



# ANNUAL REPORT

FY  
2018

# OUR MISSION, VISION AND VALUES

## MISSION

“To comply fully with all applicable legislations, standards and practices to enhance safety and sustain profitable delivery”

## VISION

“To be the leading hub of air travel in the Pacific region and globally”

## VALUES

- Honesty
- Impartiality
- Service
- Respect
- Transparency
- Accountability
- Efficiency and Effectiveness



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# Message from the Minister



## OFFICE OF THE MINISTER

### MINISTRY OF WORKS, TRANSPORT AND INFRASTRUCTURE

(MINISTRY WORKS, TRANSPORT & INFRASTRUCTURE, ELECTRIC POWER CORPORATION, SAMOA WATER AUTHORITY, LAND TRANSPORT AUTHORITY, SAMOA AIRPORT AUTHORITY, SAMOA PORTS AUTHORITY, SAMOA SHIPPING CORPORATION, SAMOA SHIPPING SERVICES, PACIFIC FORUM LINE)

**Honorable Speaker of the House  
Legislative Assembly  
MULINU'U**

Pursuant, to Section 45 (4), of the Samoa Airport Authority Act 2012 and the Public Bodies (Performance and Accountability) Act 2002, Schedule 6, paragraph 6.7, I, hereby submit to the Legislative Assembly the Annual Report and Audited Accounts of the Samoa Airport Authority for the year ended 30<sup>th</sup> June 2018.



Ma le fa'aaloalo lava,

**Honorable Papali'itele Unasa Niko Lee Hang  
Minister of Works, Transport and Infrastructure**



## Chairman's Report



This year has been different from previous years for the completion of current projects and the beginning of new ones for the Samoa Airport Authority (SAA). This infrastructure development is of national interest and contributes substantially to the development of the economy of Samoa, and in particular the Tourism Sector. The Terminal Upgrade Project has been successfully completed and it's launching in March 2018 enabled the full use of these facilities. Whilst there remained only the installation of the aerobridges, the public and travelers alike can now enjoy the luxury of the new amenities at Faleolo International Airport. Work on the apron (airlines parking space) and runway has also started and is anticipated to be completed by the end of 2019.



We are pleased to advise the start of the implementation of the Ti'avea Airport project, which has been in the pipeline for some time. This project had experienced many challenges but fortunately all the parties concerned have come to a mutually beneficial arrangement. We acknowledge with much appreciation the willingness of our communities to offer support where possible, to enable SAA to implement these projects and we look forward to continue in the same spirit with any future challenges and projects.

Looking to the future, the SAA Board and Management will continue its focus on improving services at the airport and initiating marketing activities for our new facilities to attract more international airlines to use our airport so that we can improve on revenue returns for this government funded investment.

On behalf of the Samoa Airport Authority, I take this opportunity to say "Faafetai tele" to all our Partners, stakeholders and especially the Government of Samoa for its support and look forward to continue this mutually beneficial relationship.

Soifua

God Bless

**Vaatu'itu'i Apete Meredith**

**Chairman**

# General Manager's Report



The Samoa Airport Authority and its determination to Progress has included its identity in an attempt to raise its profile in Samoa and internationally. Its main goal this financial year is to achieving the best service delivery to correspond with its renewed image and identity. The upgrade and designs of its new terminal and other infrastructural projects has contributed to cementing its trademark.

Most significantly this year is the completion of PHASE 2 of the Terminal Upgrade Project which saw us open our Arrivals Terminal in May. The new terminal is also now adorned with variety of services from Duty Free to an array of restaurants and business services to cater for the travelling public. Accompanying this achievement, is the opening of the Training and Emergency Operation Centre for more effective crisis response and a new mechanical workshop to accommodate our legislated requirements to service larger fire vehicles.



Acquisition of improved and upgraded aviation specialized systems has assisted in our push to deliver a positive customer experience and support our goal of achieving international recognition.

To support these initiatives, SAA further invested in a newly updated website to showcase Samoa and deliver flight details, employment opportunities, business advertisements and other essential information that will be helpful to potential travelers as well as our search for more commercially viable revenue generating opportunities.

The focus moving forward is to engage with other sectors in sustainability of services and maintenance of its infrastructure to guarantee continuous improvement so that we are well placed for the achievement of our goals.

The only way from here is up!

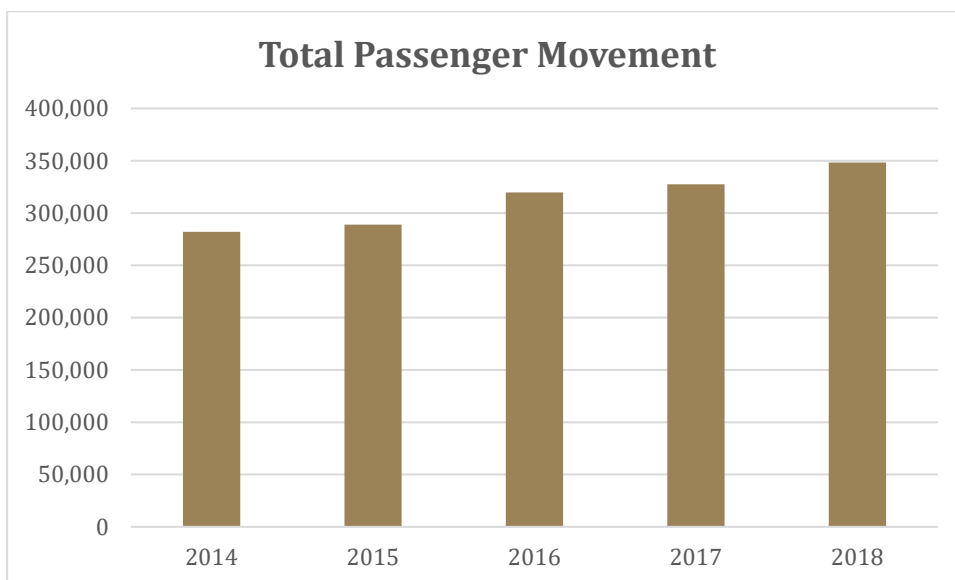
**Magele Hoe J. Viali**  
**General Manager**

