

SAMOA LAND CORPORATION LIMITED

P. O. Box 845

Telephone: 24 881/24 882/24 883

Facsimile: (685) 24 914.

09 April 2018

Hon. Leaupepe Taimaiono Tole'afoa Faafisi
Speaker
Legislative Assembly
TUANAIMATO

ANNUAL REPORT

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 2016/2017.



Lautafi Fio Selafi Purcell
MINISTER FOR SLC

TABLE OF CONTENTS

VISION & MISSION	3
STATEMENT TO PARLIAMENT	4
CHAIRMAN'S REPORT	5
GENERAL MANAGER'S REPORT	7
1. Major Developments	7
2. Corporate Services	7
3. Lands	8
4. Investments	8
5. Financial Performance	8
6. Future Outlook	9
7. Risks & Uncertainties	9
8. Conclusion	10
AUDITED ACCOUNTS 2016/2017	

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 Samoa Land Corporation Ltd (SLC) was then set up by the Government in the same year under the Companies Act 1955 repealed now by Companies Act 2001 which the Corporation is now registered under.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 Corporations **Vision** is *"to ensure current and future generations of Samoa benefit from the sustainable management of all Corporations' assets.* The **Mission** to realize that vision is *"To promote social and economic development opportunities for the people of Samoa, through the efficient and effective use of all Corporations' assets"*

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

This Annual Report summarizes the overall performance of the Corporation for the period 1st July **2016 up to 30th June 2017**, as well as its Audited Accounts.

CHAIRMAN'S REPORT

On behalf of the Board of Directors I present the Samoa Land Corporation (SLC) annual report for the financial year from 1st July 2016 up to 30th June 2017.

It is another challenging year for SLC's as land is a limited resources and a very sensitive issue to deal with especially with the high demand for Government lands from a wide range of development activities such as residential, agricultural, businesses, village communities, churches and others. However, I am very grateful to the Lord for the wisdom and knowledge that guided our many efforts to realise our vision and fulfill our mission.

I am pleased to report that our efforts to develop the appropriate and relevant policies to improve processes in dealing with the allocation and distribution of Government lands continued to progress to date although there are challenges along the way. Thus it's critical to put in place the right policy for the administration and operation of these assets.

In the period under reporting, forty three percent (43%) was recorded under Land lease (including individuals, agricultural activities, business activities, Alii and Faipule, Schools, Churches etc) about two percent (2%) was under lease to own (land sale), twelve percent (12%) recorded under ongoing subdivisions and more than forty percent (42%) land un-surveyed.

The Samoa Land Corporation financial performance for 2017 shows a dropped in income to around thirteen (13%) percent when compared to the previous year. This was mainly due to the reduction in earnings from real estate and the additional provision for doubtful debts for land sale in the Vaitele Industrial area. Despite the recorded loss the Corporation's liquidity position is way above the recommended rate of 2:1 at the end of the reported period.

On the other hand, expenditure for the first time has fallen sharply by close to thirty (30) percent. The main reasons are partly due to close to ten percent (10%) reduction in interest rate of an existing loan as well as a reflection of strict control measures put in place by management to control expenses. These measures include a transparent procurement process for all goods and services acquired and the need for competitive quotations from suppliers.

One of the most challenging issues noted in the performance of SLC is the continue accumulation of arrears from land transactions. The Board and Management are committed to strengthen the collection process through frequent contact with tenants, sustained advertisement through the media, issuing warning letters and as the last resort pursue the matter to the Court.

Despite these encounters, the Corporation continues to consider alternative ways of utilizing its land assets and existing infrastructure assets in order to generate higher returns. This is a challenge as we are expected to achieve a minimum of 7 percent rate of return stipulated in the Public Bodies Act 2001. SLC also requires to pay 50 percent profit dividend to Government.

Although our financial performance in the period under review did not achieve any profit, but SLC has significantly contributed over many years in the following areas:

- Assisting the public and the community by offering favorable leasing conditions on Government lands to village schools and non-government organizations like the Samoa Victims Support Group, Samoa Rugby Football Union, Samoa Horse Racing Association and many others.
- Lease to own under customary land ownership by villages close to the Apia Town Area at below market prices and interest free for ten (10) years as Cabinet determine for these lands to be owned by these villages.
- All land sales have interest free terms of one year.
- Government lands for sale or lease are below market rates.

- 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's drive to encourage and stimulate the private sector as the engine of growth. SLC now leased out the ground floor of the Vaitele market and expected to lease out the second floor in the next financial year. Likewise, at the Salelologa market in Savaii, the second floor has been leased out accommodating eleven new Government Ministries and Corporation as well as a number of local business operators.
- It is Government's initiative for all Ministries and Corporations to house under one roof so that the general public can easily access to Government services.
- Similarly SLC offered spaces to the public to operate small business at lower rates utilizing the Savalalo, Vaitele and Salelologa markets.
- SLC also leased out the two Bars at the Faleata Golf Course while the Malifa Lodge Hotel is expected to lease out in the next financial year.
- The Savalalo flea-market proposed new development is currently in progress with plans to build a new market as part of the Government Water Front Project. Again the aim is to assist and promote the private sector by providing spaces to operate at lower rent.

Finally, our commitment this year reflects our vision and mission statements to ensure current and future generations of Samoa benefit from the sustainable management of all Corporations' assets and to achieve this vision the Board and Management promotes the social and economic development opportunities for the people of Samoa, through the efficient and effective use of all Corporations' assets.

