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Government of Samoa
OFFICE OF THE MINISTER
MINISTRY FOR PUBLIC ENTERPRISES
MINISTRY OF COMMERCE, INDUSTRY AND LABOUR,
(Accident Compensation Corporation, Gambling Control Authority, Samoa Housing Corporation, Samoa Land Corporation,
Samoa Sports and Facilities Authority, Small Business Enterprise Centre, Samoa Airways/Polynesian Airlines Ltd)

12th November 2019

Hon. Leaupepe Taimaiono Tole'afoa Faafisi
Speaker
Legislative Assembly
TUANA'IMATO

ANNUAL REPORT 2019

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 2018/2019.

A large, stylized handwritten signature in black ink, appearing to read 'Lautafi Fio Selafi Purcell'.

Lautafi Fio Selafi Purcell

MINISTER FOR SAMOA LAND CORPORATION

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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

"Samoa Land Corporation ("SLC") has existed for twenty nine (29) years since its inception in 1990, to take over the management and divestment of part of government lands acquired as a consequence of WESTEC reorganisation. Its legal mandate is provided, under the Companies Act 2001, Public Finance Management Act 2001, Public Bodies (Performance and Accountability) Act 2001, Cabinet Directives, Board resolutions and relevant regulations.

Of the 24,000 acres of land inherited by SLC, approximately 362 acres was surrendered for road infrastructure, and easements for access to its subdivided landholdings. The remainder divested accordingly either by way of land sale or for Agricultural, Residential, Commercial, Community and Alii and Faipule leases. "

Over the years, investment activities including but not limited to markets and golf course amenities were added to diversify income earning avenues for the Corporation. Value added developments, have been evident from these investments and have bolstered, social stability, cultural, religious and economic benefits. "

CHAIRMAN'S REPORT

I am pleased to present the Samoa Land Corporation (SLC) annual report for the Financial Year from 1st July 2018 up to 30th June 2019.

This is another good year for SLC as our financial performance generated \$13.5 million tala in revenue, a substantial increase of close to 45 percent when compared to last year. Our net profit after tax is more than \$4.0 million tala, which almost doubles the amount recorded for last year and the highest ever documented for the Corporation. Return of equity ratio also increased to 14% from 8% last year significantly surpassing the standard rate set under the Public Bodies Act 2001 of 7%.

SLC paid \$3.0 million tala dividend to Government in November 2018, the highest since establishment and another \$1.6 million tala will be paid in November 2019 to cover the last six months of the year under review. A new requirement stipulated by the Ministry of Public Enterprises of 35% dividend for every six months profit. Again it's the first time SLC presented dividend consecutively within two financial years.

Income from lands is the major contributor earning close to 75 percent whilst the remaining more than 20 percent comes from operating markets (Savalalo, Vaitele & Salelologa), the Faleata Golf Course and Malifa Lodge. The main uses of Government lands are to lease for residential purposes, agricultural developments, business, community based obligations like schools, and Villages (Alii and Faipule). SLC is business oriented and to be profitable in delivering of its activities and services.

However, despite our commitment for a successful business entity, SLC has continually and significantly assisted and contributed over many years in the following areas which generally refer to as community service obligations (CSO):

- 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 or more although Government now has put a stop on the sale of Government land.
- 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 which leads to accumulation of arrears.
- SLC is at the forefront of the Government's drive to encourage and stimulate the private sector as the engine of growth. In moving forward, SLC now leased out the Malifa Lodge Hotel and Vaitele market main building (first & second floor) and will continue this trend going forward.
- 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 leased out the Golf Range and the two Bars through bidding whilst the Faleata Golf Course offers reduced fees for Golfers to enjoy the Course.

Together with the provision of these services we have re-directed our employees focus on performance and commitment with the technical assistance provided by the Samoa Governance Support Programme (SGSP) funded by the Australian Government. The technical assistance undertook a comprehensive review of SLC organisational structure and major operational functions to optimise our overall performance and profitability. As Chairman, I acknowledge with much appreciated this valuable assistance.

Lastly, I wish to acknowledge our management and staff for another 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 have contributed to achieving a successful year. Last but not the least, a special word of thanks to our Minister, Hon. Lautafi Fio Selafi Purcell for your continue support that enables the Board and management to operate successfully.

God bless.



Lavea Lemalu Tupuola Sione Malifa
CHAIRMAN

GENERAL MANAGER'S REPORT

This report on the financial performance of the Samoa Land Corporation (SLC) covers the period of 1st July 2018 up to 30th June 2019.

