220,692	145,682	640,989	47,708,521
30 June 2018	24,701,158	21,378,138	348,553	524,018	46,951,868
Land					
<i>Represented by:</i>					
Commercial Properties	18,047,836				
Owner Occupied	6,653,322				
	<u>24,701,158</u>				

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

13. INCOME

	2018	2017
	\$	\$
(a) Real Estate		
Land sales	5,460,450	2,711,473
Lease rental	1,053,664	1,267,555
Interest on land sale	519,857	493,011
Interest on land lease	63,310	24,522
Administration fees	31,370	42,664
Service/retention/tender document fees	3,080	2,600
	7,131,730	4,541,825
(b) Markets		
Savalalo flea market	644,797	753,716
Salelologa market	311,612	459,207
Vaitele market	413,280	182,008
Total Market Collection	1,369,689	1,394,931
(c) Faleata Golf Course		
Sales	12,794	104,706
Less: Cost of sales		
Opening stock	27,604	45,867
Purchases	3,309	66,978
Less: closing stock	16,187	27,604
	14,726	85,241
Gross profit/(loss)	-1,932	19,465
Add: Other Income		
Green fees	162,637	163,685
Driving range	15,632	5,545
Other income/Golf course hire	21,026	19,203
Clubhouse hire	33,391	45,887
Golf Carts	214,249	193,354
Lockers	-	435
FSB Hire	16,174	
Total Income	461,178	447,574
(d) Malifa Lodge		
Sales and accomodation	86,157	65,945
	86,157	65,945
(e) Other income		
Gain on sale of fixed asset	44,580	33,863
Interest bank	43,183	2,339
Doubtful Debts recovered	199,845	-
VAGST penalty fee remission	-	161,243
Other income	37,157	10,605
	324,765	208,050

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

14. REMUNERATION COSTS

Details of remuneration costs are specified as follows:

	2018	2017
	\$	\$
Salaries & wages	1,797,489	1,866,925
NPF & ACC contribution	149,519	150,007
Long service leave & bonuses	15,589	93,062
	<u>1,962,596</u>	<u>2,109,994</u>

The number of people employed by the Corporation at year end is 89 (2017: 93).

15. ADMINISTRATION AND OPERATING COSTS

Details of administration & operating costs are specified as follows:

Real Estate

	2018	2017
	\$	\$
Consultations (negotiation costs)	44,933	14,900
Survey fees & expenses	39,001	31,673
Doubtful Debts	727,334	2,685,762
Discount allowed	-	14,000
	<u>811,269</u>	<u>2,746,335</u>

Investments

	2018	2017
	\$	\$
FGC expenses	-	330
Heavy machinery expenses	20,682	26,797
Light machinery expenses	16,398	10,159
Printing and Stationeries	59,336	59,354
Advertising & Promotions	64,605	49,238
	<u>161,020</u>	<u>145,878</u>

Support service

	2018	2017
	\$	\$
Communication	47,991	40,923
Electricity & water	178,261	213,486
Insurance	121,261	117,412
Local travel	32,149	16,869
Loss from Stolen Funds	-	15,004
Motor vehicle running expenses	42,163	34,144
Office expenses	106,984	94,711
Overseas travel	-	2,476
Repairs and maintenance	655,531	251,261
Staff development	17,821	12,774
Suscription & Membership fees	34,397	17,289
	<u>1,236,557</u>	<u>816,350</u>

Total Administration & Operating Costs

	<u>2,208,846</u>	<u>3,708,562</u>
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16. INTEREST/FEES ON BORROWINGS

Details of interest/fees on borrowings are specified as follows:

	2018	2017
	\$	\$
Interest - NBS loan	-	487,810
Interest - UTOS loan	850,755	489,625
	<u>850,755</u>	<u>977,435</u>

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

17. DUE FROM GOVERNMENT

	2018	2017
	\$	\$
Opening Balance	15,935,424	15,935,424
Provision for Doubtful Debts	(15,935,424)	(15,935,424)
	<u>-</u>	<u>-</u>

The net balance resulted from land exchanges in 2010. The amount has been outstanding since 2010 and was therefore considered fully impaired.