I wish to acknowledge the commitment by the Board and Management concerning issues continually faced by the Corporation from time to time.

With regards, I also wish to acknowledge with gratitude the Hon. Minister, Afioga Lautafi Fio Selafi Purcell for his enduring support to the Board & Management.

It is my pleasure to welcome Mr Tufuga Fagaloa Tufuga as Board of Directors new member and lawyer to replace Mrs Michiko Ete-Limā whom resigned to take up ministerial duties overseas.

I would also like to use this opportunity especially to show my appreciation and a word of thanks to the Management and Staff for their commitment and hard work in the period under review.

Faamalō lava le galulue, fa'afetai le tautua atunuu.



Lavea Lemalu Tupuola Sione Malifa
(Chairman)

GENERAL MANAGER'S REPORT

It is my duty and responsibility to report on the financial performance of the Samoa Land Corporation (SLC) for the period of 1st July 2016 up to 30th June 2017.

1.0 MAJOR DEVELOPMENTS

The future outlooks reported in our previous annual report of 2015-2016 were identified as developments to be initiated or completed in the following years and include:

- Conversion of Salelologa Market top floor into 13 office spaces completed and now occupied mostly by Government Ministries and Corporations.
- Timely repayment of a commercial loan is in progress with a reduced interest rate.
- 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 its financial performance & to be more robust on its collection of arrears.

The following developments have been completed or are in progress:

- Finalising of Malifa Lodge lease arrangement.
- Finalising "Coin Save" new lease arrangement for Vaitele.
- Temporary relocation arrangement of current Savalalo flea market tenants to Fugalei market due to the Government Waterfront Project.
- Recovery Section to deal with the collection of arrears fully implemented with Legal Services Division now on full staff – including Legal Manager and two (2) recoveries officers focusing on debt recovery and anticipating an improvement on debt and arrears collection.
- Merging of the two (2) loans now under the Unit Trust of Samoa (UTOS) at a reduced interest rate.
- Cabinet approved to relocate SLC office to its 3 Storey Office at Tuanaimato by the end of calendar year.
- 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.
- Commitment to develop Government land for the Salelologa town-area now under SLC.
- Our 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 the first six months of next year.

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

2.0 CORPORATE SERVICES DIVISION

- Total number of staff recorded at end of this financial year was 93 compared to 97 in June 2016, 28% females 72% male.
- Legal Services division Manager and two (2) recoveries officers a newly established post all filled.
- Resignation of Manager Corporate Services Mr Paletuatoa Toelupe due to overseas scholarship with replacement Lata Slade who was previously Team Leader Accounts and appointment of new Team Leader Accounts on contract.
- Team Leader Survey still vacant since former Surveyor resigned in first quarter.
- The Human Resources 'Manual of Instructions' has been reviewed and approved by the Board for the new financial year.

- All Team Leaders level now on contracted basis.
- All Managers (ACEO) salaries are on the same level.

3.0 LANDS DIVISION

- On-going recoveries of arrears every month and reported;
- Completed subdivision of 61 acres for EPC lease and solar energy providers' now utilising land. Leases to formalise with EPC for utilization of these lands;
- Complete fieldwork for 160 acres lands at Tapatapao for Alii and Faipule of Vaiusu and Draft Plan under review;
- Completed subdivision of 24 acres at Tuanaimato for Horse Racing grounds for new leases Samoa Solar, Mini Golf Course and others;
- Review and finalise negotiations with Alii & Faipule of Vailele for lease of 80 acres of land
- Ongoing subdivision for the remaining 2,420 un-surveyed lands inland of Vailele;
- Completed transfer of 550 acres of land at Tanumalala to Land Board for Prisons and Corrections Services developments;
- Revived negotiations with Alii and Faipule for formalising leases for lands at Taga, Safune, Safotu, Falelima, Paia, Malie, Fagalii & Letogo;
- Finalised negotiation with A& F Toamua for allocation of subdivided lands on hold since 2010. Agreements now signed for occupation of 78 acres;
- Revived negotiations with A &F Toamua to finalise 51 acres of land for sale;
- Transfer from Land Board of 430 acres at Salelologa to SLC for township development;
- 300 acres at Tafaigata transferred by Land Board to SLC;
- 97 acres at Fiaga reverts to SLC to formalise lease with EPC;
- Completed subdivision of 3 ¾ acres at Nu'u for Residential Lease;
- Completed subdivision of 3 ¾ acres at Toamua for Land Sale;
- Completed subdivision of 38 acres of land at Tapatapao;
- Ongoing subdivision of 110 acres of land at Tapatapao.

4.0 INVESTMENTS DIVISION

- New tenants leasing of FSB and Fale-Samoa Clubhouse Bar
- Implementing of Investment recovery policy to improve collection and recoveries process now in place with the commencement of Legal Services Manager and two (2) recoveries officers
- Investment has secured a new project with Coin Save Company Limited in setting up a Mall at the ground floor of the Vaitele Market. This will be a big boost to the revenue stream for the Investment Department as well as the overall income of the Corporation. SLC anticipates an improvement on revenue flow under this new lease.
- Mini Market has been established for the Farmers next to the main road since May 2017.
- Malifa Lodge lease arrangement is in its final stage with the new tenant to commence once agreement is finalised.