1.0 FINANCIAL PERFORMANCE

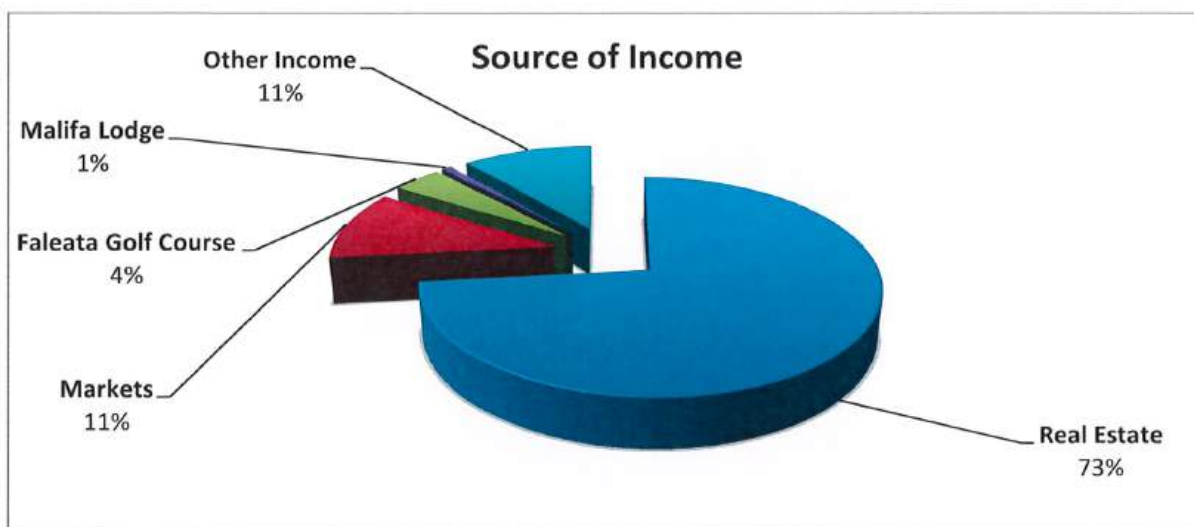
ASSETS

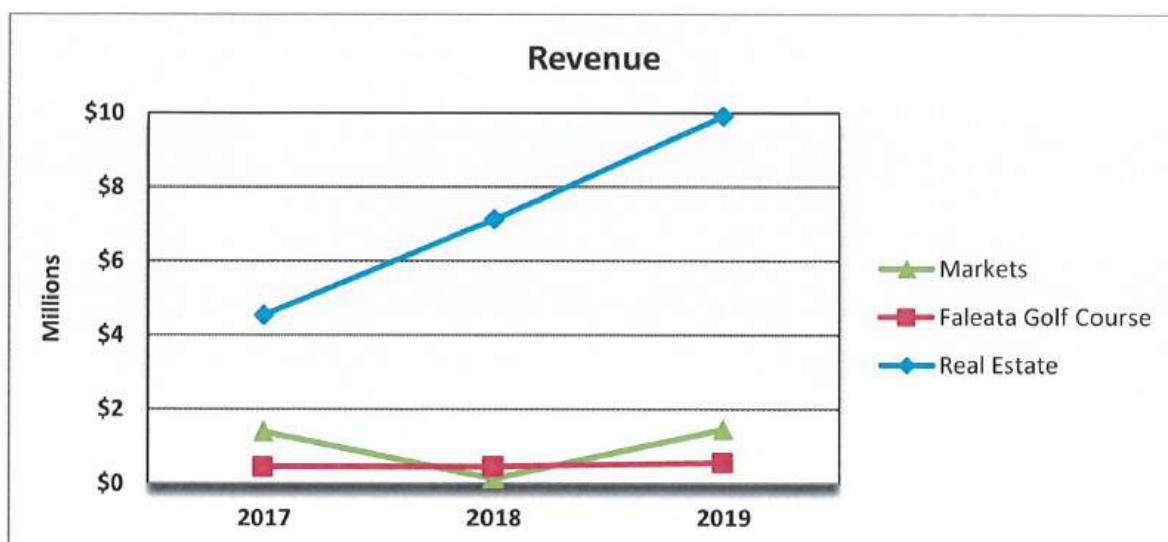
Net Assets has increased by 7% from \$38.7 million tala to \$41.3 million tala for the reported period. Total current assets increased by 30% from \$10.3 million last year to \$13.4 million this year as a result of the increase in savings and new term deposits invested during financial period.

REVENUE

Revenue recorded for the year ended of \$13.5million exceeded budget by 59% and actual revenue collected for the previous year 2018 by 44%. The increase in total revenue is mainly due to increase real estate sales which accounts for 73% of total revenue as reported in current financial period. Other operations such as Faleata Golf Course, Markets and Property Leases recorded positive outcome compared to previous period.

Fig. 1 Revenue collected in financial year 2019

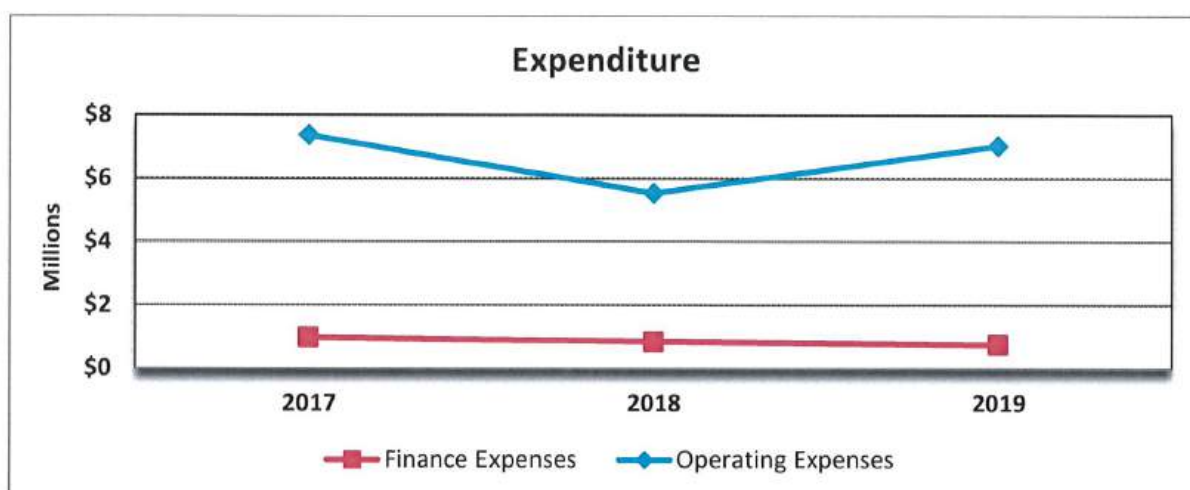




EXPENDITURE

Total expenditure recorded an increase of 22% from \$6.3million in 2018 to \$7.7million for the current period. This increase in total expenses is due mainly to the additional provision provided to cover for the risk and uncertainties to some of the land debtors as well as Market tenants. Administration & Operating costs are the major expense for the Corporation representing 61% of total expenditure for the reported period.

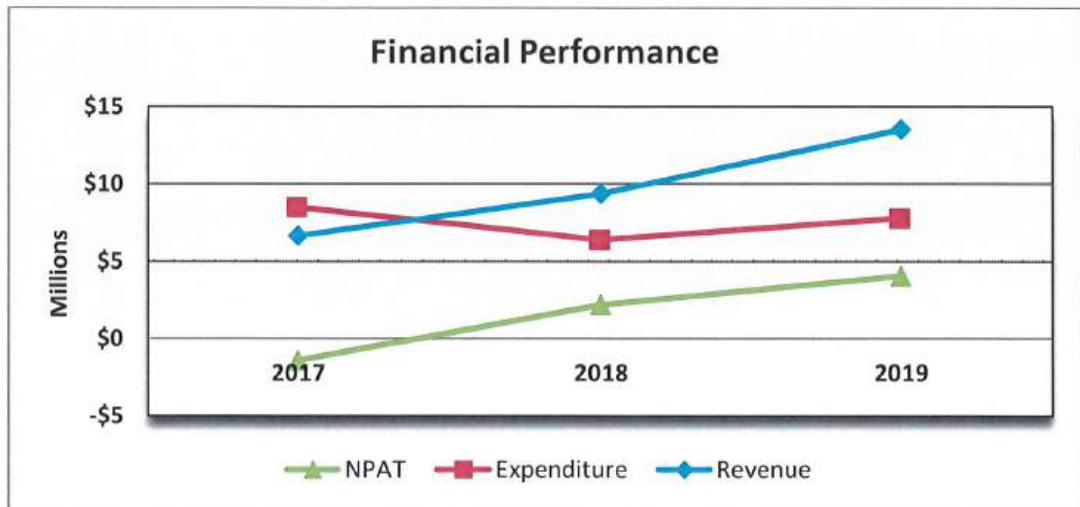
Fig. 2 Total Expenditure from 2017 - 2019



PROFITABILITY

SLC recorded a net profit after tax of \$4.0 million at the end of financial year, an increase of 86% when compared to the net profit after tax in the previous period of \$2.1million tala, the highest ever recorded for the Corporation.

Fig. 3 Net profit after tax, revenue and expenses.



An increase in the Return on equity ratio from 8% in 2018 to 14% for the current period is an achievement surpassing the standard rate set under the Public Bodies Act of 7%. SLC's liquidity position as represented by its current ratio of 8:1 is high and sufficient to cover its short term obligations when fall due.

2.0 MAJOR DEVELOPMENTS

These are the major development activities SLC has committed for this financial year:

- Timely repayment of a commercial loan with a reduced interest rate is in progress.
- SLC will finance the construction of the Sogi Flea market.
- SLC will invest in two rental houses build at the prime location of Ululoloa.
- SLC continues to strengthen recovery action plans to improve our financial performance & to be more robust in the collection of arrears.
- Development of the Salelologa Township in progress.
- Building of the Salelologa market foodstall completed.
- Malifa Lodge lease arrangement implemented.
- Main building (two storey) of the Vaitele Market on lease arrangement.
- New Tenant for Faleata Sports Bar finalised.
- Continue to lease lands for residential, agricultural and commercial activities.
- Government lands to lease only and no more selling.
- Commit in reducing arrears on lands and markets.