18. LOSS FROM STOLEN FUNDS IN YEAR 2017

Total funds of \$50,412 tala was stolen from the safe in or around end of May or early June 2017. Total recoveries including insurance was \$35,408 tala resulting in a net loss of \$15,004 tala.

19. DEFERRED INCOME

			2018	2017	
			\$	\$	
			42,026,688	42,026,689	
	Opening Balance 2017	Additional Land Sale	Land Sale cancelled	Annual Amotisation	Closing Balance 2018
	\$	\$	\$	\$	\$
Vaitele Fou	978,327			(481,410)	496,917
Nuu Subdivision	39,627			(27,547)	12,080
Korea	21,532			(21,533)	(1)
A&F Toamua	8,746,212	70,000		(1,078,267)	7,737,945
Vaitele Ind - Pay within 10 years	133,285			(66,640)	66,646
Vaitele Ind - Lease to own 5 years	638,134	113,850	(124,200)	(256,967)	370,817
Sogi-Falelauniu	985,999			(96,000)	889,999
A&F Vaitele	66,500	2,135,000		(22,361)	2,179,139
Vaitele	856,408	139,000	(69,000)	(222,642)	703,766
A & F Toamua 51 acres	-	5,740,000		(67,375)	5,672,625
A & F Vaitele	971,250	140,000		(58,917)	1,052,333
Falelauniu phase 1	9,352,249	140,000		(866,869)	8,625,380
Falelauniu phase 2	11,238,466			(1,362,164)	9,876,302
Falelauniu phase 3	3,654,967			(309,846)	3,345,121
Toamua	4,343,733	14,303,000	(140,000)	(987,689)	17,519,044
	42,026,688	22,780,850	(333,200)	(5,926,225)	58,548,114

The amount represents the gain on sale of land from various locations/divisions with the exclusion of Ex-Westec & Industrial Area, being amortised over their respective purchase agreement periods.

20. VAGST RECEIVABLE/(PAYABLE)

	2018	2017
	\$	\$
Balance as at year end	<u>235,620</u>	<u>11,293</u>

21. SHARE CAPITAL

	2018	2017
	\$	\$
Authorised, Issued and Paid Up Capital		
2,400,000 ordinary shares of WST1.00 each (par value)	<u>2,400,000</u>	<u>2,400,000</u>
	2,400,000	2,400,000

The shares all have equal rights with regard to voting, distributions and capital repayments.

22. Funds Held On Deposit

	2018	2017
	\$	\$
Balance as at year end	<u>311,878</u>	<u>638,933</u>

These are deposits by customers for lands on sale agreements.

23. Related Party Transactions

i) Directors compensation

The Directors of the Corporation during the financial period were:

1 Lavea Lemalu Tupuola Sione Malifa (Chairman)	5 Su'a Henry Fruean
2 Taimalieutu Ernest Betham	6 Tuilagi James Bartley
3 Rev. Tunupopo Patū	7 Tufuga Fagaloa Tufuga
4 To'omata Tua Afamasaga	

Board member fees are paid as salary and wages via Payroll since April 2016. The annual fees are \$22,500 for the Chairperson and \$18,000 for board members. Directors appointed from other government entities receive a sitting allowance only, SLC Board currently do not have members in this category.

	2018	2017
	\$	\$
<i>Directors and meeting costs</i>		
Directors fees	130,500	130,500
Local travel for board members	720	2,807
Catering for board meeting	6,926	9,734
	<u>138,146</u>	<u>143,041</u>

ii) Key management personnel costs

	<u>451,175</u>	<u>495,729</u>
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24. FINANCIAL INSTRUMENTS

This section outlines the Corporation's exposure to financial risks and describes the methods used by management to control and monitor these risks. The major risks are credit risk, liquidity risk and market risk of interest rate and foreign exchange risk.

a) Credit risk management

Credit risk refers to the risk that a customer will default on its contractual obligations resulting in financial loss to the Corporation.