5.0 FINANCIAL PERFORMANCE

○ ASSETS

Liquid assets of the Corporation show a significant increase at the end of this year. Cash on hand and at bank increased by 264% from \$517,994 in previous year to \$1,884,307 as reported in current year. Total current assets increased by 41% from \$3.7 million last year to \$5.3 million this year as a result of the increase in savings while total current liabilities decreased by 22% from \$1.7 million to \$1.3 million hence the favourable rate for the liquidity position of the Corporation.

Overall, net assets of the Corporation at the end of this year were recorded at \$37,565,094, a 4% reduction compared to \$38,977,008 reported at the end of last year.

○ INCOME

Income generated for the reported year recorded a reduction of 13% from \$7.6 million in previous year to \$6.7 million in current financial year. The result was mainly due to the reduction in earnings from real estate (land sale) of \$1.2million compare to previous year as well as the decreased in other income by approximately 80% from 1 million to 0.2 million despite the increase in earnings from Markets. Collection of lease rental was also strengthened for all areas as positively reflected in the increase of total collection as in notes to financial statements.

○ EXPENSES

Total operating expenses plummeted by 24% 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. Finance expenses also reduced by 10% which is a result of prompt payment of the Corporations term loan. Other expenses recorded a net loss of \$156,104 on land exchange between the Government and SLC now included at the close of financial period.

○ PROFIT/(LOSS)

The Corporation incurred a net operating loss of (\$714,534) and a net loss after tax of (\$1,411,914) at the end of financial year. This was mainly due to the reduction in earnings from real estate (land sale) of \$1.2 million and the additional provision for doubtful debts of \$2.6 million to cover for the uncertainty of recoveries for some of the old industrial lease balances that was already recognised in previous years.

6.0 FUTURE OUTLOOK

Major Development Activities Going Forward are;

- Priority will be on leasing Government land.
- Development of the Salelologa town-area which is now under SLC.
- To be more robust on reducing arrears specifically relating to land estates now that recovery officers are on board. Priority is mainly to regularly engage and meet with individuals and village communities and to maintain a 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.
- Outsourcing of the FGC Proshop and driving range.
- Finalising leasholding arrangement for Malifa Lodge.
- Preparations are in progress for a new Savalalo Market to be funded by the New Zealand Government.
- Building of a temporary shelter at the Fugalei Market for tenants at the Savalalo market.
- Merging of Investment and Finance department as a cost saving measure to improve financial performance of the Corporation.
- SLC Office to be re-located to its three storey building at Tuanaimato by early 2018.
- Accordingly, current office space upstairs Vaitele Market to be vacated and will be advertise 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.

7.0 RISKS AND UNCERTAINTIES

- The Corporation's mandate is predominantly to promote social and economic development opportunities for the people of Samoa by efficient and effective use of its assets mainly Land. SLC's main income is from land sales and leases as well as income from its 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 funding come in.
- Plans are in the pipeline 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.
 - 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.
 - Identification of Court Grants.
 - Fraud sometimes perform by personnel on land sale and lease and markets

8.0 CONCLUSION

Despite SLC's financial performance recorded a reduction in income for this Financial Year, ongoing attempts have been implemented to ensure priority is focussed on key revenue earners, with particular focus on arrears recoveries. It still confirms that the Corporation relies heavily on revenue from land sales and leases for funding its operation as well as collections from its existing markets.

Further, outsourcing of some of SLC assets has been effectively implemented. 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 attempts to consistently consult with individuals, groups and villages leasing on Government lands.

Whilst the journey with some of our clients has not been easy due to land being a very delicate issue, but overall, their support and cooperation warrant our appreciation and acknowledgement.

I am very appreciative and thankful to the Hon. Minister, Afioga Lautafi Fio Selafi Purcell for his guidance, constructive advice and support. Secondly, to the Chairman and Board of Directors for continuing to facilitate a conducive environment to work as well as their never ending support and assistance to the management and staff.

Lastly, to our management and staff, thank you for the commitment noted although it is another year of numerous challenges.

Ma le fa'aaloalo tele



Ulugia Petelo Kavesi
GENERAL MANAGER



samoa land corporation

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Telephone: 27751
Fax: 24167
Email: info@audit.gov.ws
Website: www.audit.gov.ws

P.O Box 13
APIA, SAMOA



AUDIT OFFICE

REPORT OF THE AUDIT OFFICE

TO THE BOARD OF DIRECTORS – SAMOA LAND CORPORATION LIMITED

Report on the Audit of the Financial Statements

We have audited the accompanying Financial Statements of the Samoa Land Corporation Limited which comprise the Statement of Financial Position as at 30 June 2017, and Statements of Financial Performance, Changes in Equity, and Cash Flows for the year then ended, and a Summary of Significant Accounting Policies and Other Explanatory Notes. The Accounting Firm of AH CHONG Public Accountants, Chartered Accountants, assisted in this audit. The Engagement Partner on the audit resulting in this Independent Auditor's Report is Su'a Rimoni Ah Chong.

Audit Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Samoa Land Corporation Limited as at 30 June 2017, 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 Corporation 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 Management and Directors 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 Corporation's internal control as the 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 Corporation'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 intends to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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.
- 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 Corporation's internal control.

Telephone: 27751
Fax: 24167
Email: info@audit.gov.ws
Website: www.audit.gov.ws

P.O Box 13
APIA, SAMOA



AUDIT OFFICE

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors and management.
- 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 Corporation'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 Corporation 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 planned scope and timing of the audit and 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 Corporation has kept proper accounting records as far as appears from our examination of them and the financial statements of the Corporation also provide in the prescribed manner the information required by the Companies Act 2001 (and amendment 2006) and the Public Bodies (Performance and Accountability) Act 2001.

