

SAMOA LAND CORPORATION LIMITED

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16 March 2016

Hon. La'aulialemalietoa P L Polataivao
Speaker
Legislative Assembly
MULINU'U

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 2014/2015.



Lautafi Pio Selafi Purcell
MINISTER FOR SLC

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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"

CHAIRMAN'S REPORT

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 Samoa Land Corporation Ltd (SLC) was then set up by the Government in the same year under the Companies Act 1955 repealed now by Companies Act 2001 which the Corporation is now registered under.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 **2014/2015**, as well as its Audited Accounts.

The performance of the Corporation both physically and financially had been satisfactory in the reported year.

It gives me great pleasure in presenting the Annual Report 2014/2015 for Samoa Land Corporation.

The reported year has been as challenging as the last, as land is always a sensitive matter to deal with.

We continued to develop our Land Policy and Finance Policy during the year, and improvements have been made so that the Policy documents are better suited to the needs of our clients.

The decision by Cabinet to look at leasing instead of selling land in the future for residential purpose has prompted the Board to look at alternative ways to sustain funding of operations of the Corporation in future, especially when all land sales are fully paid off. Hence, the Board has developed a draft Investment Policy so that the Corporation can consider alternative ways of utilizing its land assets to generate higher returns.

One such investment was the development of a half (1/2) acre property at Malifa into a hotel with the intension to develop and sell, instead of Government involving itself in activities that are more efficiently done by the private sector. That project was completed and opened in the reported period as Malifa Lodge. The Corporation recorded a major loss for the year as an impact of realizing all past financial commitments that were not settled in previous financial years. The net loss after tax this year is \$(474,778) compared to \$(3,429) last year. Total expenses for the Corporation increased from \$9m last year to \$9.9m this year.

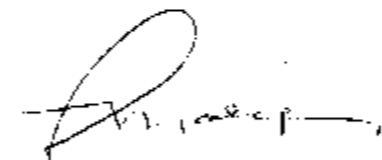
In the middle of the reported year, the SLC Main Office was re-located from its newly established Headquarters at Tuanaimato to the top floor of the Vaitele Market

I wish to acknowledge with gratitude the hard work of our Minister, the Hon. Lautafi F S Purcell as new Minister for SLC. We look forward to working with you in steering SLC to its desired destiny.

I also wish to acknowledge the valuable support and contribution by the Directors of the Board, for a job well done this year.

Last but not least, Management and Staff of the Corporation have executed their duties well, and I thank you sincerely for the hard work.

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


Lavea Lemalu Tupuola Sione Malifa
(Chairman)

GENERAL MANAGER'S REPORT

In our Annual Report for 2013-2014 financial year, the following were identified under "Future Outlook" section as developments that were hoped to be initiated or completed in the following years;

- Completion and Opening of accommodation units at Malifa
- Timely repayment of commercial loans of the Corporation
- Ongoing updating Land Reconciliation to achieve a near completion status of all landholdings and locations
- Continue consultations with Alii&Faipule of traditional villages with claims on SLC land, with an aim that by next two years, all such leases will be registered
- Timely submission of annual reports

I am happy to report completion as follows;

- Malifa Lodge was completed and officially opened in mid-August 2014
- Standard loan repayments were maintained throughout the year
- The approval of Land Policy by the Board of Directors in December 2014, with emphasis placed on Land Reconciliation update as well as updating land register.

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

1. CORPORATE SERVICES DIVISION

- The launch of SLC Website along with Dividend pay-out to the Ministry of Finance.
- Participation of two senior corporate staff in Attache training held in Brisbane, Australia.
- Completion of two audited financial year in a row 2013 & 2014 which was outstanding for some time. Along with it the submission of Annual Reports for both periods
- The re-location of SLC Main Office from Tuana'imato to the top floor of the Vaitele Market.
- Samoa Land Corporation Ltd settled its outstanding Dividend owing to the Government of Samoa totalling \$1,026,640
- The launch of SLC Corporate Plan for 2016 to 2018 period

2. LANDS DIVISION

- On-going recoveries of arrears every month and reported
- Subdivided 61acre Lot at Tuana'imato Horse Racing grounds for EPC lease
- Subdivided land at Tuana'imato for a 3a new Lot for Samoa Victim Support Facilities extension
- Re-Subdivided 3 & ¾ acres at Vaitele Industrial Zone to accommodate MNRE Met Division Lease and other Business Leases
- Approved Land Policy by the Board of Directors
- Completed Subdivision of Falelauniu Phase 3 for new residential leases and land sale

- Subdivided remaining 24acres at Tuana'imato Horse Racing grounds for new leases, Samoa Solar, Mini Golf Course and others
- Commenced further subdivision of 80acres of 2500a un-surveyed land inland of Vaiele for new leases
- Cabinet in its FK(15)08 Approved retention of all lands at Tuana'imato by SLC, and a Lease Agreement be made between SLC and SSFA to cover lands used for Sports Facilities. The rest of the lands will be leased to companies' already occupying land such as digicel and the solar power companies.