# 1. Key Aviation & Airport Initiatives

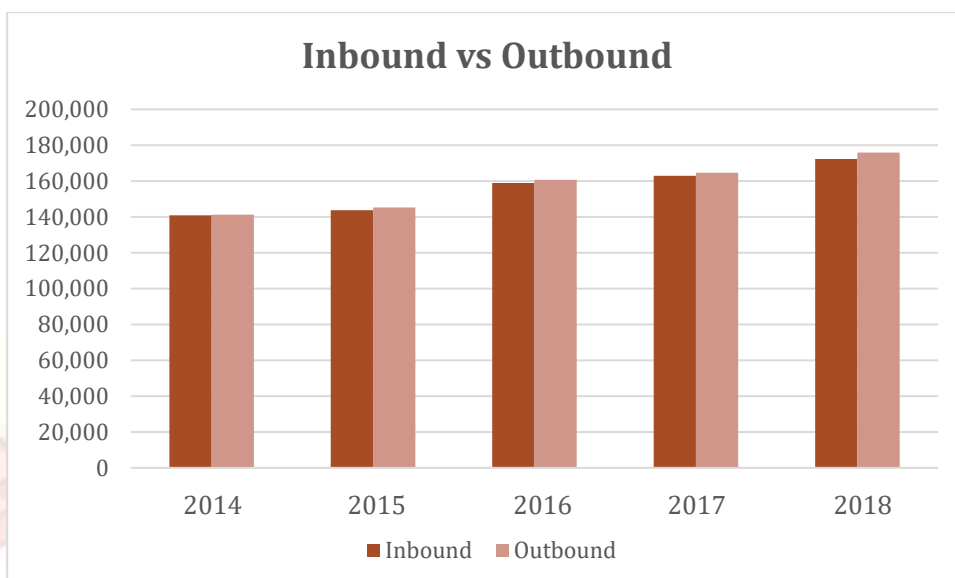


Key aviation and airport initiatives highlighted for this reporting period are as follows:

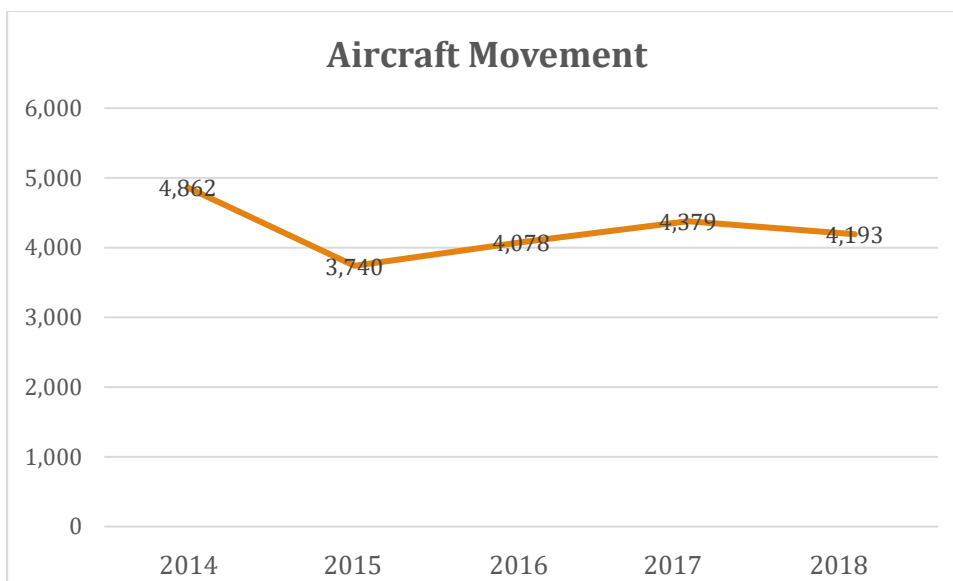
## 1.1 PASSENGER & AIRCRAFT MOVEMENT



Passenger movements have increased by 6.31% this reporting period compared to the previous financial year. Overall, passenger movement continue to be on the increase by a total of 23.45% over the last 5 years.



# 1. Key Aviation & Airport Initiatives



While passenger movements have increased, the flight movement saw a decrease of 4.25% in this reporting period with a total of 13.76% drop over the last 5 years. This decrease can be attributed to higher capacity airlines despite lesser frequency in flights.

## 1.2 FINANCIALS

### At a Glance: Key Financial Figures

**Movements from 2017 to 2018**

**2018 Total Numbers**

**NET PROFIT**

\$540,947 SAT

373.17%



\$2,511,077 SAT

**REVENUE**

\$15,621,497 SAT

32.44%



\$20,690,366 SAT

**EXPENDITURE**

\$15,080,550 SAT

20.23%



\$18,130,737 SAT



# 1. *Key Aviation & Airport Initiatives*



The financial year ending 30 June 2018 saw an increase in revenue by approximately 32.44% compared to the previous financial year. This increase in revenues was mainly due to a 19.42% increase in operating revenues in addition to a \$2.4 million tala from Amortization of Defer Income.

Despite the increase in revenues, total expenses on the other hand had also increased by approximately 20.23% compared to the previous financial year. This increase was mainly due to a 16.97% increase in Operating Expenses plus a \$1.3 million impairment loss on investment value.

Due to the increase in revenues by 32.44%, a net profit of \$2,511,077 had been realized for the financial year 2018, resulting in a net profit ratio of 12.14%. The liquidity position of the Authority in the short term remains strong with the Current Ratio at 6.09:1.

## 1.3 INVESTMENTS

Through a mixture of donor and self-funding activities, the SAA continues to undertake projects to improve its service delivery and its on-going compliance with all applicable international and national civil aviation standards and practices, including its obligations to fulfill Government's visions in provision of access through 'air' for the whole of Samoa. Some of these investments include:

- a. Upgrading of the passenger arrival and departure terminal from 5,500sqm to 12,000sqm installation of 3 aerobridges which is first of kind in the Samoa's and an increase from 3 to 4 of Code C parking for aircraft and includes non-passenger screening stations.



# 1. Key Aviation & Airport Initiatives

## b. Establishment of a Training and Emergency Operations Center. □



## c. Construction of a new mechanical workshop to cater to maintenance requirements for the larger fire vehicles.



## d. Implementation of an Electronic Bio-Metric (fingerprint) Attendance System.



# 1. Key Aviation & Airport Initiatives

- e. Newly improved and updated website for travel information, advertisements and general SAA related information. <[www.samoairports.com](http://www.samoairports.com)>
- f. Repair and reinforcement of the upper car park.
- g. Planning of a new aerodrome on the eastern division of Upolu Island. The site has been confirmed to be at Tiavea. MNRE have completed the land surveying and SAA are currently engaged in compensation negotiations with village council.
- h. Through the World Bank financed Samoa Aviation Investment Project, SAA has achieved:
  - Acquisition of 2 x11,300liter OSHKOSH fire vehicles to sustain an ICAO Category 8 fire response capability;



- Installation of a VSAT (Very Small Aperture Terminal) terminal which enables data and voice communications by Air Traffic Control through satellite bypassing normal communication lines;
  - Installation of the Automatic Dependent Surveillance- Broadcast monitoring system – which provides ATC with visual monitoring enhancing safety.
- i. Commissioning of a new 45-meter telecommunications mast at the main transceiver site at Mt Fiamoe;
- j. Acquisition of an Air Traffic Control Training Simulator to ensure ongoing compliance of ATC officers and Trainees;