Under Section 104 of the Public Finance Management Act 2001, a public body shall submit to the Minister for Finance and the responsible Minister the audited financial statements within four months after the end of the public body's financial year. The Corporation has not complied with Section 104 of the Public Finance Management Act 2001 as it has not submitted its audited financial statements for the year ended 30 June 2017 by the deadline of 31 October 2017.

Our audit was completed on the 7th March 2018 and our opinion is expressed as at that date.

Apia, Samoa
6 April 2018

Cabele
Fuimaono Papali'i Camillo Afele
CONTROLLER AND AUDITOR GENERAL

**SAMOA LAND CORPORATION LTD
CERTIFICATION BY DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2017**

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 2017:

- 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 (amended 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/...../..... 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
/ /



Signature

Afioga Ulugia Petelo Kavesi
GENERAL MANAGER
Samoa Land Corporation Ltd
Apia, Samoa
/ /

**SAMOA LAND CORPORATION LTD
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	2017 \$	2016 \$
Income			
Real Estate	12(a)	4,541,825	5,224,033
Markets	12(b)	1,394,931	745,276
Faleata Golf Course	12(c)	447,574	480,630
Malifa Lodge	12 (d)	65,945	138,861
Other Income	12(e)	208,050	1,043,131
Total Income		6,658,325	7,631,931
Operating Expenses			
Remuneration costs	13	2,109,994	2,426,640
Administration & Operating costs	14	3,708,562	5,710,014
Audit fees		64,434	40,925
Directors fees and expenses	23	143,041	105,555
Depreciation	11	1,346,829	1,452,527
Total Operating Expenses		7,372,860	9,735,661
Net Operating Profit (loss)		(714,535)	(2,103,730)
Loss on land transferto/from Government	30	156,104	
Provision for doubtful debts - government debt		-	(15,935,424)
Finance Expenses			
Interest/fees on borrowings	15	977,435	1,091,058
Net Profit (loss) before Tax		(1,848,074)	(19,130,211)
Income Tax (Expense)/revenue	9(a)	436,160	1,732,854
Net Profit (loss) after Tax		(1,411,914)	(17,397,357)

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

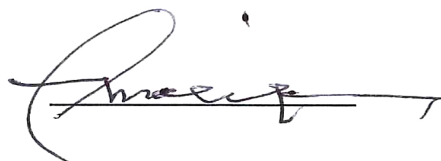
SAMOA LAND CORPORATION LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current Assets			
Cash on hand and at bank	3	1,884,307	517,994
Inventory		27,604	45,867
Trade Debtors - Land Leases	4	689,878	548,461
Trade Debtors - Land Sales	5	2,342,620	2,407,434
Other Debtors and Prepayments	6	272,018	130,364
Dividend paid in advance	10	124,647	124,647
Total Current Assets		5,341,075	3,774,768
Non Current Assets			
Property, Plant & Equipment	11	47,708,520	48,896,060
Due from Government	16		
Trade Debtors - Land Sales	5	38,743,498	39,710,216
Deferred tax asset	9(c)	6,548,159	6,074,323
Total Non Current Assets		93,000,177	94,680,600
TOTAL ASSETS		98,341,252	98,455,368
LIABILITIES			
Current Liabilities			
Trade creditors		-	123
Other creditors and accruals	8	292,325	185,675
Income Tax Payable	9(b)	-	-
Funds held on deposit	22	638,933	277,068
Vagst Payable	19	11,293	395,208
Dividend Payable (paid in advance)	10	-	-
Current portion of term loan	7	393,138	859,873
Total Current Liabilities		1,335,689	1,717,947
Non Current Liabilities			
Term Loan	7	11,478,471	11,820,656
Deferred Income	18	42,026,689	40,042,124
Deferred Tax Liability	9(c)	5,935,309	5,897,632
Total Non Current Liabilities		59,440,469	57,760,412
TOTAL LIABILITIES		60,776,158	59,478,359
NET ASSETS		37,565,094	38,977,008
SHAREHOLDERS EQUITY			
2,400,000 ordinary shares		2,400,000	2,400,000
Capital reserve	20	-	-
Retained Earnings	29	35,165,094	36,577,008
Total Shareholders Equity		37,565,094	38,977,008

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 2017

	Notes	Share Capital \$	Capital Reserve \$	Land Revaluation Reserve \$	Retained Earnings \$	Total \$
Balance as at 30 June 2015		2,400,000	27,986,786	-	25,856,520	56,243,306
Profit/(Loss) for the period		-	-	-	(17,397,357)	(17,397,357)
Less: Dividend provided	10	-	-	-		-
Balance as at 30 June 2016		2,400,000	27,986,786	-	8,459,163	38,845,949
Prior Year Adjustment	29		(27,986,786)		28,117,845	131,059
Balance as at 30 June 2016 - Restated		2,400,000	-	-	36,577,008	38,977,008
Profit/(Loss) for the period		-	-	-	(1,411,914)	(1,411,914)
Less: Dividend provided	10	-	-	-	-	-
Balance as at 30 June 2017		2,400,000	-	-	35,165,094	37,565,094

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.

