



ANNUAL REPORT

FY 2019



OUR MISSION

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

OUR VISION

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

OUR 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 30th June 2019.

Ma le fa'aaloalo lava,

A handwritten signature in blue ink, likely of Minister Unasa Niko Lee Hang, written over a horizontal line.

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

CHAIRMAN'S MESSAGE

It is always a pleasure to report on the annual achievements of our Team at the Samoa Airport Authority (SAA) and especially this Financial Year ending 30th June 2019 because of the completion of a major infrastructural project and the achievement of record financial results.

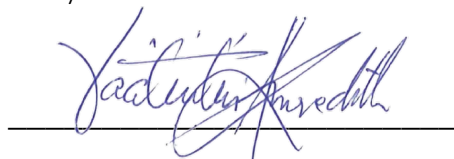
This year saw the successful completion of the Airport Terminal Upgrade Project, with the highlight being the commissioning, in May 2019, of three (3) designated Aerobridges for the new Terminal, a first in Samoa. SAA's other major projects are progressing well; the World Bank Project has seen the completion of the apron for aircraft parking and the runway resurfacing should be completed towards the end of 2019, together with all other technical assistance; the Ti'avea, Aleipata Airport Project is nearing completion as well, despite the many challenges around land issues; and the process has been initiated for the transfer of the Fagali'i Airport asset back to the SAA to manage.

In terms of Financial Performance, SAA has not only exceeded its budget targets, achieving over \$5m in profits (100% more on FY2018) but it is also the first time it has achieved the Government's required rates of return. The Board is very proud of this milestone and wishes to acknowledge the SAA Management Team and the contribution of the former GM Magele Hoe J. Viali.

It is most pleasing that SAA continues to accomplish its planned annual goals despite the many challenges. Providing excellence in the quality of service rendered and commitment to maintaining a high standard of Airport facilities shall be the priority of Management and the Board moving forward. A key area of future focus needs to be in 'international marketing activities' for the new facilities, in conjunction with Samoa Tourism, to attract more international airlines so that we can further improve SAA revenue returns.

Appreciation is expressed for the willingness of our communities to offer support where possible, to enable SAA to implement these projects. We also acknowledge the contributions by all our partners, stakeholders and especially the Government of Samoa in making this a successful financial year.

As Chairman and on behalf of the Samoa Airport Authority Board and Management, it is my pleasure to say "Fa'afetai Tele" and look forward to continue in the same team spirit going forward.



Va'atu'itu'i Apete Meredith
Chairman of the Board
Samoa Airport Authority

GENERAL MANAGER'S REPORT

The Authority is excited about its accomplishments to date and has seen the fruits of its labour in the improvement of service delivery, stable retention and the increased prospects of growth opportunities that correspond to its newly found identity.

Building on our success from 2018, we witnessed this FY the completion of some of our major infrastructural projects and upgrades which has contributed greatly to our organizational and financial success.

The completion of our Terminal Upgrade Project with the commissioning of our first ever Aerobridges were a high point for the Authority as it is testament to our commitment to raising the standard of Faleolo International Airport to international level.

We also applaud the completion of the Apron upgrade and expansion to accommodate the aerobridges operations, installation of a 45m telecom mast at Mt Fiamoe to improve ground-air communication, acquisition of a fully operational Air traffic Control simulator for ongoing on-the-job training and new satellite-based area navigation (RNAV) approaches for Faleolo, Fagalii and Maota that were designed and commissioned in June 2019.

The Authority declared an increase in revenue by approximately 22.2% compared to the last financial year. This increase in revenue was mainly due to a 19.1% increase in operating revenues and a 120% increase in Amortization of Defer Income. This meant that we were able to realize a net profit of \$5M, positioning us at a net profit ratio of 19.8% and Return on Equity (RoE) of 9.2%. The liquidity position of the Authority in the short term remains strong with the Current Ratio at 6.20:1.

An increase of 20.86% in passenger movements was recorded this FY. Although flight numbers decreased, the use of wide body aircraft has maintained and increased capacity. A contributing factor is the jet operations by Samoa Airways in filling the void left by the withdrawal of Virgin services to New Zealand and improved capacity to Australia.

SAA looks to complete the aerodrome development at Tiavea by June 2020. For Faleolo, completion of runway lighting, Very High Frequency (VHF) communications upgrade, placement of a new fiber-optic ring and improvement of power systems and launching of the new MEX asset management and maintenance system are expected to be fully operational in the next financial year.

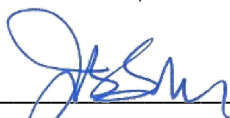
SAA is also excited about the takeover of Fagalii Airport in the same instance exploring of opportunities available through Public, Private Partnerships (PPPs).