## 2. Domestic Airports

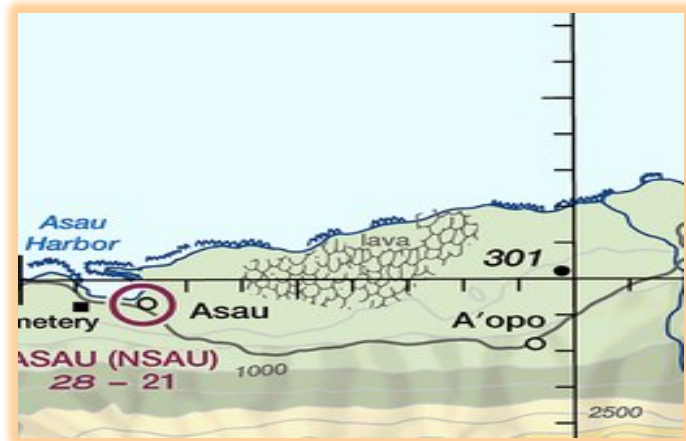
The 2 domestic airports Maota and Asau continue to operate and certified. Both aerodromes continue to be operational under AC139-7 Standards with the next operational audits scheduled for November 2018.

Maota Airport is manned by 4 staff with Asau manned by 2 in areas of ground maintenance and security.

In this reporting period, only 5 flights were recorded operating in and out of Maota Airport.



Maota Airport has a new satellite-based approach enabling aircrafts to continue to operate in bad weather conditions. This project was funded under a New Zealand Program for reviewing Pacific Island States Instrument approaches.



### 3. Learning and Development



SAA continues to recognize the need to develop the careers and skills of its staff in order to maintain a stable and effective workforce. We continue to offer on the job trainings, learnings through interchange of experiences, participation in relevant workshops, conferences, after hours vocational training. SAA further encourages and supports the enrolment of its trade's personnel in courses and apprenticeship programs available at NUS, APTC and University of South Pacific Alafua campus to upskill them in their areas of specialty i.e. Mechanical, welding, electrical & carpentry.

Currently SAA are supporting 5 students who are attending after hour classes in mechanical engineering, welding and fabrication, Carpentry, CISCO certifications at NUS, USP and APTC.

Not only the trades but equally vital to SAA are the Air Traffic, Aviation Security (AvSec) and Rescue Fire personnel who are continually undergoing vigorous certification, aptitude, physical and medical testing both conducted locally and overseas to ensure compliance with international law requirements.

AVSEC Trainings are aimed at introducing and refreshing basic knowledge and understanding of rules and regulations, protocols and standards that guide interests of Aviation Security.

New recruits in these Units go through a basic training that aims at preparing them for on the job challenges, understanding and effectively applying regulations that safely guards the security of the airport and travelling public as well as identifying any risks that could arise.





## 4. Occupational Safety & Health



SAA has focused much efforts on pursuing OS&H objectives in line with the National OS&H plan 2018. Inspections on airport facilities, technical and administration were carried out periodically and recommendations were made regarding safe practices, safety equipment and occupational wellbeing of staff as well as the public.

SAA further conducted an OS&H survey to gather information from staff on general understanding of OS&H principles and practices. Subsequently SAA have implemented safety procedures with more stringent monitoring to ensure SAA is a safe working environment.



In other efforts, SAA encourages its staff to participate in health and wellbeing activities, sports days, training days, sports in and outside of work to ensure they stay healthy and have healthy practices.

### **First Aid Training**

The Red Cross conducted First Aid Training and certified staff members as First Aid Officers/ First respondents and Safety Officers. Incident reporting processes are more stringent and prompt resolutions are applied to those at risk or to implement preventative measures for the safety of workers.



## 5. Personnel & Organizational Profile



The SAA boasts a vibrant workforce comprising of 346 employees inclusive of staff in Savaii.

Flexible hours along with vocational and cross training opportunities are some of the incentives SAA offer to counter more attractive opportunities elsewhere. The main threat to our retention is the NZ quota system and the seasonal workers scheme which has seen 9 of our staff members resign this reporting year to pursue these opportunities overseas.

Despite the high demand to fill slots at the SAA we have been able to replace staff vacancies expeditiously as we have a constant flow of applicants who are suited for the roles we offer, ensuring our workforce maintains stability for the continuation of work

The nature of our services mean that we will carry a male dominated workforce with females mainly concentrated in the Cleaners and the Administration office with males taking up more technical and trades divisions.

### **Community Service**

SAA is committed to supporting charity courses in Samoa and has participated in Pinktober for raising awareness in dangers and risk of cancer as well as Movember for prostate cancer.



### **Career Days**

SAA is a strong advocate for educational development in Samoa and in addition to its apprenticeship program, it participated in National Career Development days held by the PSC where we showcased our employment and vocational opportunities to all students from Upolu and Savaii high schools.