FA'ALAPOTOPOTOGA O ELE'ELE O SAMOA
 FA'AMATALAGA O ALAGATUPE MAUA MA ALAGATUPE FA'AALU
 MO LE TAUSAGA FAAI'UINA 30 IUNI 2017

	Faamatalaga	2017 \$	2016 \$
Alagatupe Maua/(Fa'aalu) mo Galuega faifaipea			
Tupe maua mai fanua lisi		1,150,661	951,907
Tupe maua mai fanua faatau		6,582,445	4,213,310
Tupe maua mai i isi Galuega fai		2,440,670	1,342,224
Tupe faaalu mo totogi aufaigaluega		(2,109,994)	(2,426,640)
Tupe faaalu mo le Komiti Faatonu		(143,041)	(105,555)
Tupe faaalu mo faatau ma isi galuega fai		(4,486,544)	(2,709,268)
Paleni Tupe maua/(fa'aalu) mai Galuega faifaipea		<u>3,434,197</u>	<u>1,265,979</u>
Alagatupe maua/(fa'aalu) mo Atinae ma isi Galuega			
Tupe maua mai le faatauina o meatotino tumau		33,863	223,522
Tupe fa'aalu mo le faatauina o meatotino tumau		(315,393)	(415,615)
Paleni mai tupe teu faafaigaluega		<u>(281,529)</u>	<u>(192,093)</u>
Alagatupe maua/(fa'aalu) mo le faatupeina o galuega fai			
Tupe maua mai i nonogatupe		-	1,005,000
Tupe fa'aalu mo le totogiina o nonogatupe		(1,786,355)	(2,183,805)
Paleni o tupe maua/(fa'aalu) mo le faatupeina o galuega fai		<u>(1,786,355)</u>	<u>(1,178,805)</u>
Faasiliga o alagatupe maua		1,366,313	(104,919)
Paleni Tauave		517,994	622,913
Paleni i le Faai'uga		<u>1,884,307</u>	<u>517,994</u>
O loo aofia ai;			
Tupe o loo i le Faletupe	3	1,884,307	517,994
		<u>1,884,307</u>	<u>517,994</u>

O faamatalaga o alagatupe maua ma tupe faaalu ua taua i luga e ao ona faitauina faatasi ma faamatalaga faaopoopo o loo i le itulau e 7 e oo i le itulau e 17

**SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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 and business customers in Samoa. It is also responsible for managing the markets at Savalalo, Vaitele and Salelologa
- (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 the 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 2017**

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 debt.

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.

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) 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

	2017	2016
	\$	\$
Cash and bank accounts		
ANZ Bank (Samoa) Ltd -A/C# 1221565	1,261,323	141,908
WESTPAC/ Bank of South Pacific - savings account	222,581	48,259
National Bank of Samoa	66,710	218,176
Samoa Commercial Bank Ltd	331,244	107,200
Cash on hand - petty cash	2,000	2,000
Cash on hand	400	400
Stamp interest	50	50
Total	<u>1,884,307</u>	<u>517,994</u>
Represented by;		
: Cash on hand and at bank	<u>1,884,307</u>	<u>517,994</u>
	<u>1,884,307</u>	<u>517,994</u>

4. LAND DEBTORS - LAND LEASE

	2017	2016
	\$	\$
Debtors balances are as follows:		
Agricultural Lease	499,090	580,211
Alii & Faipule	238,495	489,682
Commercial Lease	773,815	503,505
Residential	276,141	10,058
Community Lease	41,492	24,050
Other	5,112	(663)
	<u>1,834,145</u>	<u>1,606,843</u>
Debts Written off	<u>(81,667)</u>	
	1,752,478	1,606,843
Less: Provision for doubtful debts	(1,062,600)	(1,058,381)
% of Provision	61%	66%
NET DEBTORS	<u>689,878</u>	<u>548,461</u>

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

5. LAND DEBTORS - LAND SALES

This amount is represented as follows:

	Current	Term	2017	2016
	\$	\$	\$	\$
Ex W S T E C	6,518.26	91,256	97,774	137,100
Industrial area	9,898.17	138,574	148,473	115,003
Vaitele Fou	59,663.54	835,290	894,953	1,203,500
Nuu Subdivision	4,132.39	57,853	61,986	69,226
Outright Purchase - Industrial Zone	2,500.00	35,000	37,500	37,500
Pay Within 10 Years	47,576.24	666,067	713,644	624,947
Aleisa	2	-	2	2
Vailele	46,212.45	646,974	693,187	747,043
Lease to own - Falelauniu 1	593,865.78	8,314,121	8,907,987	9,808,181
Lease to own - Falelauniu 2	733,375.37	10,267,255	11,000,631	12,062,010
Lease to own - Falelauniu 3	264,004.31	3,696,060	3,960,065	3,870,207
Lease to own - Vaitele Ind 5 years	319,775.04	4,476,851	4,796,626	4,678,545
A&F Toamua	640,802.70	8,971,238	9,612,041	10,203,768
A&F Vailele	3,378.93	47,305	50,684	62,000
Toamua	252,330.19	3,532,623	3,784,953	-
A&F Vaitele	57,450.00	804,300	861,750	889,865
Sogi-Falelauniu	105,596.22	1,478,347	1,583,943	1,640,339
Korea	4,152.61	58,162	62,315	84,266
	3,151,234	44,117,276	47,268,511	46,233,502
Provision for doubtful debts - 2016				(4,601,266)
Debts written off against provision				485,414
Less: Provision for doubtful debts (2016 restated)	(808,614)	(5,373,778)	(6,182,392)	(4,115,852)
NET DEBTORS (2016 restated)	2,342,620	38,743,498	41,086,119	42,117,650

6. OTHER DEBTORS AND PREPAYMENTS

	2017	2016
	\$	\$
Sundry debtors - Markets	787,391	490,644
Repayments misappropriated (see Note 28)	(23,657)	
	763,734	490,644
Less: Provision for doubtful debts (Markets)	(560,480)	(401,669)
Total Sundry debtors - Markets	203,254	88,975
Staff & Other debtors	94,897	56,726
Less: Provision for doubtful debts (Staff & Others)	(26,133)	(15,337)
Total Sundry debtors - Staff & Others	68,764	41,389
Total Sundry debtors	272,018	130,364

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. Investigation is still ongoing and some of these amounts have been repaid by staff responsible after 30 June 2017.