3. INVESTMENTS DIVISION

Faleata Golf Course

- In preparations for UN SIDS conference, the Corporation,
 - Purchased fifteen(15) brand new six(6) seater golf carts
 - Provide Venue for SIDS consultation meetings
 - Trained staff involved
- July 2014 - All Samoa International Golf Tournament (Hosted by Samoa NZ Golf Association) more than 100 players attended
- Aug 2014- New Sign Board for the Course Rules and Regulation.
- Nov 2014 - Samoa United International Golf Tournament (Host by Tsunami Club) More than 100 players from overseas attended
- Ongoing review of new source of income
- Ongoing review of financial performance particularly the expense side

Markets

- June 2015 - Salelologa repairs commenced
- Ongoing review of new viable source of income such as
 - Including of pool tables for Vaitele & Salelologa Market
 - Promotion of markets on Smart guide
 - Review of financial performance templates

Malifa Lodge

- Malifa Lodge was officially launched in August 2014
- Fully occupied by UN SIDS Conference participants in September 2014

4. FINANCIAL PERFORMANCE

The reported period recorded major adjustments in the financials of the corporation. The Auditors wish and rightly so, there was the need to clear all previous outstanding financial matters since the establishment of SLC Ltd which at the end caused delay in submission of our Annual Report for the period.

Total assets recorded a 3% decrease from \$122m reported last year to \$119m this year.

Despite a decrease of 4% in non-current assets from \$116m reported last year to \$111m this year, there was a 28% increase in current assets from \$5.8m reported last year to \$7.5m this year.

A decrease of 28% in current liabilities from \$4.5m reported last year to \$3.3m this year along with non-current liabilities decreasing by 3%, resulting in a 4% decrease in total liabilities from \$66m reported last year to \$62m this year.

Net assets recorded a slight decrease of 0.83% from 56.7m reported last year to 56.2m this year.

• INCOME

Revenues for the reported year recorded a 4% increase from \$8.9m reported last year to \$9.3m this year due to land sale recoveries of arrears and the continuation of prompt payments made on time. Noted here is the contribution by the newly established Malifa Lodge with its initial collection totalling \$161,310 for the period.

• EXPENSES

Total expenses for the Corporation recorded an 11% increase from \$9m reported last year to \$9.9m this year. The significant increase in expenses is due to the recognition:

- of bad debts related to prior years being written off,
- the additional provision for doubtful debts on land sales,
- the Guarantee cost of loan with SCBL by FarmTech and
- the settlement of VAGST's outstanding portion.

• LOSS

The Corporation recorded a net loss after tax of \$(474,778) compared to \$(3,429) reported last year. The main costs highlighted above contributed to the heavy loss.

5. FUTURE OUTLOOK

- Conversion of top floor of Salelologa Market into office spaces and a Conference room to cater for the need to develop the township area at Salelologa.
- Timely repayment of commercial loans of the Corporation
- Divestment of the former office building at Tuanaimato
- Projects in the pipeline include purchasing of the Fugalei market. Before then is the relocation of Savalalo Flea Market to the Fugalei Market Area.
- The lands sub-committee of the board is currently considering a few investment options for some of the corporation's land holding.

6. CONCLUSION

I am indebted to the Hon. Minister, the Chairman and Board of Directors for facilitating a conducive environment for the Management and staff to work, as well as our clients to access our various services.

I also acknowledge that the journey with some of our clients has not been easy, but overall, I am grateful for the support and cooperation of all our clients and stakeholders during the reported year.

To the Management and staff of SLC, I am forever grateful for your unending cooperation and support through the highs and lows of discharging our duties and responsibilities during the year of this report.

With respect



Pesetā Mālouamaua Afoa ArasiTiotio
GENERAL MANAGER



**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

**SAMOA LAND CORPORATION LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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AUDIT OFFICE

REPORT OF THE AUDIT OFFICE

SAMOA LAND CORPORATION

We have audited the accompanying Financial Statements of the Samoa Land Corporation comprising the Statement of Financial Position as at 30 June 2015, and the 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 Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit work performed and the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Samoa Land Corporation as at 30 June 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Report on Other Legal and Regulatory Requirements

Under section 104 of the Public Finance Management Act 2001, a public body shall submit to the Minister for Finance and the Responsible Minister audited financial statements within four months after the end of the Public Body's financial year. Samoa Land Corporation did not comply with Section 104 of the Public Finance Management Act 2001 as it did not submit its audited financial statements for the year ended 30 June 2015 by the deadline of 31st October 2015.