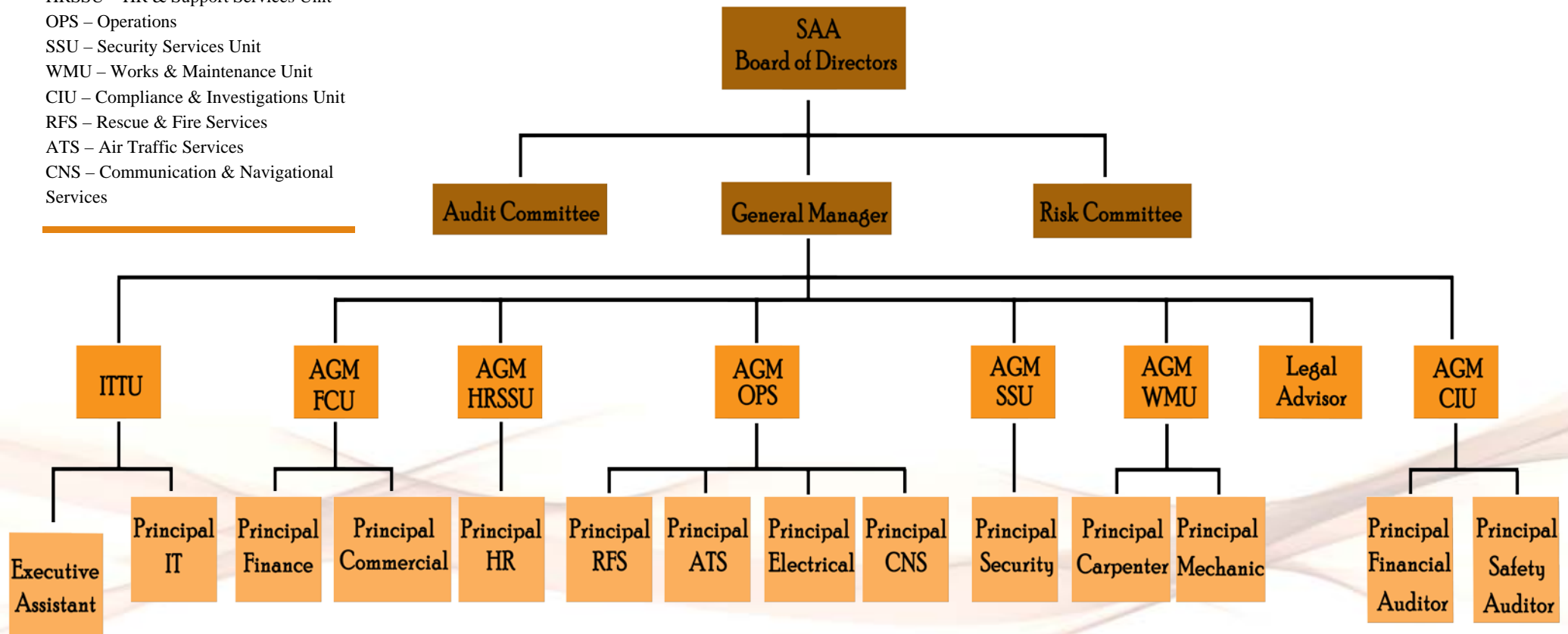


## 5. Personnel & Organizational Profile

### 5.1 ORGANIZATIONAL STRUCTURE

#### Legend

AGM – Assistant General Manager  
 ITTU – IT & Transport Unit  
 FCU – Finance & Commercial Unit  
 HRSSU – HR & Support Services Unit  
 OPS – Operations  
 SSU – Security Services Unit  
 WMU – Works & Maintenance Unit  
 CIU – Compliance & Investigations Unit  
 RFS – Rescue & Fire Services  
 ATS – Air Traffic Services  
 CNS – Communication & Navigational Services





## *Board of Directors*



**L-R (Back):** Tuala Thomas Stancil, Samoa Roy Lee, Tuala Pat Leota, Magele Hoe J. Viali, Solialofi Harry Porter

**L-R (Front):** Samau Ieru Lokeni, Va'atu'itu'i Apete Meredith (**Chairman**), Leota Tima Leavai



**L-R:** Elemesi Schmidt (*Legal Advisor*), Silimana'i Ueta Junior Solomona (*AGM-OPS*), Savaiinaea Ringo Jensen (*AGM-FCU*), Magele Hoe J. Viali (*General Manager*), Tagaloasa Uili Matafeo (*AGM-HRSSU*), Vai Palepua Solaese (*AGM-CIU*), Tumanuvao Evile Falefatu (*AGM-SSU*)

- Afamasaga Mataio has farewelled SAA after 43 years of service. Afamasaga started working for the SAA at the tender age of 18 and has served under 7 General Managers. Commencing employment as a Rescue Fire Trainee until he was called to management where he re-invented the RFS unit before moving to do the same with the Works and Maintenance Unit. He retires as the longest serving member of SAA staff to date.



# *Audited Financial Statements*



**SAMOA AIRPORT AUTHORITY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

# Director's Report

The directors present their report together with the financial statements of the Authority for the year ended 30 June 2018 and the auditor's report thereon.

## Directors

As of the date of this report, following are the appointed directors to steer the Authority's operations for the remaining three year term.

Vaatu'itu'i Apete Meredith	Chairman
Samau Ieru Lokeni	Member
Alalatoa Rosella Papalii	Member
Solialofi Vaipou Harry Porter	Member
Tuala Pat Leota	Member
Tuala Tommy Stancil	Member
Samoa Roy Lee	Member

## Principal activities

The principal activities of the Authority's are to establish, improve, maintain, operate and manage aerodromes and services all facilities in connection with the operation of any aerodromes or with the operation of any aircraft engaged in civil aviation.

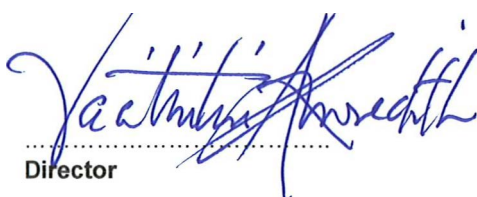
## State of affairs

The directors are of the view that the attached statement of financial position gives a true and fair view of the state of affairs of the Authority as at 30 June 2018 and that the statements of financial performance and cash flows give a true and fair view of the result and cash flows of the Authority for the year then ended.

## Operating results

The operating Profit for the year ended 30 June 2018 was **\$2,511,077 (2017:Profit \$540,947)**

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.



Director



Director

28 September 2018  
Apia

Please address all correspondences  
to the Controller and Auditor General



## AUDIT OFFICE

### REPORT OF THE AUDIT OFFICE

#### TO THE GOVERNING BODY IN CHARGE OF GOVERNANCE – SAMOA AIRPORT AUTHORITY

##### Audit Opinion

We have audited the accompanying Financial Statements of the Samoa Airport Authority which comprise the Statement of Financial Position as at 30 June 2018, the Statements of Financial Performance, Changes in Equity and Cash Flows for the year then ended, a Summary of Significant Accounting Policies and Other Explanatory Notes. The Accounting Firm of Ah Chong, Chartered Accountants, assisted in the audit. The Engagement Partner on the audit resulting in this Independent Auditor's Report is Su'a Rimoni Ah Chong.

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

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Authority in accordance with the ethical requirements that are relevant to our audit of financial statements in Samoa, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

##### Responsibilities of Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, the Directors are responsible for assessing the Authority'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, with the agreement of Cabinet, either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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

##### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Please address all correspondences  
to the Controller and Auditor General



## AUDIT OFFICE

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the directors and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority'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 Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations that we have required. In our opinion the Authority has kept proper accounting records, as far as it appears from our examination of them and the financial statements of the Authority also provide in the prescribed manner the information required by the Airport Authority Act 2012 and the Public Bodies (Performances and Accountability) Act 2001.

Our audit was completed on the 2<sup>nd</sup> October 2018 and our opinion is expressed as at that date.