3.0 HUMAN RESOURCES & ADMINISTRATION DIVISION

Total number of staff recorded at end of this financial year is 86 compared to 89 in June 2018, 24% females 76% male as shown in figure 5.

Fig.4 SLC Workforce as of 30th June 2019

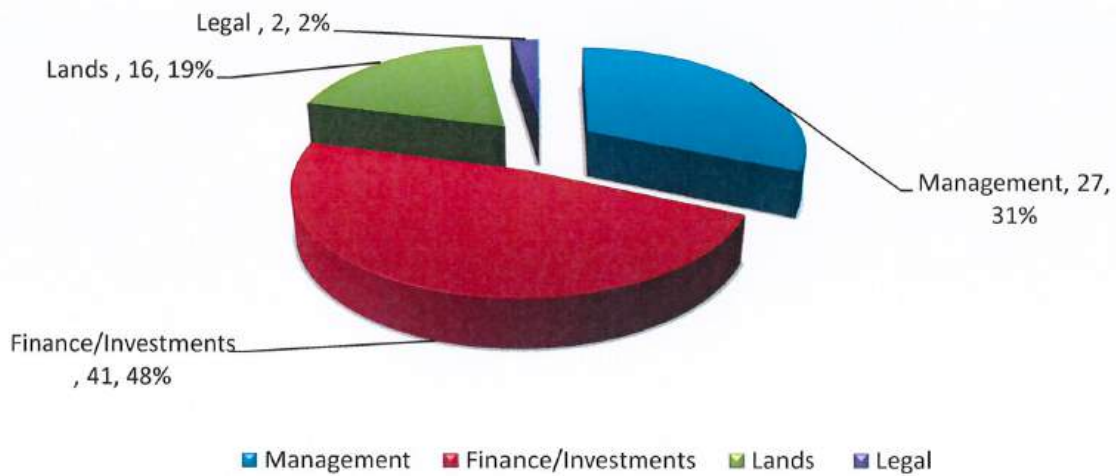
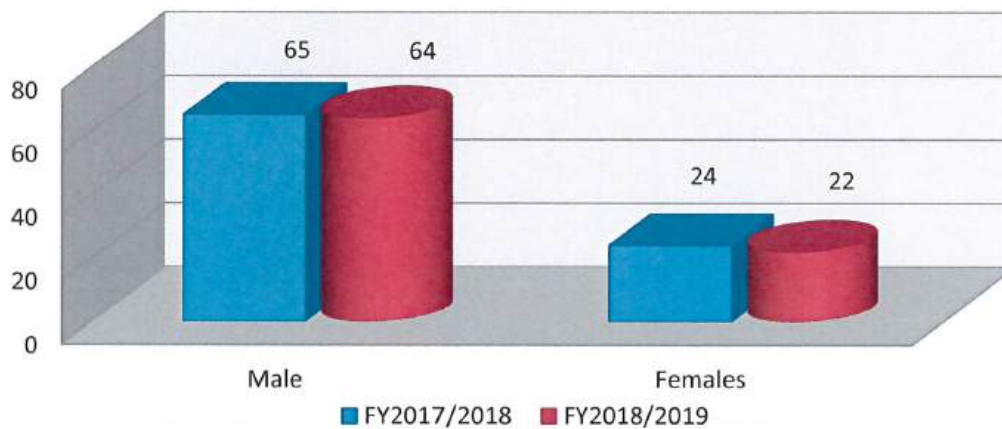


Fig. 5 SLC Workforce by Gender Distribution

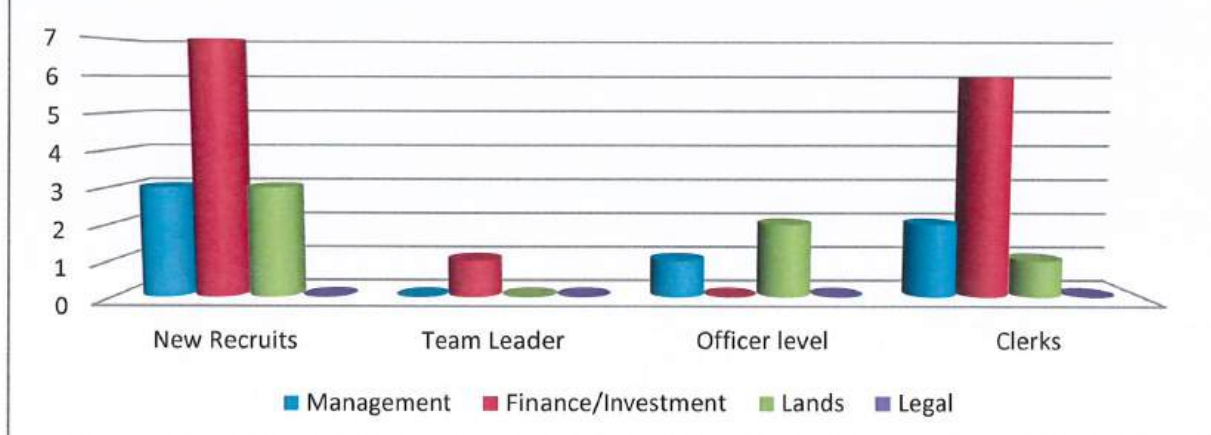


- The Consultancy work implemented by Adam Smith International through the Samoa Technical Assistance Facility for the Project "*Optimising the Performance and Profitability of the Samoa Land Corporation* was initially commenced on 30th May 2019. An inception report was submitted to Management and Board of

Directors on 10 June 2019 with progress on deliverables specified in consultancy terms of reference.

- Recruitment processes have been completed for the following position category for each respective divisions as shown in Figure 6 below.

Fig 6. SLC New Recruits by division within financial year 2018/2019



4.0 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.
 - iv. Sent monthly reports to Finance and Audit Committee of work regarding internal audits, spot checks, internal investigations and other internal audit activities as directed by General Manager and Finance and Audit Committee.
 - v. Update and Follow-Up in every 4 months Issues raised in Management Letter from usual annual audits performed by external auditors to ensure recommendations for remedy action and improvement has been implemented.
 - vi. Prepare Annual Internal Audit Plan(Work Plan) for different areas of the organization to be audited in every financial year beside spot checks, internal investigations and other ad hoc activities as directed by General Manager and Finance and Audit Committee.