Our audit was completed on the 9th January 2016 and our audit opinion is expressed as at that date.

Apia, Samoa
20 January 2016


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

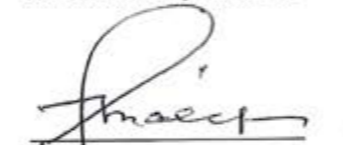
SAMOA LAND CORPORATION LTD CERTIFICATION BY DIRECTORS FOR THE YEAR ENDED 30 JUNE 2015

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 and supplementary information for the year ended 30 June 2015:

- give a true and fair view of the matters to which they relate; and
- have been prepared in accordance with International Financial Reporting Standards; and
- 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 9/01/2016 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
9/01/2016


Signature

Afioga Pesetā Malōuamaua Afoa Arasi Tiotio
GENERAL MANAGER
Samoa Land Corporation Ltd
Apia, Samoa
9/01/2016

SAMOA LAND CORPORATION LTD
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
Income			
Real Estate	12(a)	6,824,442	6,470,398
Markets	12(b)	1,334,227	1,431,876
Faleata Golf Course	12(c)	671,275	693,420
Malifa Lodge	12(d)	161,310	-
Other Income	12(e)	365,202	389,672
Total Income		9,356,456	8,985,366
Operating Expenses			
Remuneration costs	13	2,343,787	2,496,303
Administration & Operating costs	14	4,188,967	3,704,100
Audit fees		46,911	54,300
Directors fees and expenses	23	125,673	95,125
Depreciation	11	1,647,472	1,473,422
Long outstanding creditors reversed		(166,212)	-
Guarantee cost	22	675,720	-
Total Operating Expenses		8,861,918	7,823,050
Net Operating Profit (loss)		494,538	1,162,316
Finance Expenses			
Interest/fees on borrowings	15	1,130,830	1,178,645
Net Profit (loss) before Tax		(636,292)	(16,329)
Income Tax (Expense)/revenue	9(a)	161,514	12,900
Net Profit (loss) after Tax		(474,778)	(3,429)

This statement of Financial Performance is to be read in conjunction with the accompanying notes to the financial statements on pages 7 to 16.

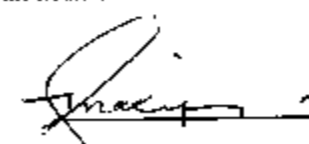
SAMOA LAND CORPORATION LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	2015 \$	2014 \$
ASSETS			
Current Assets			
Cash on hand and at bank	3	622,911	63,085
Inventory		48,004	48,289
Trade Debtors - Land Leases	4	494,667	1,411,429
Trade Debtors - Land Sales	5	6,216,406	3,867,975
Other Debtors and Prepayments	6	129,122	433,009
Total Current Assets		7,511,112	5,823,787
Non Current Assets			
Property, Plant & Equipment	11	49,885,767	50,445,832
Due from Government	16	15,935,424	15,935,424
Trade Debtors - Land Sales	5	41,994,399	47,554,789
Deferred tax asset	9(e)	3,786,153	3,044,533
Total Non Current Assets		111,601,743	116,980,578
TOTAL ASSETS		119,112,855	122,804,365
LIABILITIES			
Current Liabilities			
Bank Overdraft	3	-	267,530
Trade creditors		4,206	31,593
Other creditors and accruals	8	1,008,762	493,661
Income Tax Payable	9(b)	-	-
Funds held on deposit	21	369,004	497,822
Vagat Payable	18	1,513,994	1,692,475
Dividend Payable (paid in advance)	10	(124,647)	901,993
Current portion of term loan	7	532,156	711,060
Total Current Liabilities		3,303,475	4,594,134
Non Current Liabilities			
Term Loan	7	11,938,400	11,822,088
Deferred Income	17	42,154,298	44,776,789
Deferred Tax Liability	9(e)	5,473,376	4,893,270
Total Non Current Liabilities		59,566,074	61,492,147
TOTAL LIABILITIES		62,869,549	66,086,281
NET ASSETS		56,243,306	56,718,084
SHAREHOLDERS EQUITY			
2,400,000 ordinary shares		2,400,000	2,400,000
Capital reserve	19	27,986,786	27,986,786
Land Revaluation Reserve	20	-	-
Retained Earnings		25,856,520	26,331,298
Total Shareholders Equity		56,243,306	56,718,084

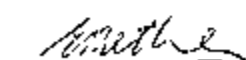
This statement of Financial Position is to be read in conjunction with the accompanying notes to the financial statements on pages 7 to 16.