Apia, Samoa  
30 October 2018

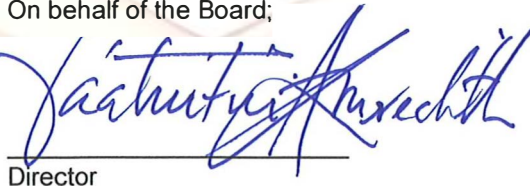
  
Fuimaono Mata'afa Papali'i C.G. Afele  
CONTROLLER AND AUDITOR GENERAL

**SAMOA AIRPORT AUTHORITY  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

		<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash on hand and at bank	6	3,302,006	5,119,047
Term deposits	7	10,740,984	5,579,167
Trade debtors	11	1,712,629	1,678,244
Other debtors and prepayments	12	490,447	282,669
SAIP Project - World Bank	17	112,809	35,457
Inventories	10	139,176	137,495
Withholding tax		18,762	12,358
Shanghai Construction Group Company	12	-	19,843
<b>Total current assets</b>		<b>16,516,813</b>	<b>12,864,280</b>
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	85,482	2,065
Investments	5	1,629,000	2,939,000
Property, plant and equipment	8	167,830,622	123,357,275
<b>Total non-current assets</b>		<b>169,545,104</b>	<b>126,298,340</b>
<b>TOTAL ASSETS</b>		<b>186,061,917</b>	<b>139,162,620</b>
<b>CURRENT LIABILITIES</b>			
Creditors		38,905	221,935
Other creditors and accruals	13	354,847	340,854
Current portion of term loan	14	412,436	165,923
Provision for annual leave	13	98,807	119,727
Vagst payable		234,194	269,226
Dividend payable	21	1,255,539	270,473
		<b>2,394,728</b>	<b>1,388,138</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term portion of term loan	14		657,934
Deferred Income	15	131,136,022	85,840,920
<b>Total non-current liabilities</b>		<b>131,136,022</b>	<b>86,498,854</b>
<b>TOTAL LIABILITIES</b>		<b>133,530,750</b>	<b>87,886,992</b>
<b>NET ASSETS</b>		<b>\$ 52,531,167</b>	<b>\$ 51,275,628</b>
<b>CAPITAL AND RESERVES</b>			
Capital - Government contributions	20	93,451,084	93,451,084
Asset revaluation reserve	24		7,372,697
General reserves		743,235	743,235
Accumulated losses		(41,663,152)	(50,291,388)
		<b>\$ 52,531,167</b>	<b>\$ 51,275,628</b>

The accompanying notes form an integral part of the above financial statement.

On behalf of the Board;

  
Director

  
Director



**SAMOA AIRPORT AUTHORITY  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2018**

		<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>\$</b>	<b>\$</b>
<b>Income</b>			
Operating income	3	17,532,064	14,680,438
Interest income		412,980	360,036
Gain on sale of fixed assets		46,000	232,050
Advertising commission		278,574	280,123
Dividend income		13,770	68,850
Amortisation of deferred income	15	2,406,978	-
		<u>20,690,366</u>	<u>15,621,497</u>
<b>Expenses</b>			
Amortisation-Intangible assets	9	4,505	109
Audit fees	13	43,800	20,300
Departure tax commission		307,571	279,956
Depreciation	8	5,205,889	5,196,732
Directors fees	16	135,852	124,224
Impairment loss on investment value	5	1,310,000	-
Interest on loans	2(l)	68,339	112,645
Loss on disposal of fixed assets		170,337	-
Operating expenses	4	10,932,995	9,346,584
		<u>18,179,289</u>	<u>15,080,550</u>
<b>Net (Loss)/Profit for the year</b>		2,511,077	540,947
Other comprehensive income		<u>2,511,077</u>	<u>540,947</u>

The accompanying notes form an integral part of the above financial statement.

**SAMOA AIRPORT AUTHORITY  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	Issued and Paid Up Capital	Assets Revaluation	General Reserves	Accumulated Profit/Loss	Total
Balance as at 1 <sup>st</sup> July 2016		93,451,084	7,372,697	743,235	(50,247,111)	51,319,905
Net profit for the year					540,947	540,947
Dividend paid	21				(314,751)	(314,751)
<b>Balance as at 30<sup>th</sup> June 2017</b>		<b>93,451,084</b>	<b>7,372,697</b>	<b>743,235</b>	<b>(50,020,915)</b>	<b>51,546,101</b>
Prior year adjustment - Dividend 2017	21, 23				(270,473)	(270,473)
<b>Balance at 30th June 2017 - Restated</b>		<b>93,451,084</b>	<b>7,372,697</b>	<b>743,235</b>	<b>(50,291,388)</b>	<b>51,275,628</b>
Net profit for the year					2,511,077	2,511,077
Asset revaluation reserve transfer to accumulated losses			(7,372,697)		7,372,697	-
Dividend 2018	21				(1,255,539)	(1,255,539)
<b>Balance at 30<sup>th</sup> June 2018</b>		<b>93,451,084</b>	<b>-</b>	<b>743,235</b>	<b>(41,663,152)</b>	<b>52,531,167</b>

The accompanying notes form an integral part of the above financial statement.

**SAMOA AIRPORT AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	<b>Notes</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOW FROM/(TO) OPERATING ACTIVITIES</b>			
Cash received from customers		19,882,912	15,205,291
Cash paid to suppliers, expenses and personnel		<u>(11,159,250)</u>	<u>(5,403,883)</u>
Net cash flows from operating activities		<u>8,723,662</u>	<u>9,801,408</u>
<b>CASH FLOW FROM/(TO) INVESTING ACTIVITIES</b>			
Payments for purchases of property, plant and equipment		(5,094,759)	(2,280,400)
Interest received on term deposits and ANZ current account		406,576	360,036
Proceeds from sale of property, plant and equipment		46,000	232,050
Cash transferred to Term Deposits			(3,900,000)
Dividends paid to Government	21	(270,473)	(314,751)
Dividends received from Oceania		<u>13,770</u>	<u>68,850</u>
Net cash flows used in investing activities		<u>(4,898,886)</u>	<u>(5,834,215)</u>
<b>CASH FLOW FROM/(TO) FINANCING ACTIVITIES</b>			
Term loan repayments - NPF	14	<u>(480,000)</u>	<u>(480,000)</u>
Net cash flows used in financing activities		<u>(480,000)</u>	<u>(480,000)</u>
<b>NET INCREASE IN CASH FOR THE YEAR</b>		<b>3,344,776</b>	<b>3,487,191</b>
<b>OPENING CASH BALANCE FROM PRIOR YEAR</b>		<u><b>10,698,214</b></u>	<u><b>7,211,023</b></u>
<b>ENDING CASH BALANCE AT YEAR END</b>		<b>14,042,990</b>	<b>10,698,214</b>
<b>Represented by:</b>			
Cash on hand and at banks	6	3,302,006	5,119,047
Term deposits	7	<u>10,740,984</u>	<u>5,579,167</u>
		<u><b>14,042,990</b></u>	<u><b>10,698,214</b></u>

The accompanying notes form an integral part of the above financial statement.