5.0 LEGAL DIVISION

A: Achievements

- With the appointment of the Legal Manager in 2017 to head the Legal Division the debt recovery process has been on-going and as a result we have seen a reduction in arrears,
- All visible improvements in the recovery process is a healthy upshot of the collaboration work with all Managers (Finance Division & Lands Division) and the whole Management Team,
- While generating the ethos of this healthy relationship we have managed to convey a strong attitude and aptitude as well as being assertive in the enforcement of this

arrears recovery process evident by the recovery of \$1.2 million tala within this financial period,

- The employment of the '*Talanoa*' approach of direct face to face meetings, and indirect processes of constant reminders by way of letters, phone calls and the use of the public media to inform debtors has reflected positively in the increase in recoveries especially with long outstanding debts like the Vaitele Industrial Area,
- Ongoing review of past, current and proposed agreements & contracts for land sales and leases, markets & other investment options for objectivity and relativity of applications to current laws, practices and policies together with the execution of these agreements and contracts,
- Dealing with legal issues relating to land disputes and other SLC related matters, assisting with land reconciliation and providing legal advice to the Corporation,
- Maintaining our professional working relationship with the Office of the Attorney General in working together to settle other legal matters affecting the Corporation,
- Maintaining the Corporations professional public image when dealing with clients and prospective clients.

B. Challenges:

- A continuing focus on identifying and ascertaining practical and effective methods to improve debt recovery processes and approaches to empower the Corporation to substantially reduce the recorded arrears to zero in moving forward of the Corporation,
- Continuing to be persistent and enduring in all efforts and labours to constantly harvest the true spirit of '*team work*' for SLC to yield positive returns while preserving at all cost a healthy relationship with our people, our community,
- Trying to identify more practical solutions to assist in mediating and resolving village issues and disputes directly and indirectly affecting Government lands and property which have always been very challenging and also their long outstanding debts,
- Mediating with families to better understand their issues raised and causes of disputes affecting Government lands (sales & leases) and properties (buildings & markets) for better informed resolutions and outcomes.
- Currently there are only two personnel in the Legal Division (the Manager & Officer) but still making great progress. However, the objective and scope of the operation of the Legal Division states that it must be 'efficient and effective'. To improve the performance of the Department ensuring the achievement of set goals and objectives and up-to-date reporting of performed tasks and follow-ups and more making it essential to add another staff of senior position reporting directly to the Manager to assist the Manager in accomplishing the many obligated tasks, resolve the many challenges as well as providing the best advice to the Corporation.

6.0 LANDS DIVISION

SURVEY

- Subdivision to continue for remaining two thousand, four hundred and twenty (2420) acres un-surveyed lands inland of Vaialele.

- Completed property boundary surveys for 164 individuals both Residential & Agricultural land leases.
- Commenced procurement and completed subdivision of 164 acres Lafi, Tafaigata and 65 acres at Tanumapua for Agricultural Leases.
- Completed subdivision of approximately 20 acres of Tafaigata lands, 11 acres at Nu'u and 57 acres at Tapatapao Phase II for residential leases.
- Developed Plan for subdivision of Tafaigata lands for Sogi Relocation, Police Academy & Fiafia Amusement Park.

ESTATES

- Formalised discussions with Alii and Faipule Saina on (27 acres), Faleula (79 acres) & Vaitele Tai (13 acres) for allocation to either lease or purchase under customs and usage.
- Commenced allocation and formalisation of 100 acres (Alii and Faipule Vaiusu) , 45 & 38 acres (Alii and Faipule Apolima Lease) & 122.5 acres (Alii and Faipule Malie Lease) for Agricultural Leases.
- Allocated and formalised 11 acres at Nu'u, 20 acres at Tafaigata and 57 acres at Tapatapao Phase II for residential leases.
- Implemented review of lease charges for (Falelauniu Industrial Zone, Letava, Nu'u Residential Zone, and Vaitele Residential Zone).
- Earmarked lands for government projects, (1/2) acre at Vaitele for government browser (gas station) & Aleisa East for Samoa Water Authority storage tank.
- Progressed and continued with allocation and development of Salelologa Township.
- Engaged in Amalgamation of Government Lands Committee Discussions.
- Obtained approved Survey Plan and formalised allocation of 45 acres Alii and Faipule Ae'e.
- Cabinet approved transfer of 1/2 acre previously Samoa Coconut Products Ltd ("SCPL") to SLC.
- Ensued negotiations for joint collaboration by Alii and Faipule Vailele & Letogo to mitigate Boundaries issues.
- Reinstate discussion with Ministry of Natural Resources and Environment ("MNRE") for transfer of 1224 acres of Vaiaata Lands.
- Formalised lease of 5 1/2 acres of lands for Saina and Toamua Primary School.
- Initiate discussions over administration of 150 acres Annandale Lease (Aleisa).
- Amortised Accounts to Increase Payments for Toamua, Falelauniu & Vaitele Landsale Portfolio.
- Reviewed and invoked 12% interest for leases at Aleisa, Tapatapao, Tuanaimato, Nu'u & Falelauniu.
- Executed leases for Satuimalufilufi individuals (45 acres).
- Allocation of repossessed 1 acre parcels at Vaitele Industrial Zone for business lease (Kava Construction, VIKS, Savaii Cocoa, Aluminium Design).

CHALLENGES

About 56 % of SLC lands remain to be divested by the Corporation.

Fig.7 Divestment of approximately 20,928 acres of SLC Land.

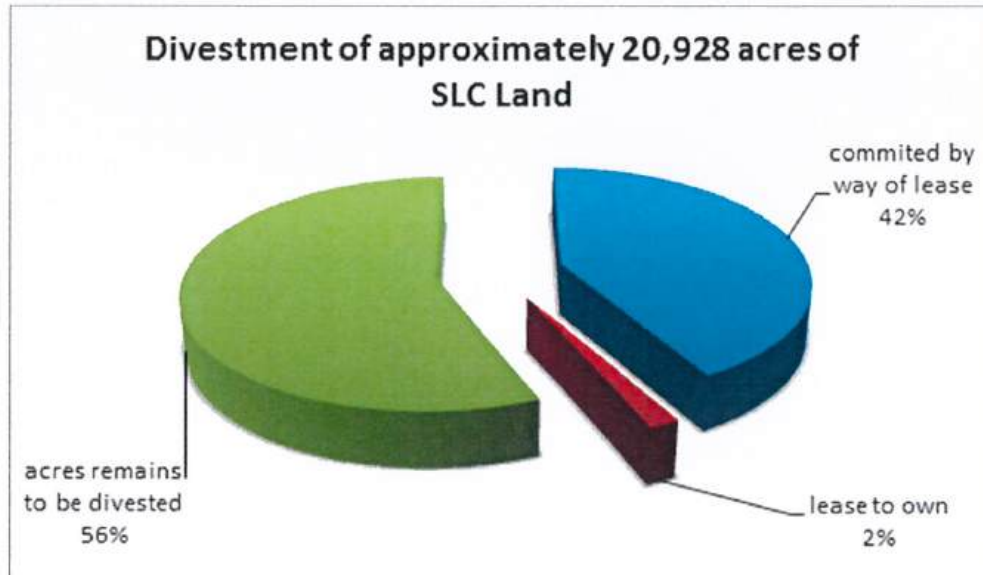
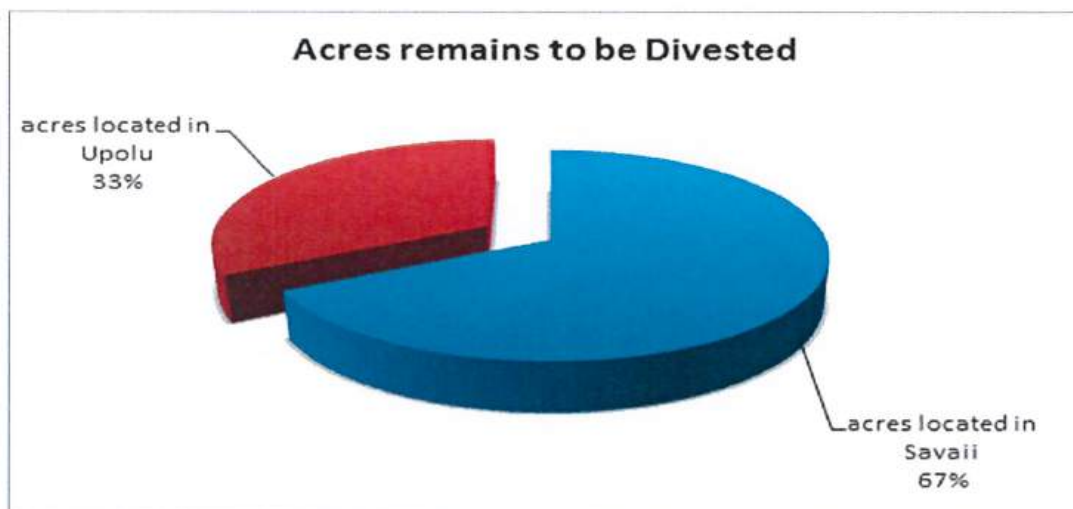