On behalf of the Board of Directors:

Chairman



Director



SAMOA LAND CORPORATION LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Share Capital \$	Capital Reserve \$	Land Revaluation Reserve \$	Retained Earnings \$	Total \$
Balance as at 30 June 2013		2,400,000	27,986,786	-	23,282,199	53,668,985
Prior Period Adjustment	9A				3,052,528	3,052,528
Balance as at 30 June 2013 - Restated		<u>2,400,000</u>	<u>27,986,786</u>	<u>-</u>	<u>26,334,727</u>	<u>56,721,513</u>
Profit/(Loss) for the period		-	-	-	(3,429)	(3,429)
Less: Dividend provided	10	-	-	-	-	-
Balance as at 30 June 2014 - Restated		<u>2,400,000</u>	<u>27,986,786</u>	<u>-</u>	<u>26,331,298</u>	<u>56,718,084</u>
Profit/(Loss) for the period		-	-	-	(474,778)	(474,778)
Less: Dividend provided	10	-	-	-	-	-
Balance as at 30 June 2015		<u>2,400,000</u>	<u>27,986,786</u>	<u>-</u>	<u>25,856,520</u>	<u>56,243,306</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 16.

SAMOA LAND CORPORATION LTD
STATEMENT OF CASH FLOW
FOR YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
Cash flows from operating activities			
Cash received from land lease		1,664,104	921,902
Cash received from land sale		5,322,526	5,142,815
Cash received from other operations		2,080,538	2,283,106
Cash paid for employees remunerations		(2,343,787)	(2,496,102)
Cash paid for Directors fees and expenses		(125,673)	(95,125)
Cash paid for Purchases and other operating expenses		(2,774,188)	(3,514,030)
Net cash flows from operating activities		<u>3,823,520</u>	<u>2,242,566</u>
Cash flows from investing activities			
Cash received from disposal of fixed assets		-	-
Cash used for road construction/land improvements		-	(81,692)
Cash used to purchase fixed assets		(1,128,385)	(2,191,837)
Net cash used for investment activities		<u>(1,128,385)</u>	<u>(2,273,529)</u>
Cash flows from financing activities			
Cash received from loan		6,012,000	-
Cash used for loan repayment		(7,188,101)	(2,280,174)
Dividend paid in cash		(691,676)	-
Net cash flows from financing activities		<u>(1,867,777)</u>	<u>(2,280,174)</u>
Net increased in cash		827,358	(2,311,138)
Opening cash balance		(204,445)	2,106,693
Closing Cash Balance		<u>622,913</u>	<u>(204,445)</u>
Represented by:			
Cash at bank and at Bank	3	622,913	(204,445)
		<u>622,913</u>	<u>(204,445)</u>

This statement of Cash Flow is to be read in conjunction with the accompanying notes to the financial statements on pages 7 to 16.

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 Corporation'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, Vaitete and Salelelologa
- (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:

Class	Annual Rate
Office machines	20%
Furniture & fittings	10%
Motor Vehicle	20%
Lease improvement	5%
Buildings	2.5% - 10%

(iv) Change in Accounting Estimates

The company has changed its depreciation rates for major buildings of Main Office, Salelelologa Market and Fugalei Market from 10% to 2.5%. This change reflects the estimated realistic useful life of these buildings given the continued maintenance to sustain for an expected 40 or more years in operation.

d) Lease arrangements

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

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Deferred Income

Deferred income relates to land sales to be amortised over the agreed term of land payments. It is no longer subject to the level of payments received from debtors during the year, as had been treated in the past.

A change in policy for 2015 on this area is necessary to ensure incomes are not recognised on the cash basis as the accrual basis is the appropriate basis on which these accounts are based, and that incomes from land sales are equally recognised over the term of the land purchase/sales agreements.

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) Faleata Golf Course

The Corporation operates the Faleata Golf Course as one of its operating activities. Thus all transactions of the Golf Course are reflected in the Corporation's financial statements. A trading account is prepared for the Golf Course Bar and Pro-Shop only.

h) 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.

i) 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.

j) Income taxes

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

k) Inventory

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

l) 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.

m) 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 YEAR ENDED 30 JUNE 2015

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

2A CHANGE IN ACCOUNTING POLICY

A change in accounting policy in the area of deferred income for land sales where in prior years the amortisation was modified based on land repayments received during the year, thus effectively amortising deferred income on the cash basis of accounting, which was inappropriate. The amortisation of deferred income beginning in 2015 is now made equally over the terms of the land sale agreement. The change or correction, has resulted in the restatement of deferred income and Retained earnings by 57,124,023 (see not 9A and note 17)