## **1. GENERAL INFORMATION**

The Authority was established under the Airport Authority Act 1984 and commenced operation in 1986. The previous Act has now been replaced by the Airport Authority Act 2012. The Authority's main functions are to establish, improve, maintain, operate and manage aerodromes and services all facilities in connection with the operation of any aerodromes or with the operation of any aircraft engaged in civil aviation.

## **2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

### **a) Statement of Compliance**

The financial statements have been prepared in accordance with the requirement of the International Financial Reporting Standards adopted by the International Accounting Standards Board (IASB), and interpretations issued by the Standing Interpretations Committee of the IASB.

### **b) Basis of Preparation**

The accounts have been prepared on the basis of historical costs. The accounting policies adopted have been consistently applied by the Authority, except when a stated change is necessary. These financial statements are presented in Samoan Tala (SAT).

### **c) Foreign currency**

Transactions in foreign currency are translated to Tala at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at balance date are translated to Tala at exchange rates ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Tala at the exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognized in the statement of financial performance.

### **d) Property, plant and equipment**

#### *(i) Owned assets*

Items of property, plant and equipment are stated at cost less accumulated depreciation.

Property that is being constructed or developed for future use is classified as work in progress under property, plant and equipment and stated at cost.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Impairment losses on assets disposed as a result of new development are recognised in statement of financial performance and is treated as change in accounting estimates.

Depreciation is charged to statement of financial performance on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Items of Intangible assets are amortised over over their estimated useful life. The rates at which depreciation and amortisation are charged are as follows;

Building	10 - 40 years
Runway, taxiways and aprons	20 years
Plant and equipment	5 - 10 years
Motor vehicles	5 years
Fences	10 years
Furniture and fittings	5 years

### **e) Trade receivables**

Trade and other debtors are stated at their cost less impairment losses. The carrying amount of these assets is reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated at balance date. An impairment loss (doubtful debts) is recognized whenever the carrying amount of a receivable exceeds its recoverable amount. All impairment losses are recognized in the statement of financial performance. The recoverable amount of trade receivables is the estimated future cash flows expected from the asset.

An impairment loss is reversed if there has been a reduction in the estimates used to determine the recoverable amount.

**SAMOA AIRPORT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

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**f) Inventories**

Stocks are stated at the lower of cost and net realizable value.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

**g) Cash and cash equivalents**

Cash and cash equivalents comprise of cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**h) Loans payable**

Loans payable are measured on initial recognition at the amount of the net proceeds

**i) Provisions**

A provision is recognized in the statement of financial position when the Authority has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation

**j) Accounts payable**

Trade and other payables are recognized at cost.

**k) Revenue**

Revenue from departure taxes, duty free levies, landing fees, oil levies, parking fees, and rentals are recognized in the statement of financial performance on an accrual basis. Revenue from the rendering of services is recognized in the statement of financial performance when the significant risks and rewards of ownership have been transferred to the guest or customer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due or the associated costs.

Interest income on investments is recognised as it accrues.

**l) Expenses**

*Salaries & Wages*

Comprises of wages and salaries, bonuses, and leave payments paid to staff as well as the Authority's contribution of SNPF and ACC as required by law are recognized in the statement of financial performance.

*Interest expense*

*Directors' fees and board expenses*

Annual fees for directors are taken up as Directors' fees, whereas sitting allowances and other costs incurred during board meetings, or relating to directors, are classified as board expenses.

**m) Value added goods and services tax**

Revenues, expenses, liabilities and assets are recognized net of the amount of value added goods and services tax (VAGST), except for receivables and payables which are recognized inclusive of VAGST. Where VAGST is not recoverable as an input tax it is recognized as part of the related asset or expenses.

**n) Income tax**

The Authority is not subject to taxation

**o) Changes in accounting policies**

There have been no significant change in accounting policies during the year.

**p) Comparative information**

Comparative information has been restated where necessary to achieve comparability of information and consistency in disclosure with current financial year amounts.

**q) Dividend policy**

The Authority is obligated under Government Dividend Policy to pay to Government a dividend of 50% of net profit.

**r) Intangible assets**

These are capitalised and amortised over a period of 5 years.



**SAMOA AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**8FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>3. OPERATING INCOME</b>		
Departure tax - Faleolo airport	10,294,241	9,397,810
Landing fees	3,967,004	3,073,601
Miscellaneous	111,738	67,527
Parking fees - Aircrafts	153,285	57,577
Parking fees - Motor vehicles	516,428	537,529
Oil levies	193,184	170,217
Rental	479,080	495,799
Electricity recovery	215,918	138,226
Fuel & water recovery	3,462	4,056
VIP operations	45,370	43,200
Ground handling	72,000	66,000
ATS & Security Services - Fagalii	70,943	124,450
Airspace income	480,000	480,000
Gain on foreign exchange	5,939	21,556
Safety & security levies	923,457	2,890
Discount Received	15	-
<b>Total operating income</b>	<b>17,532,064</b>	<b>14,680,438</b>
<b>4. OPERATING EXPENSES</b>		
Advertising	34,810	28,390
Bank charges	4,735	4,269
Board expenses	9,056	22,074
Donation	15,496	5,700
Doubtful debts	19,843	35,136
Electricity	2,429,377	2,003,293
Fuel	307,931	215,932
General expenses	58,289	59,596
Insurance	567,589	476,908
Registration & licensing	32,719	30,044
Loose tools	816	677
Maintenance of aerodromes	339,374	315,135
Ministerial Expenses	2,718	3,534
Office expenses	3,459	8,977
Printing and stationery	75,344	75,655
Professional fees		
Repairs and maintenance - buildings	19,620	41,934
Repairs and maintenance - equipment	48,550	60,529
Repairs and maintenance - furniture & fittings	2,908	
Repairs and maintenance - motor vehicles	32,073	79,489
Staff allowance	500	
Safety gears	17,522	16,361
Salaries and wages	5,619,281	5,352,125
Supplies	157,886	195,694
Telephone, faxes and postage	98,045	108,511
Training	17,115	19,249
Travel	87,671	123,109
Staff uniforms	87,161	5,757
Vehicle running expenses	35,200	22,677
VIP supplies	9,089	8,822
Water rates	5,682	8,993
Waste disposal	30,307	2,660
Loss on foreign exchange	274	205
Discount Allowed	762,555	14,492
Others		658
<b>Total operating expenses</b>	<b>10,932,995</b>	<b>9,346,584</b>

**SAMOA AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
<b>5. INVESTMENTS</b>		
Aggie Grey's Beach Resort Ltd (2.5 million shares)	2,735,000	2,735,000
Provision for Impairment loss on investment value	(1,310,000)	-
	<u>1,425,000</u>	<u>2,735,000</u>
Oceania Aviation Samoa Ltd (76,500 shares)	204,000	204,000
	<u>1,629,000</u>	<u>2,939,000</u>

**Aggie Grey's Beach Resort Ltd**

In 2003, the Authority acquired 1.5 million shares from the then newly established Aggie Grey's Beach Resort Samoa Limited at a par value of \$1.00 per share. Additional shares of 500,000 shares were acquired in December 2006 in exchange for 7 acres of land at \$1.00 per share.