Fig.8 Acres to be Divested



Some factors that impact on sustainable management of land assets, and hinders/delays development of these areas include:

- (i) Lands factions located at the Villages (Savaii and Upolu) under the presumption by Alii and Faipule that they are customary lands). Approximately 8431 acres is located in some villages in Savaii and 3850 acres of lands in Upolu located in the villages (Casala, Fagalii uta, Faleula, Matautu Falealili, Saleilua, Vailele). Consultation, with the villages (Alii and Faipule), was undertaken, in the hopes to expedite divestment under

lease basis. However whilst the message was conveyed and forthcoming at the consultation phase, implementation remains a challenge, with opposing views and claims.

- (ii) Identification of other unidentified areas (Court Grants). Other pockets of lands have been vested by Court Grants, and identification to survey these land holdings is one of the issues. Inspections have been carried out for these areas however the limited information for Land Claims makes it difficult to accurately identify these lands.

- (iii) Lack of resources & budget constraints

The ability to fully capitalize, on sustainable management of land assets, hindered with the lack of resources and budgets. Proper planning mechanisms for provision of infrastructural services (water, electricity & roads), not wholly delivered and implemented with limited budget. Accessibility to project funding would have been an asset but at this stage, there is limited access to these lands.

- (iv) Impacts of Climate Change

As one of the Entities tasked with land management, SLC shares the responsibility of ensuring that impacts of climate change is addressed in management of its assets. This is a challenge, given lack of inclusive approach, awareness and trainings on the issue.

OTHERS

- Ongoing recovery of arrears every month and reported.
- Nanai Tokuma (Sogi) Matter Proceeded before Court (Legal).
- Commenced construction of Road works for settlement at Toamua (1845m) & Tapatapao (967m).
- Commenced construction of Fiaga Road access (1300m) to ease Agricultural Development.

7.0 FINANCE & IT DIVISION

- Complete review of SLC's operation, organisational structure, policies and processes under the Samoa Governance Support Programme (SGSP).
- Continue strengthening of internal control systems for managing of Revenue and Expenditure of the Corporation during the Financial Period.
- Update and review budgetary planning, monitoring and reporting process systems during the financial period.
- Continue to comply with regulatory requirements through timely submission of Quarterly and Audited Reports.
- Continue the utilisation of all functionalities of current accounting software system through trainings.
- Extension of LMS system to all Markets via VLAN
- Upgrade and update of SLC Website
- Ongoing Monitoring of Server, LAN Connection, IT Equipment and Internet Plan.

8.0 INVESTMENT DIVISION

- Upgrading of Salelologa Market facilities including the construction of new toilets, Office renovation and new foodstalls at the ground floor.
- Continue negotiations with Government relating to the construction plan for the new Flea Market at Sogi.
- Continuing effective and efficient management of Savalalo, Vaitele and Salelologa Market.
- Continue to improve collection and recoveries through media notices and consultations with Market Tenants regarding their arrears.
- Continuing effective and efficient management of Faleata Golf Course.
- Continue monitoring of finance leases such as Coin Save and Malifa Lodge.

9.0 FUTURE OUTLOOK

Major Development Activities Going Forward are:

- Executing and implementation of the new organisational structure.
- Continue to revise and update operational policies and processes.
- Construction of the Sogi Flea market is on hold due to continue disruption by some squatters (ie Tokuma family).
- Government through SLC will relocate families at Sogi to Tafaigata with deadline set of 31st December 2019.
- SLC will continue to lease Government lands for business developments, agriculture, residential and to village communities.
- Continue development of Salelologa township.
- Maintain a robust approach in reducing arrears by consistently advertised names in the media as well as issue warning letters.
- Regularly engaged with individuals and village communities by maintaining good relationship relating to lease holding arrangements.
- Continue to review conditions and requirements for leasing land.
- Construction of two rental houses at Ululoloa prime residential land.
- Explore training courses locally and overseas to keep staff updated on work related issues & to improve their line of responsibilities.
- Formulation of the next Corporate Plan for years 2020 to 2023/4.

10.0 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 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 families, Alii & Faipule illegal occupants settling on government land leading to delay in executing of Corporation mandate.
- Ongoing Identification of Court Grants.
- Fraudulent activities sometimes perform by personnel handling land sale and lease and markets.
- Unforeseen Government plans & directives against set Corporation plans. Emphasis on the sustainable management of assets including land, is core and realized by SLC as its main objectives. However like any other, there are always issues and challenges

that hinder on endeavours to sustainably manage land and other investment assets. These challenges have been identified in brief and forms part of this report.

CONCLUSION

The Samoa Land Corporation's financial performance in the period under review recorded a substantial increase in income when compared to the previous year. Similarly net profit after tax (NPAT) also increased considerably in the same period, the highest ever recorded for the Corporation.

An increase in the Return on equity ratio from 8% in 2018 to 14% for the current period is an achievement surpassing the standard rate set under the Public Bodies Act of 7%. SLC's liquidity position as represented by its current ratio of 8:1 is high and sufficient to cover its short term obligations when fall due.

SLC relies heavily on land sales and leases which accounted to more than 70 percent revenue whilst the three markets at Savalalo, Vaitele and Salelologa, Faleata Golf Course and Malifa Lodge contributed to more than 20 percent. These proportions may vary in the next 10 years as SLC no longer sell land and it could impact on revenue but at the same time Government land will be maintained for future generations.

SLC continues to face 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 one of the main reasons behind the continued accumulation of arrears, with village people refusing to pay. However, SLC will continue to consult with individuals, groups and villages leasing on Government lands.

Outsourcing of some of SLC assets has been effectively implemented and will continue but will be lease only. Government has continued to encourage the development of the private sector through assisting and we believe this is another avenue to encourage them. The Malifa Lodge and the main building of the Vaitele Market have been leased to the private sector and our next two projects (Sogi Flea Market and Rental Houses) are expected to complete in year 2020/2021.