3. CASH AND CASH EQUIVALENT

	2015	2014
	\$	\$
Cash and bank accounts		
ANZ Bank (Samoa) Ltd -A/C# 1221565	560,725	(267,530)
WESTPAC Bank - savings account	10,578	9,570
National Bank of Samoa	32,476	46,381
Samoa Commercial Bank Ltd	16,184	4,684
Cash on hand - petty cash	2,500	2,000
Cash on hand	400	400
Stamp interest	50	50
Total	622,913	(204,445)

Represented by:

: Cash on hand and at bank	622,913	63,085
: Bank overdraft	-	(267,510)
	622,913	(204,445)

4. LAND DEBTORS - LAND LEASE

	2015	2014
	\$	\$
Debtors balances are as follows:		
Agricultural Lease	522,799	1,077,323
Alii & Faipule	301,247	366,350
Commercial Lease	441,119	440,534
Residential	248,714	118,100
Community Lease	7,461	62,180
Other	2,403	8,012
	1,523,743	2,072,499
Less: Provision for doubtful debts	(1,029,076)	(661,070)
% of Provision	68%	32%
NET DEBTORS	494,667	1,411,429

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

5. LAND DEBTORS - LAND SALES

This amount is represented as follows:

	Current	Term	2015	2014
	\$	\$	\$	\$
Ex W S T E C	147,687	-	147,687	265,068
Industrial area	103,050	-	103,050	83,792
Vaitele Fou	1,668,738	-	1,668,738	2,053,856
Nuu Subdivision	74,468	-	74,468	107,174
Outright Purchase - Industrial Zone	187,500	-	187,500	437,433
Pay Within 10 Years	792,310	-	792,310	984,700
Aleisa	-	-	-	570,286
Vaitele	29,726	433,585	463,311	442,889
Lease to own - Falelauniu 1	1,718,193	8,765,355	10,483,548	10,979,931
Lease to own - Falelauniu 2	665,783	12,425,135	13,090,918	13,490,266
Lease to own - Falelauniu 3	192,940	4,038,119	4,231,059	3,044,613
Lease to own - Vaitele Ind 5 years	-	4,893,929	4,893,929	6,132,866
A&F Toamua	532,351	9,712,203	10,244,554	10,368,025
A&F Vaitele	20,621	668,039	688,650	412,420
Sogi-Falelauniu	648,883	1,020,346	1,669,229	1,616,601
Tafaigata	-	-	-	158,903
Korea	102,669	37,698	140,367	273,941
	6,884,919	41,994,399	48,879,318	51,422,764
Less: Provision for doubtful debts	(668,513)	-	(668,513)	-
NET DEBTORS	6,216,406			51,422,764

6. OTHER DEBTORS AND PREPAYMENTS

	2015	2014
	\$	\$
Road Construction/Falelauniu water scheme	-	272,970
Prepaid Insurance	2,527	-
Sundry debtors	1,044,351	739,566
Less: Provision for doubtful debts (Markets)	(917,756)	(579,527)
Total	129,122	433,009

7. BORROWINGS

	Current	Term	2015	2014
	\$	\$	\$	\$
ANZ Bank (Samoa) Ltd - 3871690	-	-	-	2,804,560
National Bank of Samoa	479,624	5,230,132	5,709,756	2,787,688
UTOS	52,532	6,708,268	6,760,800	6,940,900
	532,156	11,938,400	12,470,556	12,533,148

All borrowings are repayable on a monthly basis including interest and principal. Securities for the borrowings are a first and second mortgage over land, building and improvements thereon with government guarantee on NBS and UTOS. Monthly repayments of both interest & principal are ANZ \$65,000, NBS \$67,000 and UTOS \$46,667. UTOS borrowing relates to capital notes acquired to refinance other commercial lending facilities.

8. OTHER CREDITORS AND ACCRUALS

	2015	2014
	\$	\$
Accruals	104,871	146,590
Provision for audit fees	33,300	46,162
Withholding tax	840	27,992
Other creditors	869,751	270,917
Total	1,008,762	491,661