7. BORROWINGS

	Current	Term	2017	2016
	\$	\$	\$	\$
National Bank of Samoa	-	-	-	6,311,730
UTOS	393,138	11,478,471	11,871,609	6,368,798
	393,138	11,478,471	11,871,609	12,680,529

SAMOA LAND CORPORATION LTD
NOTES TO ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2017

7 BORROWINGS (cont'd)

Consolidation of loan into one to UTOS - balance refinanced from NBS to UTOS

Since June 2017 the loans have been consolidated into one with UTOS at 6.9% over 15 year term
All borrowings are repayable on a monthly basis including interest and principal, a repayment of \$100,000 per month. Security over the borrowings is with land under the Corporation as agreed with UTOS.

8. OTHER CREDITORS AND ACCRUALS

	2017	2016
	\$	\$
Accruals	115,516	86,220
Provision for audit fees	62,000	30,000
Other creditors	114,809	69,455
Total	292,325	185,675

9. INCOME TAX

(a) Income tax expense/(revenue)

	2017	2016
	\$	\$
Net profit/(loss) for the year	(1,848,074)	(19,130,211)
Prima facie tax at 27%	(498,980)	(5,165,157)
Permanent differences		
Tax adjustment to derecognise tax benefits on tax losses	-	3,080,009
Adjustment to remove benefit from current year tax losses	62,820	470,525
Tax adjustment related to current period	-	(249,290)
Tax expense/(revenue) in the Statement of Profit and Loss	(436,160)	(1,863,913)

The taxation expense/(revenue) is represented by :

Deferred taxation- current year movements	(436,159)	(4,694,632)
Tax adjustment to derecognise tax benefit on tax losses	-	3,080,009
Tax adjustment related to current period	-	(249,290)
	(436,159)	(1,863,913)

(b) Income tax receivable/(payable)

Opening balance - payable	-	-
Tax adjustments related to prior period	-	-
Closing balance - (payable)/receivable	-	-

(c) Deferred tax asset/(Deferred Tax liability)

Opening balance	176,691	(1,687,223)
Tax adjustments to derecognise tax benefits from tax losses	-	(3,080,009)
Tax adjustment relating to current period	-	249,290
Deferred taxation - current year movements	436,159	4,694,633
Closing balance	612,850	176,691

Represented by:

- Deferred tax asset	6,548,159	6,074,323
- Deferred tax liability	(5,935,309)	(5,897,632)
Net deferred tax liability	612,850	\$176,691

10. 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 the 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 2017

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

Dividend payable (Paid in advance)	Net Profit (loss)	2017	2016
	\$	\$	\$
Opening balance		(124,647)	(124,647)
Financial Years:			
30 June 2016	(17,397,357)	-	-
30 June 2017	(1,411,913)	-	-
		(124,647)	(124,647)
Less: Dividend payments		-	-
Dividend payable (paid in advance) to government of Samoa		(124,647)	(124,647)

11. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Building	Motor Vehicles	Office Equipment / Machinery	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2015	24,857,262	30,581,291	773,469	6,278,993	62,491,015
Additions/(Disposals)	-	376,644	-	(38,757)	337,887
Assets written off	-	(575,554)	-	-	(575,554)
Balance as at 30 June 2016	24,857,262	30,382,381	773,469	6,240,236	62,253,348
Balance as at 1 July 2016	24,857,262	30,382,381	773,469	6,240,236	62,253,349
Additions/(Disposals)	(156,104)	93,522	(163,181)	124,847	(100,916)
Balance as at 30 June 2017	24,701,158	30,475,903	610,288	6,365,083	62,152,432
Accumulated depreciation					
Balance as at 1 July 2015	-	6,739,013	610,338	5,255,898	12,605,250
Depreciation	-	944,857	60,870	446,800	1,452,527
Assets written off - Acc Depreciation	-	(374,110)	-	(326,379)	(700,489)
Disposals	-	-	-	-	-
Balance as at 30 June 2016	-	7,309,760	671,208	5,376,319	13,357,287
Balance as at 1 July 2016	-	7,309,760	671,208	5,376,319	13,357,288
Depreciation	-	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
Carrying amount					
30 June 2016	24,857,262	23,072,621	102,261	863,917	48,896,061
30 June 2017	24,701,158	22,220,691	145,682	640,989	47,708,520
<i>Depreciation breakdown:</i>				2017	2016
Charge to financial performance				1,346,829	1,452,527
Total Depreciation				1,346,829	1,452,527
Land					
<i>Represented by:</i>					
Commercial Properties	18,047,836				
Owner Occupied	6,653,322				
	24,701,158				

**SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

12. INCOME

	2017	2016
	\$	\$
(a) Real Estate		
Land sales	2,711,473	3,955,687
Lease rental	1,267,555	953,977
Interest on land sale	493,011	209,395
Interest on land lease	24,522	81,031
Administration fees	42,664	12,999
Service/retention/tender document fees	2,600	10,943
	<u>4,541,825</u>	<u>5,224,033</u>
(b) Markets		
Savalalo flea market	753,716	438,483
Salelologa market	459,207	168,656
Vaitele market	182,008	138,138
Total Market Collection	<u>1,394,931</u>	<u>745,276</u>
(c) Faleata Golf Course		
Sales	104,706	436,040
Less: Cost of sales		
Opening stock	45,867	47,824
Purchases	66,978	324,023
Less: closing stock	27,604	45,867
	<u>85,241</u>	<u>325,980</u>
Gross profit	<u>19,465</u>	<u>110,060</u>
Add: Other Income		
Green fees	163,685	147,027
Driving range	5,545	25,759
Other income/Golf course hire	19,203	6,482
Clubhouse hire	45,887	14,778
Golf Carts	193,354	167,244
Lockers	435	-
Pool Table	-	6,758
Hire of Sports Bar	-	2,522
Total Income	<u>447,574</u>	<u>480,630</u>
(d) Malifa Lodge		
Sales and accomodation	65,945	139,040
Less: Cost of sales		
Opening stock	-	180
Purchases	-	-
Less: closing stock	-	-
	<u>-</u>	<u>180</u>
Gross profit	65,945	138,861
Add: Other Income		
	<u>65,945</u>	<u>138,861</u>
(e) Other income		
Gain on sale of fixed asset	33,863	172,978
Interest bank	2,339	397
Doubtful debts recovered	-	137,746
Insurance recovery - Savalalo flea market	-	82,609
Reimbursement - Attache	-	13,455
Vagst penalty fee remission	161,243	613,932
Other income	10,605	22,014
	<u>208,050</u>	<u>1,043,131</u>

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

13. REMUNERATION COSTS	2017	2016
<i>Details of remuneration costs are specified as follows:</i>	\$	\$
Salaries & wages	1,866,925	2,190,210
NPF & ACC contribution	150,007	156,091
Long service leave & bonuses	93,062	31,539
Advisory committee	-	48,800
	2,109,994	2,426,640

The number of people employed by the Corporation during the financial year ending are 93 (2016: 97).

14. ADMINISTRATION AND OPERATING COSTS	2017	2016
<i>Details of administration & operating costs are specified as follows:</i>	\$	\$
<i>Real Estate</i>		
Consultations (negotiation costs)	14,900	200
Survey fees & expenses	31,673	22,644
Doubtful Debts	2,685,762	3,962,059
Discount allowed	14,000	-
	2,746,335	3,984,903
<i>Investments</i>		
FGC expenses	330	33,973
Heavy machinery expenses	26,797	20,346
Light machinery expenses	10,159	7,059
Printing and Stationeries	59,354	70,353
Compensation	-	292,630
Advertising & Promotions	49,238	47,239
	145,878	471,600
<i>Support service</i>		
Communication	40,923	38,266
Electricity & water	213,486	255,771
Insurance	117,412	136,480
Local travel	16,869	25,642
Loss from stolen Funds	15,004	-
Loss on Disposal of Fixed Asset	-	201,444
Motor vehicle running expenses	34,144	36,545
Office expenses	94,711	170,508
Overseas travel	2,476	14,419
Repairs and maintenance	251,261	310,304
Staff development	12,774	1,181
Suscription & Membership fees	17,289	62,952
	816,349	1,253,512
Total Administration & Operating Costs	3,708,562	5,710,014

15. INTEREST/FEES ON BORROWINGS	2017	2016
<i>Details of interest/fees on borrowings are specified as follows:</i>	\$	\$
Interest - NBS loan	487,810	481,809
Interest - UTOS loan	489,625	588,596
Interest - SCBL loan	-	11,432
Loan fees	-	9,221
	977,435	1,091,058

Loan Interest Rates: NBS Nil (2016 8.25%) & UTOS 6.9% (2016 8.5%)

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

16. DUE FROM GOVERNMENT

	2017	2016
	\$	\$
Opening balance	15,935,424	15,935,424
Provision for doubtful debt	<u>(15,935,424)</u>	<u>(15,935,424)</u>
	<u>-</u>	<u>-</u>

The net balance resulted from land exchange in 2010. The amount has been outstanding since 2010 and is therefore considered impaired resulting in a provision for doubtful debts booked for the year ended 30 June 2016

17. LOSS FROM STOLEN FUNDS

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.