We are fortunate that in November 2018, upon our request through the technical assistance provided under the Samoa Governance Support Programme (SGSP) funded by the Australian Government, they undertook a comprehensive review of SLC structure and major operational functions with the aim to optimise our overall performance and profitability. There were two technical Consultants engaged by SGSP to look into the operation of SLC processes and policies, the organisational structure, the allocation of work functions and their implications for job design and staffing. I am pleased to announce we now have three documents that will guide SLC moving forward and will be implemented accordingly.

Many thanks to Mr Peter Fane, Ms Jennifer Clarke and especially Mr Peter Blunt who have work extremely hard for the success of this project.

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 another successful financial year and hope this will continue in years to come. 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



**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

SAMOA LAND CORPORATION LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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SAMOA LAND CORPORATION LTD
CERTIFICATION BY DIRECTORS
FOR PERIOD ENDED 30 JUNE 2019

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 period ended 30 June 2019:

- 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 31 / 10 / 19 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

31 / 10 / 19


Signature

Afioga Tuilagi James Bartley

DIRECTOR

Samoa Land Corporation Ltd

Apia, Samoa

31 / 10 / 19



AUDIT OFFICE

Please address all correspondences
to the Controller and Auditor General

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 2019, 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 Tuala Pat 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 2019, 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.



AUDIT OFFICE

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

- 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.

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.

Apia, Samoa
31 October 2019

Jaslyn T. Mariner-Leota
ASSISTANT CONTROLLER AND AUDITOR GENERAL

SAMOA LAND CORPORATION LTD
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	Notes	\$	\$
Income			
Real Estate	13(a)	9,913,493	7,131,730
Markets	13(b)	1,453,232	1,369,689
Faleata Golf Course	13(c)	566,020	461,178
Malifa Lodge	13(d)	108,000	86,157
Other Income	13(e)	1,487,929	324,765
Total Income		13,528,674	9,373,519
Operating Expenses			
Remuneration costs	14	2,173,394	1,962,597
Administration & Operating costs	15	3,553,180	2,208,846
Audit fees		37,000	41,630
Directors fees and expenses	22	142,235	138,145
Depreciation	12	1,126,314	1,186,428
Total Operating Expenses		7,032,122	5,537,646
Net Operating Profit		6,496,552	3,835,873
Finance Expenses			
Interest/fees on borrowings	16	752,209	850,755
Net Profit (loss) before Tax		5,744,343	2,985,117
Income Tax (Expense)/Credit	10(a)	(1,687,133)	(805,982)
Net Profit (loss) after Tax		4,057,211	2,179,136

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 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalent	3	4,716,858	3,186,224
Inventory		6,255	16,190
Trade Debtors - Land Leases	5	245,634	290,891
Trade Debtors - Land Sales	6	3,716,320	3,647,715
Other Debtors and Prepayments	7	473,042	662,809
Dividend paid in advance	11	615,055	-
Term Deposits	4	3,630,082	2,521,651
Total Current Assets		13,403,245	10,325,480
Non Current Assets			
Property, Plant & Equipment	12	46,705,956	46,951,867
Due from Government	17	-	-
Trade Debtors - Land Sales	6	48,717,429	53,234,354
Deferred tax asset	10(c)	3,940,196	5,626,449
Total Non Current Assets		99,363,581	105,812,670
TOTAL ASSETS		112,766,827	116,138,150
LIABILITIES			
Current Liabilities			
Other creditors and accruals	9	262,339	176,634
Income Tax Payable	10(b)	-	-
Funds held on deposit	21	143,760	311,878
Vagst Payable	19	262,752	235,620
Dividend Payable	11	-	964,921
Current portion of term loan	8	1,118,795	1,044,167
Total Current Liabilities		1,787,646	2,733,221
Non Current Liabilities			
Term Loan	8	9,260,153	10,382,572
Deferred Income	18	54,606,718	58,548,114
Deferred Tax Liability	10(c)	5,820,460	5,819,581
Total Non Current Liabilities		69,687,331	74,750,267
TOTAL LIABILITIES		71,474,978	77,483,488
NET ASSETS		41,291,849	38,654,662
SHAREHOLDERS EQUITY			
2,400,000 ordinary shares	20	2,400,000	2,400,000
Capital reserve		-	-
Retained Earnings		38,891,849	36,254,662
Total Shareholders Equity		41,291,849	38,654,662

This statement of Financial Position 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 CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Share Capital \$	Land Revaluation Reserve \$	Retained Earnings \$	Total \$
Balance as at 30 June 2017		2,400,000	-	35,165,094	37,565,094
Profit/(Loss) for the year		-	-	2,179,136	2,179,136
Less: Dividend provided	11	-	-	(1,089,568)	(1,089,568)
Balance as at 30 June 2018		<u>2,400,000</u>	<u>-</u>	<u>36,254,662</u>	<u>38,654,662</u>
Profit/(Loss) for the year		-	-	4,057,211	4,057,211
Less: Dividend provided	11	-	-	(1,420,024)	(1,420,024)
Balance as at 30 June 2019		<u>2,400,000</u>	<u>-</u>	<u>38,891,849</u>	<u>41,291,849</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 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Cash received from land leases		1,803,365	1,515,960
Cash received from land sales		8,385,938	6,378,725
Cash received from other operations		3,777,706	2,054,960
Cash paid for employees remunerations		(2,173,394)	(1,962,597)
Cash paid for Directors fees and expenses		(142,235)	(138,145)
Cash paid for supplies and other operating expenses		(3,429,847)	(1,710,414)
Net cash flows from operating activities		8,221,534	6,138,489
Cash flows from investing activities			
Cash received from disposal of fixed assets		64,130	44,580
Cash used to purchase fixed deposit		(1,000,000)	(2,500,000)
Cash used to purchase fixed assets		(880,403)	(434,499)
Net cash used for investment activities		(1,816,272)	(2,889,919)
Cash flows from financing activities			
Cash used for dividend		(3,000,000)	-
Cash used for loan & Interest repayment		(1,874,628)	(1,946,654)
Net cash flows from financing activities		(4,874,628)	(1,946,654)
Net increase in cash		1,530,634	1,301,917
Opening cash balance		3,186,224	1,884,307
Closing Cash Balance		4,716,858	3,186,224
Represented by:			
Cash at bank and at Bank	3	4,716,858	3,186,224
		4,716,858	3,186,224

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 2019

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 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.