The Corporation has adopted a policy of only dealing with creditworthy customers and obtaining sufficient collateral where appropriate, as a means of mitigating the risks of financial loss from defaults. The Corporation exposure and the credit ratings of its customers are continuously monitored and the aggregate value of transactions concluded is spread amongst approved customers. Credit risk is closely monitored by the Lending Division and Legal and Recoveries Division through regular independent reviews designed to test the quality of credit exposures and to ensure compliance with Corporation policies.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors.

The Corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and cash flows and matching the maturity profiles of financial assets and liabilities.

25. CONTINGENT LIABILITIES

- The case with Farm Tech, a plaintiff seeking \$5 million from SLC to fulfill its share purchase agreement is still with the Court. The court decision is still pending.
- Nanai Lui Tokuma family in Sogi is arguing that the land it occupies though registered under SLC, belongs to them and seeks declaration by the Court to that effect. The court decided in favour of the Corporation this year but the Tokuma family as the plaintiff is now seeking to appeal the decision of the Supreme Court.

26. CAPITAL COMMITMENT

The directors are not aware of any capital commitments at 30 June 2018.

27. SUBSEQUENT EVENTS

- 1 The FK(18)32 on 25 September 2018 approves the activation of an agreement for purchase of land between the corporation and Mr Seiuli Seti Ah Young. The land is currently registered with Samoa Coconut Products, a Government owned company which ceased to exist by way of deregistration pursuant to the provisions of the Company Act. This matter is currently being discussed with the Office of the Attorney General and the Ministry of Natural Resources and Environment, and thus any sale of land is not recognised until matter has been resolved.

The directors are not aware of any other subsequent events that may have a material impact on the financial statements.

28. MISAPPROPRIATED FUNDS

The total funds of \$47,422 misappropriated in prior year by staff collecting tenant payments from the Vaitele, Savalalo and Salelologa Markets, a total of \$56,950 was recovered from the staff responsible to date. The employees involved have all been terminated.

29. TRANSFERS OF LANDS DIRECTED BY CABINET FK (17)19, FK (17)09, FK(15)06, AND FK(15)27

- 1 The Cabinet Decision FK (17)19 on 30 May 2017 approved the transfer of 430 acres of Government Land at Salelologa township area to SLC. Of the 430 acres, only 392 acres was subsequently transferred and registered under SLC in November 2017 with the total value of \$387,296 now included in this financial year. The remaining quantity of approximately 40 acres is yet to be finalised pending confirmation from MNRE.

The impact of the land transfers by Cabinet decisions that was booked in the 2017 financial statements are;

	\$
Loss on transfer of Tanumalala land to Government for the Prison	543,400 FK(15)06 & FK(15)27
Gain on transfer of Salelologa township land from the Government in (1) above	<u>(387,296) FK(17)19</u>
Net loss on land exchanges/transfers to/from the government	<u>\$156,104</u>

- 2 The transfer of 300 acres at Tafaigata prison as per FK(17)09 on 22 March 2017, has been held up because the Ministry of Natural Resources and Environment which is responsible for confirming the land area at Tafaigata has now confirmed in it's CEO letter dated 23 February 2018 that the actual land area where the Tafaigata prison is situated is only 118 acres 1 rood and 37.45 perches. In that same letter, the Ministry advised it is submitting a proposal to Cabinet for the revocation of FK (17) 09 above, as in its view, the transfer of the Salelologa land in FK(17)19 above is adequate compensation for the Tanumalala land. The Directors therefore deemed it prudent not to book this land in the financial statements for the year until the matter is certain to be actioned.
The transfer of 100acres at Vaiaata, Savaii to the Ministry of Prison and Correction Services as per FK(17)09 has not been actioned also.