18. DEFERRED INCOME

	2017	2016
	\$	\$
	<u>42,026,689</u>	<u>40,042,124</u>

	Closing Balance 2017	Additional Land Sale	Land Sale cancelled	Annual Amotisation	Opening Balance 2016 Restated	Debit balance from 2016	Opening Balance 2016
	\$	\$	\$	\$	\$	\$	\$
Vaitele Fou	978,327	60,030	(5,280)	(179,047)	1,102,624	96,718	1,005,906
Nuu Subdivision	39,627	-	-	(5,933)	45,560	-	45,560
Korea	21,532	-	-	(66,229)	87,761	-	87,761
Aleisa	-	-	-	-	-	-	-
A&F Toamua	8,746,212	690,000	(601,650)	(601,934)	9,259,796	36,000	9,223,796
Vaitele Ind -Outright Purchase	-	-	-	-	-	-	-
Vaitele Ind - Pay within 10 years	133,285	-	-	(66,643)	199,928	-	199,928
Vaitele Ind - Lease to own 5 years	638,134	-	-	(365,840)	1,003,974	-	1,003,974
Sogi-Falelauniu	985,999	-	-	(56,000)	1,041,999	-	1,041,999
A & F Vailele	66,500	70,000	-	(3,500)	-	-	-
Vailele	856,408	69,000	-	(64,233)	851,641	-	851,641
Tafaigata	-	-	-	-	-	-	-
A & F Vaitele	971,250	70,000	-	(56,000)	957,250	-	957,250
Falelauniu phase 1	9,352,249	-	-	(553,465)	9,905,714	340,690	9,565,024
Falelauniu phase 2	11,238,466	69,000	-	(739,707)	11,909,173	12,006	11,897,167
Falelauniu phase 3	3,654,967	189,060	-	(210,797)	3,676,704	-	3,676,704
Toamua	4,343,733	4,654,000	-	(310,267)	-	-	-
	<u>42,026,689</u>	<u>5,871,090</u>	<u>(606,930)</u>	<u>(3,279,592)</u>	<u>40,042,124</u>	<u>485,414</u>	<u>39,556,710</u>

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.

The adjustment of \$485,414 relates to restatement of deferred income balances for land sale terminated in prior years. The full amount was debited to deferred income, leaving a debit balance for those particular lands but was included in the 2016 deferred income

19. VAGST PAYABLE

	2017	2016
	\$	\$
Balance as at year end	<u>11,293</u>	<u>395,208</u>

20. Capital Reserve

	2017	2016
	\$	\$
Opening reserve balance	-	27,986,786
Prior year adjustment (see note 29 (a))	-	<u>(27,986,786)</u>
Closing reserve balance	<u>-</u>	<u>-</u>

**SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

21. Land Revaluation Reserve	2017	2016
	<u>\$</u>	<u>\$</u>
	<u>-</u>	<u>-</u>

All Land Revaluation Reserve has been transferred to Deferred Income as all will be recognised through land sales and land leases to own.

22. Funds Held On Deposit	2017	2016
	<u>\$</u>	<u>\$</u>
Balance as at year end	<u>638,933</u>	<u>277,068</u>

These are deposits by customers for lands on sale agreements. The 2014 balance has been restated at its gross value

23. Related Party Transactions

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 members fees are paid as salary and wages via Payroll since April 2016. The annual fess 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.

Directors and meeting costs	2017	2016
	<u>\$</u>	<u>\$</u>
Directors fees	130,500	73,861
Sitting allowances	-	27,861
Local travel for Board members	2,807	
Catering for board meeting	<u>9,734</u>	<u>3,832</u>
	<u>143,041</u>	<u>105,555</u>

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 case is scheduled to be called on the week beginning 19 March 2018. A second case relates to a family in Sogi who is arguing tha the land it occupies though registered under SLC, belongs to them and seeks declaration by Court to that effect.

**SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

26. CAPITAL COMMITMENT

The directors are not aware of any capital commitments at 30 June 2017

27. SUBSEQUENT EVENTS

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

28. MISAPPROPRIATED FUNDS

	FY2017	FY2018	TOTAL
Vaitele Market	13,551.00	5,415.00	18,966.00
Savalalo Market	9,667.00	18,143.50	27,810.50
Salelologa Market	439.00	206.00	645.00
	<u>23,657.00</u>	<u>23,764.50</u>	<u>47,421.50</u>

Management discovered that funds from the collections at the Markets were misappropriated by those collecting payments. The employees involved have been terminated. The periods involved were 2017 and 2018. A total of \$23,657 so far has been identified for 2017 and for 2018 a total of \$23,764.50 has been so far identified. Total recoveries to date are \$39,580. The loss amount for 2018 will be recognised in the Financial Statements for 2018.

29. RESTATED RETAINED EARNINGS FOR 2016

Retained earnings at 30 June 2016	2016 8,459,163
Prior year adjustment	28,117,845
Restated balance at 30 June 2016	<u>28,117,845</u> <u>36,577,008</u>

The adjustment of \$28,117,845 is made up of as follows

- a) \$27,986,786 relates to realised gains/profits from land exchange/transfers/disposed in prior years which were incorrectly credited to capital reserve. These have no income tax impact as they are all capital gains which were exempt in past years. The capital reserve balance in 2016 has now been restated (refer note 20)
- b) The adjustment of \$131,059 relates to the tax effect of correcting deferred income accounts with debit balances, by charging these against provision for doubtful debts as should have been done in prior year. The debit balances arose due to the land debtors terminated balances being fully debited to the related deferred income accounts, incorrectly. The excess of debtors balances terminated over related deferred income balances, should have been charged against provision for doubtful debts, these debit balances have now been charged against provision for doubtful debts in 2016, and provision for doubtful debts, land sales debtors and deferred incomes for 2016 years have now been restated (refer notes 5 & 18), with the tax effect resulting in the restatement of retained earnings above.

30. TRANSFER OF LANDS DIRECTED BY CABINET FK (17)19, FK(17)09, & FK (15)06 & 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 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 and will be included at the lower of cost in financial year 2018 pending confirmation from MNRE to avoid occurrence of prior period adjustments.
- 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 its CEO letter dated 23 February 2018 that the actual land area where 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 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 ended 30 June 2017 until a more certain situation is revealed in 2018.
- 3 The impact of the land transfer by Cabinet decisions that have been booked in the financial statements are;

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