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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 payments. 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 is 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 2019

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	2019	2018
	\$	\$
Cash on hand and at bank		
ANZ Bank (Samoa) Ltd	4,012,366	1,896,255
Bank of South Pacific	281,883	481,727
National Bank of Samoa	209,428	111,202
Samoa Commercial Bank Ltd	211,831	695,691
Cash on hand - Petty cash	1,000	1,000
Cash on hand - Float	300	300
Stamp imprest	50	50
Total	4,716,858	3,186,224

4. TERM DEPOSITS	2019	2018
	\$	\$
National Bank of Samoa (NBS)	2,630,082	2,521,651
Samoa Commercial Bank (SCB)	1,000,000	-
	3,630,082	2,521,651

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

5. LAND DEBTORS - LAND LEASES	2019	2018
	\$	\$
Debtors balances are as follows:		
Agricultural Lease	253,800	195,039
Alii & Faipule	401,795	210,432
Commercial Lease	806,473	637,742
Residential	298,384	227,938
Community Lease	21,865	57,228
Credit balances	-	-
	1,782,318	1,328,379
Debts written off	-	-
	1,782,318	1,328,379
Provision for Expected Credit Losses (ECL)	(1,536,684)	(1,037,487)
NET DEBTORS - LAND LEASES	245,634	290,891
% of Provision	86%	78%

Movement - Provision for ECL

Opening balance	(1,037,487)	(1,062,600)
Doubtful debts recovered	5,043	173,279
Additional provision for the year	(504,240)	(148,166)
Ending balance	(1,536,684)	(1,037,487)

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

6. LAND DEBTORS - LAND SALES

This amount is represented as follows:

	Current	Term	2019	2018
	\$	\$	\$	\$
Ex W S T E C	6,122	85,712	91,835	96,036
Industrial area	9,489	132,844	142,333	224,790
Vaitele Fou	38,096	533,342	571,437	674,881
Nuu Subdivision	3,178	44,490	47,667	42,271
Outright Purchase - Industrial Zone	2,500	35,000	37,500	37,500
Pay Within 10 Years	13,403	187,648	201,051	676,960
Vaitele	42,417	593,833	636,249	680,690
Lease to own - Falelauniu 1	499,255	6,989,570	7,488,825	8,248,196
Lease to own - Falelauniu 2	573,617	8,030,632	8,604,249	10,017,006
Lease to own - Falelauniu 3	229,587	3,214,218	3,443,805	3,687,099
Lease to own - Vaitele Ind 5 years	82,641	1,156,980	1,239,622	1,506,823
A&F Toamua	586,091	8,205,280	8,791,372	9,193,705
A&F Vaitele	224,382	3,141,345	3,365,727	2,080,994
Toamua	901,130	12,615,820	13,516,950	15,033,797
A & F Toamua 51 acres	386,133	5,405,865	5,791,998	5,502,833
A&F Vaitele	55,948	783,272	839,220	957,360
Sogi-Falelauniu	62,331	872,634	934,965	1,551,485
Tafaigata	-	(388)	(388)	(388)
Korea	0	32	32	6,165
	3,716,320	52,028,128	55,744,449	60,218,203
Provision for Expected Credit Losses (ECL)	-	(3,310,699)	(3,310,699)	(3,336,133)
Net Debtors - Land Sales	3,716,320	48,717,429	52,433,750	56,882,070

Movement - Provision for ECL

Opening Balance	(3,336,133)	(6,182,392)
Debts written off against provision	-	3,262,815
Doubtful debts recovered	768,246	10,916
Additional provision	(742,812)	(427,472)
Ending Balance	(3,310,699)	(3,336,133)

7. OTHER DEBTORS AND PREPAYMENTS

	2019	2018
	\$	\$
i) Sundry debtors - Markets	1,403,116	1,071,645
Less: Provision for expected credit loss (Markets)	(1,115,328)	(712,176)
Net Sundry debtors - Markets	287,788	359,469

Movement - Provision for ECL Markets

Opening balance	(712,176)	(560,480)
Add: Additional provisions	(403,152)	(151,696)
Write off against provision	-	-
Closing balance	(1,115,328)	(712,176)

ii) Other debtors & Prepayments	342,756	313,822
Less: Provision for expected credit loss (Staff & Others)	(157,503)	(10,483)
Net Sundry debtors - Staff & Others	185,254	303,340

Movement - Provision for ECL (Staff & Others)

Opening Balance	(10,483)	(26,132)
Doubtful debts recovered	-	15,650
Add: Additional provisions	(147,020)	-
Closing balance	(157,503)	(10,483)

Total Sundry debtors	473,042	662,809
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SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

8. BORROWINGS	2019	2018
	\$	\$
Unit Trust of Samoa (UTOS)	10,378,948	11,426,739
Represented by:		
Current	1,118,795	1,044,167
Non current	9,260,153	10,382,572
	<u>10,378,948</u>	<u>11,426,739</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	2019	2018
	\$	\$
Accruals	54,724	104,812
Provision for audit fees	28,450	42,550
Other creditors	179,169	29,272
Total	<u>262,343</u>	<u>176,634</u>
10. INCOME TAX	2019	2018
	\$	\$
(a) Income tax expense/(revenue)		
Net profit/(loss) for the year	5,744,343	2,985,117
Prima facie tax at 27%	1,550,973	805,982
Permanent differences		
Tax adjustment to derecognise tax benefits from tax losses		
Adjustment to remove benefit from current year tax losses	-	-
Tax adjustment related to prior period	136,160	-
Tax expense/(revenue) in the Statement of Profit and Loss	<u>1,687,133</u>	<u>805,982</u>
The taxation expense/(revenue) is represented by :		
Deferred taxation- current year movements	1,687,133	805,982
Tax adjustment to derecognise tax benefit on tax loss		-
Tax adjustment related to current period		-
	<u>1,687,133</u>	<u>805,982</u>
(b) Income tax receivable/(payable)		
Opening balance - payable	-	-
Tax adjustments related to prior period	-	-
	<u>-</u>	<u>-</u>
(c) Deferred tax asset/(Deferred Tax liability)		
Opening balance	(193,132)	612,850
Tax adjustments related to prior period	-	-
Tax adjustment to derecognise tax benefit on tax loss		-
Tax adjustments related to current period	(1,686,254)	(921,710)
Deferred taxation - current year movements	(879)	115,728
Deferred tax asset resulting from current tax loss		
Deferred taxation - prior year movements	-	-
Closing balance	<u>(1,880,264)</u>	<u>(193,132)</u>
Represented by:		
- Deferred tax asset	3,940,196	5,626,449
- Deferred tax liability	(5,820,460)	(5,819,581)
Net deferred tax liability	<u>(1,880,264)</u>	<u>(193,132)</u>

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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. Consequently as at 30 June 2014, Samoa Land Corporation has declared a dividend payable at 50% of Net Profit After Tax. The balance of dividend payable are dividends declared over the years but unpaid so far. Currently the rate is now at 35% of Net Profit After Tax as per Revised Policy by Ministry for Public Enterprises and was effective at the end of the first six months of Financial Year 2019.