SAMOA LAND CORPORATION LTD
NOTES TO ACCOUNTS
FOR YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
9. INCOME TAX		
(a) Income tax expense/(revenue)		
Net profit/(loss) for the year	(636,322)	(16,329)
Prima facie tax at 27%	(171,799)	(4,409)
Permanent differences	-	-
Tax adjustment related to current period	10,285	(8,491)
Tax expense/(revenue) in the Statement of Profit and Loss	<u>(161,514)</u>	<u>(12,900)</u>
The taxation expense/(revenue) is represented by:		
Current year tax payable/(benefit)	(370,438)	(4,409)
Deferred taxation- current year movements	198,639	-
Tax adjustment related to current period	10,285	(8,491)
	<u>(161,514)</u>	<u>(12,900)</u>
(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 - restated	(1,848,737)	(1,861,637)
Tax adjustments related to current period	(10,285)	8,491
Deferred taxation - current year movements	(198,639)	(941,582)
Deferred tax asset resulting from current tax loss	370,438	945,991
Closing balance	<u>(1,687,223)</u>	<u>(1,848,737)</u>
Represented by:		
- Deferred tax asset (2014 balance restated)	3,786,153	3,044,533
- Deferred tax liability	(5,473,376)	(4,893,270)
Net deferred tax liability	<u>(1,687,223)</u>	<u>(51,848,737)</u>

9A PRIOR PERIOD ADJUSTMENT & RESTATEMENT TO 2013

Land debtors accounts corrected relating to prior years	(3,136,178)
Land exchange with STEC in 2011 not recorded	739,369
Restatement - Vagst penalty fees	(545,666)
Restatement - Change in policy on deferred income (note 17 & note 2(a))	2,124,021
	4,181,546
Tax thereon effect at 27%	1,129,017
Prior Period Adjustment net of tax	<u>3,052,528</u>

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

10. DIVIDEND PAYABLE

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, 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.

Dividend payable	Net Profit (loss) \$	2015 \$	2014 \$
Opening balance		901,993	901,993
Financial Years:			
30 June 2014	(3,479)	-	-
30 June 2015	(474,773)	-	-
		901,993	901,993
Less: Dividend payments		(1,026,640)	-
Dividend payable (paid in advance) to government of Samoa		<u>(124,647)</u>	<u>901,993</u>

11. PROPERTY, PLANT AND EQUIPMENT

Cost	Land \$	Building \$	Motor Vehicles \$	Office Equipment / Machinery \$	Total \$
Balance as at 1 July 2013	24,157,166	28,157,563	1,703,165	9,512,248	63,530,142
Additions/(Disposals)	703,060	1,373,550	-	354,594	2,931,204
Assets written off	-	(123,327)	(642,085)	(3,907,350)	(4,672,762)
Balance as at 30 June 2014	24,860,226	29,907,786	1,061,080	5,959,492	61,788,584
Balance as at 1 July 2014	24,860,226	29,907,786	1,061,080	5,959,492	61,788,584
Additions/(Disposals)	2,717	673,502	130,465	371,701	1,128,385
Assets Written off	(5,681)	-	(418,075)	(3,200)	(425,956)
Balance as at 30 June 2015	24,857,262	30,581,288	773,470	6,278,993	62,491,013
Accumulated depreciation					
Balance as at 1 July 2013	-	4,945,139	1,362,453	8,234,500	14,542,092
Depreciation	-	924,708	112,553	476,161	1,473,422
Assets written off - Acc Depreciation	-	(123,327)	(642,085)	(3,907,350)	(4,672,762)
Balance as at 30 June 2014	-	5,746,520	832,921	4,763,311	11,342,752
Balance as at 1 July 2014	-	5,746,520	832,921	4,763,311	11,342,752
Depreciation	-	992,491	161,997	492,584	1,647,072
Assets Written off - Acc Depreciation	-	-	(384,578)	-	(384,578)
Disposals	-	-	-	-	-
Balance as at 30 June 2015	-	6,739,011	610,340	5,255,895	12,605,246
Carrying amount					
30 June 2014	24,860,226	24,161,266	228,159	1,196,181	50,445,832
30 June 2015	24,857,262	23,842,277	163,130	1,023,098	49,885,767

Depreciation breakdown:	2015	2014
Charge to financial performance	1,647,072	1,473,422
Total Depreciation	1,647,072	1,473,422

Land

Represented by:	
Commercial Properties	18,256,798
Owner Occupied	6,600,464
	<u>24,857,262</u>

Additional land at Mulifanua from STEC, exchanged with SLC land at vaitele in 2011 with a value of \$739,369 is now restated and included in fixed assets