A further 500,000 additional shares were purchased in June 2013 for \$735,000 at \$1.47 per share for Aggie Grey's Beach Resort Samoa Limited.

**Oceania Aviation Samoa Ltd**

In 2010, the Authority acquired 765 ordinary shares in Oceania Aviation Samoa Limited, its joint venture company with Oceania Aviation International Holdings Pty Ltd

**6. CASH ON HAND & AT BANK**

ANZ Bank (Samoa) Ltd	449,079	520,469
Bank of the South Pacific Ltd	2,432,062	4,589,327
National Bank of Samoa Ltd	420,365	8,751
Petty Cash	500	500
	<u>3,302,006</u>	<u>6,119,047</u>

**7. TERM DEPOSITS**

ANZ Bank (Samoa) Ltd	887,772	1,149,593
Bank of the South Pacific Ltd	1,815,041	500,000
Samoa Commercial Bank Ltd	5,306,149	1,255,895
National Bank of Samoa Ltd	2,732,022	2,673,679
	<u>10,740,984</u>	<u>5,579,167</u>

The term deposits with the ANZ Bank (Samoa) Ltd, Bank of the South Pacific Ltd, Samoa Commercial Bank Ltd and National Bank of Samoa Ltd are invested for a period of twelve months or less. The interest rates ranges from 2.75% to 4.5% per annum. The term deposits with the ANZ Bank (Samoa) Ltd, Bank of the South Pacific Ltd, Samoa Commercial Bank and National Bank are pledged as security for the overdraft facilities if needed.

**8. PROPERTY PLANT & EQUIPMENT**

	Land	Aleipata	Runway	Fences	Furniture & Fittings	Motor Vehicles	Buildings	Plant & Equipment	TOTAL
Cost	SAT\$	SAT\$	SAT\$	SAT\$	SAT\$	SAT\$	SAT\$	SAT\$	SAT\$
1 July 2017	20,504,925	42,085	41,526,827	1,434,123	1,094,500	2,459,050	116,294,322	27,186,332	210,542,164
Additions		113,345	55,776	122,791	237,144	279,429	132,722,462	1,659,546	135,190,493
Disposals			(22,576,273)	(847,430)	(441,019)	(743,251)	(104,063,720)	(2,353,199)	(131,024,892)
At 30 June 2018	<u>20,504,925</u>	<u>155,430</u>	<u>19,006,330</u>	<u>709,484</u>	<u>890,625</u>	<u>1,995,228</u>	<u>144,953,064</u>	<u>26,492,679</u>	<u>214,707,765</u>
1 July 2017			36,330,349	1,148,689	918,176	1,622,901	23,428,679	23,736,094	87,184,888
Annual depreciation			914,096	33,986	73,835	288,066	2,636,774	1,259,132	5,205,889
Disposals			(22,390,776)	(844,354)	(440,999)	(748,201)	(18,745,184)	(2,344,120)	(45,513,634)
At 30 June 2018			<u>14,853,669</u>	<u>338,321</u>	<u>551,012</u>	<u>1,162,766</u>	<u>7,320,269</u>	<u>22,651,106</u>	<u>46,877,143</u>
<b>Carrying amount</b>									
30 June 2017	20,504,925	42,085	5,196,478	285,434	176,324	836,149	92,865,643	3,450,238	123,357,275
30 June 2018	<u>20,504,925</u>	<u>155,430</u>	<u>4,152,661</u>	<u>371,163</u>	<u>339,613</u>	<u>832,462</u>	<u>137,632,795</u>	<u>3,841,573</u>	<u>167,830,622</u>

**New Faleolo Airport Terminal Building**

The new Terminal project at Faleolo International Airport was handed over to the government of Samoa in April 2018. Except for the aerobridges, all works were completed and \$329 million yuan was already paid to the construction company as at 30 June 2018, by the Government.

**9. INTANGIBLE ASSETS**

	Website
Cost	SAT\$
1 July 2017	127,012
Additions	87,922
Disposals	(124,838)
At 30 June 2018	<u>90,096</u>
<b>Accumulated amortisation and impairment</b>	
1 July 2017	124,947
Annual amortisation	4,505
Disposals	(124,838)
At 30 June 2018	<u>4,614</u>
<b>Carrying amount</b>	
30 June 2017	<u>2,065</u>
30 June 2018	<u>85,482</u>

Website cost was disclosed as part of Fixed Assets in prior years. Development costs of website is recognised as an Intangible Asset under IAS 38 and requires to be disclosed separately. It is amortised starting April 2018 over 5 years. The new website [www.samoairports.com](http://www.samoairports.com) went live in April 2018 to replace the old website [www.samoairportauthority.ws](http://www.samoairportauthority.ws). It is hosted on CloudFlare through Tomahawk NZ. An annual fee to Tomahawk of NZ\$720.00 is charged to profit and loss for hosting the website.

**10. INVENTORIES**

Inventories represents supplies for the Airport operations, Supplies for Rescue Fire Services & Technical

139,176	137,495
<u>139,176</u>	<u>137,495</u>

**SAMOA AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2018</b>	<b>2017</b>
<b>11. TRADE DEBTORS</b>	<b>\$</b>	<b>\$</b>
Total debtors	1,842,552	1,808,167
Provision for doubtful debts	(129,923)	(129,923)
<b>Net debtors</b>	<b>1,712,629</b>	<b>1,678,244</b>
<i>Movements in the provision for doubtful debts were as follows:</i>		
Balance at beginning of the year	129,923	106,570
Charged to statement of financial performance	-	47,436
Write off against provision	-	(24,083)
Balance at year end	<b>129,923</b>	<b>129,923</b>
<b>12 OTHER DEBTORS AND PREPAYMENTS</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Staff debtors	798	328
Invoice during the year	-	2,186
Payment made during the year	(798)	(1,716)
	<b>798</b>	<b>798</b>
Prepayments and other debtors	490,447	281,871
Provision for doubtful debts - other debtors	-	-
	<b>490,447</b>	<b>282,669</b>
Shanghai Construction Group Company	19,843	19,843
Provision for doubtful debts - other debtors	(19,843)	-
	<b>19,843</b>	<b>19,843</b>
<i>Movement in provision:</i>		
Balance at beginning of the year		
Charged to income statement	19,843	
Write off against provision		
<b>Balance at year end</b>	<b>19,843</b>	
<b>13. OTHER CREDITORS &amp; ACCRUALS</b>		
Audit fees (\$43,800 plus VAGST of \$6,570)	50,370	20,300
Other creditors	304,477	320,554
	354,847	340,854
Provision for annual leave	98,807	119,727
	<b>453,654</b>	<b>460,581</b>
<b>14. TERM LOAN - NPF</b>		
Opening balance	823,857	1,190,973
	68,339	112,645
Add: Bank fees	240	240
Less: Loan repayments from airspace income (MoF)	(480,000)	(480,000)
Closing balance	<b>412,436</b>	<b>823,858</b>
<b>Breakdown of Term loan</b>		
Current portion of term loan	412,436	165,923
Long term portion of term loan		657,934
	<b>412,436</b>	<b>823,857</b>