		2019	2018
		\$	\$
Opening balance		964,921	(124,647)
Net Profit (loss) after tax for current financial year	\$ 4,057,211 at 35%	1,420,024	1,089,568
		2,384,945	964,921
Less: Dividend payments		(3,000,000)	-
Dividend payable (paid in advance) to the Government of Samoa		<u>(615,055)</u>	<u>964,921</u>

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Motor Vehicles	Office Equipment & Machinery	Total
Cost	\$	\$	\$	\$	\$
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
Assets written off	-	-	-	-	-
Balance as at 30 June 2018	24,701,158	30,484,905	645,654	6,474,317	62,306,033
Balance as at 1 July 2018	24,701,159	30,484,902	645,653	6,474,317	62,306,031
Additions/(Disposals)	553,664	260,000	(163,479)	66,740	716,925
Assets Written off	-	-	-	-	-
Balance as at 30 June 2019	25,254,823	30,744,902	482,174	6,541,056	63,022,956
Accumulated depreciation					
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	-	-	-	-	-
Disposals	-	-	(229,417)	(46,757)	(276,174)
Balance as at 30 June 2018	-	9,106,766	297,102	5,950,298	15,354,166
Balance as at 1 July 2018	-	9,106,766	297,102	5,950,298	15,354,166
Depreciation charged	-	781,928	96,435	247,951	1,126,314
Assets Written off - Acc Depreciation	-	-	-	-	-
Disposals	-	-	(163,479)	-	(163,479)
Balance as at 30 June 2019	-	9,888,694	230,058	6,198,249	16,317,000
Carrying amount					
30 June 2018	24,701,158	21,378,139	348,552	524,019	46,951,867
30 June 2019	25,254,823	20,856,208	252,116	342,807	46,705,956

Land

Represented by:

Commercial Properties	18,654,358
Owner Occupied	6,600,465
	<u>25,254,823</u>

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

13. INCOME	2019	2018
	\$	\$
(a) Real Estate		
Land sales	6,240,710	5,460,450
Lease rental	1,589,428	1,053,664
Interest on land sale	1,806,421	519,857
Interest on land lease	168,680	63,310
Administration fees	95,162	31,370
Service/retention/tender document fees	13,092	3,080
	9,913,493	7,131,730
(b) Markets		
Savalalo flea market	641,451	644,797
Salelologa market	397,026	311,612
Vaitele market	414,755	413,280
Total Market Collection	1,453,232	1,369,689
(c) Faleata Golf Course		
Sales	7,803	12,794
Less: Cost of sales		
Opening stock	16,187	27,604
Purchases	2,523	3,309
Less: closing stock	6,255	16,187
	12,454	14,726
Gross profit/(loss)	- 4,651	- 1,932
Add: Other Income		
Green fees	198,374	162,637
Driving range	20,087	15,632
Golf course hire	56,000	21,026
Clubhouse hire	18,440	33,391
Golf Carts	277,770	214,249
FSB Hire	-	16,174
Total Income	566,020	461,178
(d) Malifa Lodge		
Sales and accomodation	108,000	86,157
	108,000	86,157
(e) Other income		
Gain on sale of fixed asset	64,130	44,580
Interest bank	125,732	43,183
Doubtful Debts recovered	1,241,715	199,845
Other income	56,351	37,157
	1,487,929	324,765

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14. REMUNERATION COSTS	2019	2018
<i>Details of remuneration costs are specified as follows:</i>	\$	\$
Salaries & wages	1,952,911	1,797,489
NPF & ACC contribution	161,325	149,519
Long service leave & bonuses	21,657	15,589
Salelologa Township committee	37,500	-
	2,173,394	1,962,597

The number of people employed by the Corporation at year end is 86 (2018: 89).

15. ADMINISTRATION AND OPERATING COSTS	2019	2018
	\$	\$
<i>Details of administration & operating costs are specified as follows:</i>		
<i>Real Estate</i>		
Consultations (negotiation costs)	45,112	44,933
Survey fees & expenses	110,715	39,001
Doubtful Debts	1,797,226	727,334
Discount allowed	84,054	-
	2,037,106	811,269
<i>Investments</i>		
Consultancy fees	38,590	-
Heavy machinery expenses	16,467	20,682
Light machinery expenses	12,886	16,398
Printing and Stationeries	57,645	59,336
Advertising & Promotions	68,159	64,605
	193,747	161,020
<i>Support service</i>		
Communication	54,588	47,991
Electricity & water	202,555	178,261
Insurance	154,822	121,261
Local travel	18,625	32,149
Motor vehicle running expenses	29,129	42,163
Office expenses	112,621	106,984
Repairs and maintenance	695,863	655,531
Staff development	4,370	17,821
Suscription & Membership fees	49,754	34,397
	1,322,326	1,236,557
Total Administration & Operating Costs	3,553,180	2,208,846

16. INTEREST/FEES ON BORROWINGS	2019	2018
<i>Details of interest/fees on borrowings are specified as follows:</i>	\$	\$
Interest - UTOS loan	752,209	850,755
	752,209	850,755

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
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17. DUE FROM GOVERNMENT

	2019	2018
	\$	\$
Opening Balance	15,935,424	15,935,424
Provision for Doubtful Debts	<u>(15,935,424)</u>	<u>(15,935,424)</u>
	<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. DEFERRED INCOME

DEFERRED INCOME				2019	2018
				\$	\$
				54,606,718	58,548,114
	Opening Balance 2018	Additional Land Sale	Land Sale cancelled	Annual Amotisation	Closing Balance 2019
	\$	\$	\$	\$	\$
Vaitele Fou	496,919			(98,826)	398,093
Nuu Subdivision	12,080			(2,013)	10,067
A&F Toamua	7,737,945	140,000		(749,984)	7,127,961
Vaitele Ind - Outright Purchase	113,850			(113,850)	-
Vaitele Ind - Pay within 10 years	66,643			(66,643)	-
Vaitele Ind - Lease to own 5 years	256,967			(256,967)	- 0
Sogi-Falelauniu	890,000			(56,000)	834,000
A&F Vailele	2,179,139	1,565,030		(251,945)	3,492,224
Vailele	703,768	70,000		(59,654)	714,114
A & F Toamua 51 acres	5,672,625	665,000		(371,584)	5,966,041
A & F Vaitele	1,052,333			(129,500)	922,833
Falelauniu phase 1	8,625,380	52,200	(15,660)	(952,820)	7,709,100
Falelauniu phase 2	9,876,303	103,982		(1,527,301)	8,452,984
Falelauniu phase 3	3,345,120	120,060		(390,886)	3,074,293
Toamua	17,519,044	979,000	(142,400)	(2,450,636)	15,905,008
	58,548,114	3,695,272	(158,060)	(7,478,608)	54,606,718

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.

19. VAGST PAYABLE

	2019	2018
	\$	\$
Balance as at year end	<u>262,752</u>	<u>235,620</u>

20. SHARE CAPITAL

	2019	2018
	\$	\$
Authorised, Issued and Paid Up Capital		
2,400,000 ordinary shares of WST1.00 each (par value)	2,400,000	2,400,000
	<u>2,400,000</u>	<u>2,400,000</u>

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

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21. Funds Held On Deposit

	2019	2018
	\$	\$
Balance as at year end	<u>143,760</u>	<u>311,878</u>
These are deposits by customers for lands on sale agreements.		

22 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.

	2019	2018
	\$	\$
<i>Directors and meeting costs</i>		
Directors fees	130,500	130,500
Local travel & other Board expenses	11,735	7,646
	<u>142,235</u>	<u>138,146</u>
ii) Key management personnel costs	<u>356,765</u>	<u>451,175</u>

23. 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.

24. CONTINGENT LIABILITIES

- i) The case with Farm Tech, a plaintiff seeking \$5 million from SLC to fulfill its alleged share purchase agreement is still with the Court. The office of the Attorney General is handling this case for SLC.

**SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

25. CAPITAL COMMITMENT

In October 2018, the directors approved in principle the budget for construction of new Savalalo temporary Market at \$1.7m

The directors are not aware of any other capital commitments at year end.

26. SUBSEQUENT EVENTS

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

27 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.

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.

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.