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

12. INCOME	2015 \$	2014 \$
<i>(a) Real Estate</i>		
Land sales	5,155,291	4,870,586
Lease rental	1,098,965	1,064,935
Interest on land sale	491,273	445,714
Interest on land lease	16,383	55,048
Administration fees	24,110	19,606
Service/retention/tender document fees	37,220	14,509
Redefinition fees	1,200	-
	6,824,442	6,470,398
<i>(b) Markets</i>		
Savalalo fika market	785,438	726,420
Salelologa market	369,926	543,556
Vaitele market	178,863	161,900
	1,334,227	1,431,876
<i>(c) Faleata Golf Course</i>		
Sales	665,542	870,140
Less: Cost of sales		
Opening stock	48,289	68,674
Purchases	476,745	623,116
Less: closing stock	47,824	48,289
	477,210	643,501
Gross profit	188,332	226,639
Add: Other Income		
Green fees	168,393	149,699
Driving range	5,715	11,898
Other income/Golf course hire	16,427	14,434
Clubhouse hire	19,843	21,550
Golf Carts	257,454	242,238
Lockers	336	1,248
Pool Table	10,675	14,612
Hire of Sports Bar	4,100	7,702
Retention fees		3,400
Total Income	671,275	693,420
<i>(d) Motifa Lodge</i>		
Sales and accomodation	160,415	
Less: Cost of sales		
Opening stock	-	
Purchases	5,079	
Less: closing stock	180	
	4,899	
Gross profit	155,516	
Add: Other Income		
Retention fees	5,490	
Other income:Golf course hire	304	
	161,310	
<i>(e) Other income</i>		
Hire of machinery	-	80,000
Gain on sale of fixed asset	306,567	4,650
Interest bank	951	2,149
Other income	57,684	302,873
	365,202	389,672

Other income in 2014 includes cash received from Insurance recovered of \$302,523 for Cyclone Evan during the Reported Period.

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

13. REMUNERATION COSTS	2015 \$	2014 \$
<i>Details of remuneration costs are specified as follows:</i>		
Salaries & wages	2,098,796	2,227,383
NPF & ACC contribution	127,722	133,559
Long service leave & bonuses	34,909	54,724
Advisory committee	82,360	85,437
	2,343,787	2,496,103

The number of people employed by the Corporation during the financial year ending are 101 (2014: 111).

14. ADMINISTRATION AND OPERATING COSTS	2015 \$	2014 \$
<i>Details of administration & operating costs are specified as follows:</i>		
<i>Real Estate</i>		
Sugi Relocation	3,000	-
Falelaunuu water delivery	-	555,232
Road repairs and maintenance	-	81,692
Penalty fees (Vagst) (see note 18)	3,072	346,195
Other expenses (Vagst payable correction)	132,991	
Consultations	1,500	-
Survey fees & expenses	21,076	82,801
Bad debts written off	425,450	
Doubtful Debts	1,619,741	719,340
Discount allowed	75,240	97,831
	2,282,070	1,883,091
<i>Investments</i>		
FGC expenses	43,990	56,137
General expenses	1,043	295
Heavy machinery expenses	55,390	68,167
Light machinery expenses	11,200	13,209
Printing and Stationeries	79,110	75,191
Advertising & Promotions	57,462	78,374
	248,195	291,373
<i>Support service</i>		
Communication	35,324	56,245
Electricity & water	294,486	294,573
Insurance	144,719	159,941
Local travel	48,073	45,427
Motor vehicle running expenses	37,149	61,096
Office expenses	140,761	101,238
Consultancy fees	584	5,887
Other staff costs	-	7,086
Overseas travel	40,137	4,396
Repairs and maintenance	557,894	636,621
Staff development	16,300	17,648
Vagst paid	310,322	110,263
Suscription & Membership fees	32,453	29,215
	1,658,702	1,529,636
Total Administration & Operating Costs	4,188,967	3,704,100

15. INTEREST/FEES ON BORROWINGS	2015 \$	2014 \$
<i>Details of interest/fees on borrowings are specified as follows:</i>		
Interest - ANZ loan	62,256	269,913
Interest - NBS loan	425,972	310,172
Interest - UTOS loan	624,174	594,858
Other	3,297	-
Loan fees	15,126	3,703
	1,130,830	1,178,645

Loan Interest Rates: NBS 8.25% & UTOS 9%

16. DUE FROM GOVERNMENT	2015 \$	2014 \$
	15,935,424	15,935,424

The net balance resulted from land exchanges in 2010 which represents the amount the Government owed to the Corporation.