Our goals and plans would have been futile had we not invested and retained the level of skill in our people through upskilling initiatives, local and international training, vocational studies and training and competitive working incentives. SAA boasts a dynamic workforce consisting of qualified professionals, tradesmen, security specialized personnel, rescue fire fighters, licensed air traffic controllers and even laborers-who together, halved the challenges by mobilizing as one team on a daily basis to do 'their bit'

It is pleasing to see that the investment in our People has resulted in 80% of our workforce operating at *above average* standard in accordance with our individual performance assessments.

I take the opportunity to acknowledge and thank the Government, our Development Partners, Stakeholders, Board of Directors for their guidance and the management and staff of SAA for their continued support and contributions to our success.

Ma le fa'aaloalo lava,



Silimana'i Ueta Solomona Jr.
General Manager
Samoa Airport Authority

1. PERFORMANCE HIGHLIGHTS

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



SAT\$5M
NET PROFIT



SAT\$1.75M
DIVIDEND TO GOS



9.2%
RETURNS ON EQUITY



\$200K
SOUTH PACIFIC GAMES
DONATION



20.86%
PASSENGER MOVEMENT



78.84%
STAFF PERFORMANCE
ABOVE AVERAGE



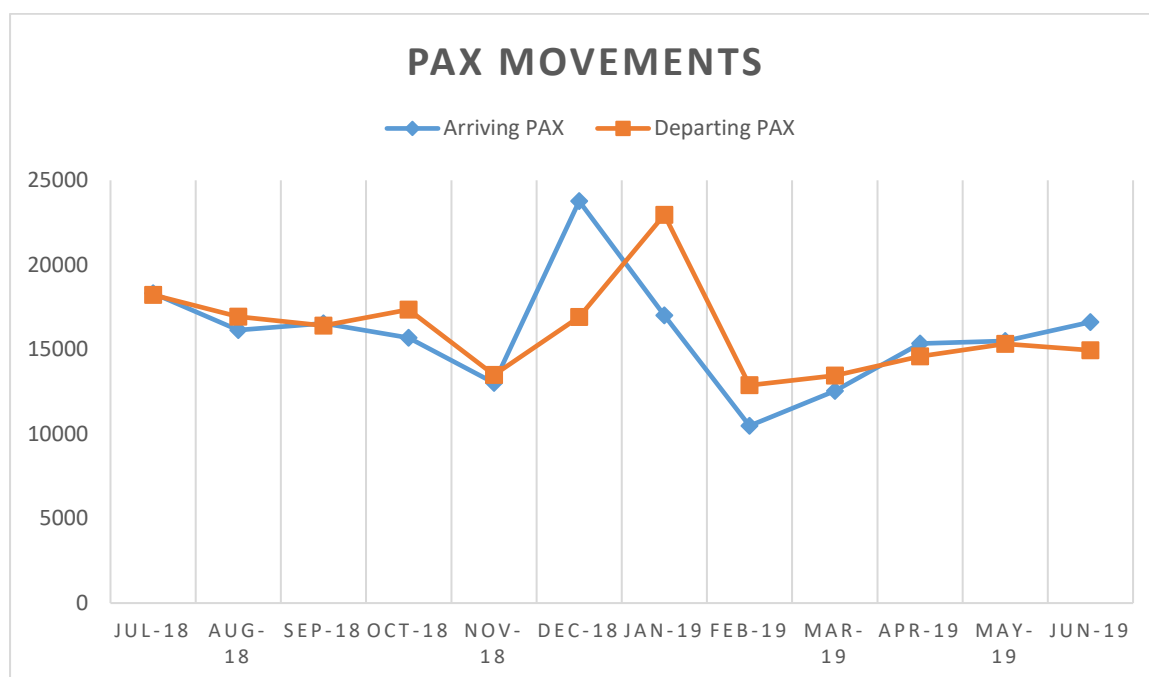
CHINA READY
ACCREDITATION
FIRST IN THE PACIFIC

1. PERFORMANCE HIGHLIGHTS

Key Financial Performance

	FY 17-18	FY18-19
Net Profit	SAT\$2,511,077	SAT\$5,005,014
Dividend to GoS	SAT\$1,255,539 (50%)	SAT\$1,751,000 (35%)
RoE	4.7%	9.2%
Capital Investments	SAT\$135,190,495	SAT\$5,499,487

Passenger Movement



Arriving Passenger Movements

Jul-17	17602	Jul-18	18312	4.03%
Aug-17	14293	Aug-18	16135	12.89%
Sep-17	14267	Sep-18	16541	15.94%
Oct-17	13719	Oct-18	15682	14.31%
Nov-17	12199	Nov-18	13015	6.69%
Dec-17	21387	Dec-18	23767	11.13%
Jan-18	15631	Jan-19	17019	8.88%
Feb-18	9242	Feb-19	10482	13.42%
Mar-18	11675	Mar-19	12548	7.48%
Apr-18	12423	Apr-19	15342	23.50%
May-18	14012	May-19	15508	10.68%
Jun-18	15884	Jun-19	16612	4.58%
TOTAL	172334	TOTAL	190963	10.81%