The term loan with Samoa National Provident Fund was fully drawn down in October 2004 and is secured by 30 acres of land at Faleolo Parcel 782 and Chattel over Instrument Landing System. Interest is charged at 11% per annum for a term of 20 years and the current loan repayment is \$22,297 per month. The loan is paid direct from income earned on airspace through Ministry of Finance.

**SAMOA AIRPORT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**15. DEFERRED INCOME**

Opening balance	85,840,920	-
Additions	47,702,080	85,840,920
less: Amortization for the year	(2,406,978)	-
<b>Ending balance</b>	<b>131,136,022</b>	<b>85,840,920</b>

The loan that funded the Terminal Building project is paid by the Samoan Government and treated as deferred income. Deferred income represents the new terminal building at Faleolo built by Shanghai Group Construction. The first phase of the project was completed in 2017. The second phase was completed in April 018.

**16. RELATED PARTY TRANSACTIONS**

The remuneration of key management personnel are determined by Cabinet and the Board. Key management personnel include the Board of Directors, GM, Assistant GMs for Financial & Commercial, Human Resource, Investigation & Compliance, Works & Maintenance, Operations, Security & Services and Legal Advisor.

Directors and Executive Management Compensation;

(i) Directors

The directors of the Authority, during the period are;

Vaaituitui Apete Meredith	Chairman
Tuala Tommy Stancil	Member
Solialofi Harry Porter	Member
Samau Ieru Lokeni	Member
Tuala Pat Leota	Member
Leota Tima Leavai	Member
Samoa Roy Lee	Member

The directors fees, benefits and Board expenses paid during the year, is \$144,908 including sitting allowances.

(ii) Board Costs

	<b>2018</b>	<b>2017</b>
Board of directors expenses are as follows;	\$	\$
Directors fees	135,852	124,224
Board expenses	9,056	22,074
	<b>144,908</b>	<b>146,298</b>

(iii) Remuneration of Key Management personnel are as follows;

General Manager	124,260	120,048
Assistant GM - Finance & Commercial	84,053	84,053
Assistant GM - Human Resources	87,382	84,053
Assistant GM - Investigation & Compliance	87,382	84,053
Assistant GM - Works & Maintenance	84,053	84,053
Assistant GM - Operations	94,048	85,053
Assistant GM - Security & Services	84,053	84,053
Legal Advisor	84,053	84,053
	<b>729,284</b>	<b>709,419</b>

**17. SAMOA AVIATION INVESTMENT PROJECT (SAIP)- WORLD BANK**

Opening Balance	35,462	(6,101)
Plus: Payments made by SAA	304,999	348,359
	<b>340,461</b>	<b>342,258</b>
Less: Reimbursement from MOF	(227,652)	(306,801)
	<b>112,809</b>	<b>35,457</b>
less: Ineligible (capitalise portion)		
Less: vagst portion		
	<b>112,809</b>	<b>35,457</b>

This relates to the World Bank funded project referred to in Note 18, and the refundable amounts relate to the grant portion of this project of about US\$25 million that the World Bank through MOF reimburses to SAA.



## **18. CONTINGENT LIABILITIES**

The directors are not aware of any contingent liability of the Authority as at 30 June 2018.

## **19. CAPITAL COMMITMENTS**

The Authority has a major project in progress that is expected to be completed in a year or two and is called the Samoa Aviation Investment Project (SAIP).

This is a World Bank project to upgrade the runway, upgrade and extend the apron area for planes to park, upgrade of runway lights, replacement of standby generators and upgrading of communication equipments. The expected cost of the project is USD\$41million of which USD\$25million is by way of a grant, and the remainder to be a loan to be paid by the Authority over a number of years. This project is expected to be completed within a year or two..

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Assets transferred to the Authority by Government	53,567,663	53,567,663
Government contribution to the upgrading of Faleolo airport	9,132,633	9,132,633
Government contribution to the upgrading of Faleolo airport (loan capitalization)	<u>30,750,788</u>	<u>30,750,788</u>
	<b><u>93,451,084</u></b>	<b><u>93,451,084</u></b>

The Government through Cabinet Directive approved the additional capitalisation on the 4th April 2012, as per F.K.(12)14 of the Authority's term loan at 30 June 2011 amounting to \$30,750,788.09. The capitalisation increased Government Contribution from \$62,700,296 to \$93,451,084.

## **21. DIVIDEND PAYABLE**

Dividend payable is based on 50% of net profit of the Authority as required by Government policy under the Public Bodies (Performance & Accountability) Act 2001 and Regulations.

Net Profit - Financial Year 2017 \$540,947 @50%	270,473
Net Profit - Financial Year 2018 \$2,511,077 @50%	<u>1,255,539</u>
	<u>1,255,539</u>
	<u>270,473</u>

The 2017 comparative has been restated to ensure comparability of information and consistency of presentation and to comply with International Accounting Standard 8 (refer note 23).

Dividend was paid in the 2017 financial year for unprovided prior year dividends amounting to \$314,751. The dividend of \$270,473 for 2017 was paid during the year.

## **22. SUBSEQUENT EVENTS**

The directors and management are not aware of any matters or circumstances not otherwise dealt with in the financial statements that has or may significantly affect the 2018 accounts of the Authority.

## **23. PRIOR YEAR ADJUSTMENT**

A prior year adjustment was made to include the dividend to the government based on 2017 net profit. This was not taken up in 2017 and was paid for in 2018.

Retained earnings 2017	(50,020,915)
Prior year adjustment	<u>(270,473)</u>
Restated retained earnings 2017	<u>\$ (50,291,388)</u>

## **24. ASSET REVALUATION RESERVE**

This reserve of \$7,372,697 has now been transferred to Accumulated Profits (Losses), as the assets it relates to have long been disposed off and the reserve realised.