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

17. DEFERRED INCOME

				2015		2014	
	Closing Balance 2014	Land Sale Cancelled	Additional Land Sale	\$	\$	\$	\$
				<u>42,154,298</u>			<u>51,900,810</u>
				Annual Amortisation	Restated balance 2014	Restatement - Change in Policy	Opening Balance 2014
	\$	\$	\$	\$	\$	\$	\$
Vaitele Fou	1,223,788	(12,000)	268,926	(163,903)	1,150,771	(981,756)	2,132,527
Nuu Subdivision	51,493	-	-	(9,829)	61,322	(45,853)	107,175
Korea	153,990	-	-	(98,258)	234,248	(39,692)	273,941
Aleisa	-	-	-	(579,287)	579,287	-	579,287
A&P Teamua	9,598,312	(13,213)	286,299	(568,936)	9,894,162	(473,865)	10,368,027
Vaitele Ind - Outright Purchase	-	-	-	-	-	(667,491)	667,461
Vaitele Ind - Pay within 10 years	296,307	-	-	(96,379)	392,686	(749,330)	1,141,885
Vaitele Ind - Lease to own 5 years	1,431,797	-	124,200	(1,431,634)	2,759,251	(3,734,632)	6,493,883
Saga-Falealuga	1,373,586	(40,000)	120,000	(331,587)	1,625,173	8,572	3,616,601
Vaitele	593,184	-	120,000	(32,424)	585,548	62,662	442,836
Talafu	-	-	-	(158,904)	158,904	-	158,904
Vaitele Tai	729,750	-	350,000	(21,000)	468,750	(11,670)	412,420
Falealuga phase 1	9,875,883	(369,538)	292,460	(527,750)	10,580,771	(479,161)	10,979,932
Falealuga phase 2	12,749,875	(102,270)	190,970	(730,505)	13,391,680	(98,586)	13,490,266
Falealuga phase 3	4,976,333	-	1,303,412	(369,316)	3,171,228	86,623	3,044,615
	<u>42,154,298</u>	<u>(577,021)</u>	<u>3,055,261</u>	<u>(5,103,731)</u>	<u>44,776,769</u>	<u>(7,124,021)</u>	<u>51,900,810</u>

The amount represents the gain on sale of land from various locations/divisions with the exclusion of Ex-Westco & Industrial Area, being amortised over their respective purchase agreement periods. The restatement relates to the change in policy as explained in notes 2(A) and 2(C), and reflected in note 9A.

18. VAGST RECEIVABLE/(PAYABLE)

Balance as at year end

2015	2014
\$	\$
<u>1,513,994</u>	<u>1,692,475</u>

The amount includes penalties amounting to \$894,934 comprising \$545,666 relating to years 2013 and before, \$346,195 relating to 2014 and \$3,072 penalties relating to 2015. The 2014 comparative figure has accordingly been restated.

19. Capital Reserve

Opening reserve balance

2015	2014
\$	\$
27,986,786	27,986,786

Closing reserve balance

2015	2014
\$	\$
<u>27,986,786</u>	<u>27,986,786</u>

20. Land Revaluation Reserve

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

21. Funds Held On Deposit

Balance as at year end

2015	2014
\$	\$
<u>369,004</u>	<u>497,822</u>

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

22. Guarantee cost

2015
\$
<u>675,720</u>

This relates to a guarantee signed and effective on 31 January 2011 by the then Chairman of the Board and Chief Executive Officer of the Corporation for a Samoa Commercial Bank loan by Fintech Limited, which has now been called up for payment by the Bank.

Fintech Limited has also sued the Corporation as explained in note 25.

SAMOA LAND CORPORATION LTD
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2015

23. Related Party Transactions

Directors compensation

The Directors of the Corporation during the financial period were:

1. Lavea Lemaloa Tupuola Sione Malifa (Chairman)
2. Taimaleatu Ernie Betham
3. Salina Lydia Tuitamano Hazelman
4. Rev. Tunupopo Patu
5. Tolomana Tui Alamasaga
6. Sa'u Henry Euean
7. Tutuagi James Bantley

Directors and meeting costs of \$125,673 (2014: \$95,125) were paid during the year including sitting allowance of \$77,838 (2014: \$44,005). Board meeting expenses amounted to \$7,885 (2014: \$5,645). Directors appointed from Government Corporations and Ministries do not receive a director's fee except for sitting allowances. Government regulations specify that directors' fees are \$6,500 per year and the sitting allowances are \$250 per meeting.

Directors and meeting costs

Directors fees

Sitting allowances

Catering for board meeting

	2015	2014
	\$	\$
Directors fees	39,950	45,475
Sitting allowances	77,838	44,005
Catering for board meeting	7,885	5,645
	<u>125,673</u>	<u>95,125</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

A plaintiff company Fintech and its subsidiary are seeking an order to direct the corporation to complete their share purchase agreement or alternatively an order for Samoa Land Corporation, to pay \$3,306,470 to the plaintiff.

26. CAPITAL COMMITMENT

Extension to Salelologa Market on top floor is currently in progress for office spaces and a Conference room to cater for the need to develop the township area at Salelologa.

27. SUBSEQUENT EVENT

On 16 January 2016, the Sava'alo Flea Market Building was completely destroyed by fire. The building written down value at 30 June 2015 is \$201,444. Insurance cover for the building is \$100,000.