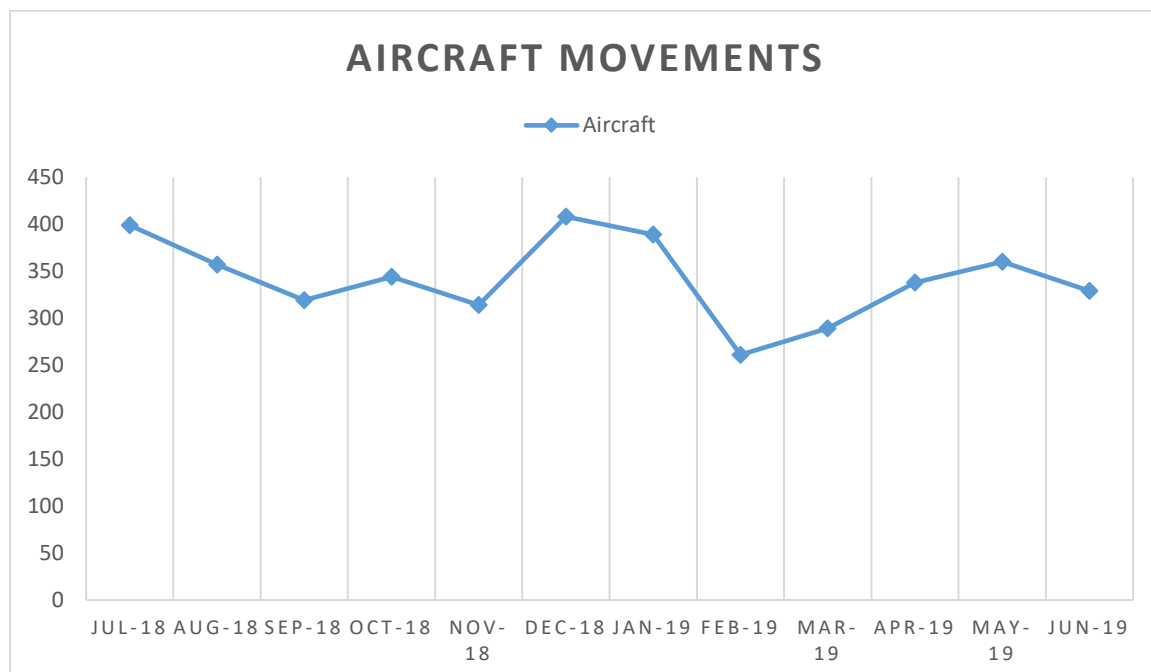
1. PERFORMANCE HIGHLIGHTS

Departing Passenger Movements

Jul-17	17537	Jul-18	18230	3.95%
Aug-17	15197	Aug-18	16931	11.41%
Sep-17	14146	Sep-18	16400	15.93%
Oct-17	14266	Oct-18	17350	21.62%
Nov-17	13484	Nov-18	13495	0.08%
Dec-17	15993	Dec-18	16909	5.73%
Jan-18	20986	Jan-19	22961	9.41%
Feb-18	11768	Feb-19	12880	9.45%
Mar-18	11340	Mar-19	13454	18.64%
Apr-18	13571	Apr-19	14589	7.50%
May-18	13013	May-19	15323	17.75%
Jun-18	14510	Jun-19	14958	3.09%
TOTAL	175811	TOTAL	193480	10.05%

1. PERFORMANCE HIGHLIGHTS

Aircraft Movements



Aircraft Movements

Jul-17	364	Jul-18	399	9.62%
Aug-17	343	Aug-18	357	4.08%
Sep-17	309	Sep-18	319	3.24%
Oct-17	333	Oct-18	344	3.30%
Nov-17	359	Nov-18	314	-12.53%
Dec-17	456	Dec-18	408	-10.53%
Jan-18	451	Jan-19	389	-13.75%
Feb-18	319	Feb-19	261	-18.18%
Mar-18	322	Mar-19	289	-10.25%
Apr-18	337	Apr-19	338	0.30%
May-18	311	May-19	360	15.76%
Jun-18	336	Jun-19	329	-2.08%
TOTAL	4240	TOTAL	4107	

While Passenger Movements has increased compared to the last Financial Year, Aircraft movement has decreased due to the use of wide bodied aircraft, particularly during peak periods such as Christmas, Teuila Festival, Independence, etc.

2. 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:

1.	Apron expansion works to accommodate aerobridge operations	
	A much-needed upgrade for safety of aircrafts and for the facilitations of aerobridge operations.	Complete
2.	Install and Commission Aerobridges	
	On the 28 th May, the new Aerobridges were officially opened for operations which has achieved effective passenger facilitation and an overall positive customer experience.	Complete
3.	Implementation of Non-Passenger Screening	
	Three (3) NPS Stations are now operating to facilitate airside access for staff working at the Terminal.	Complete
4.	Construction of new Incinerator Building	
	In conjunction with MAF requirements and appropriate Bio-Security Laws, an incinerator building was built to safely destroy seized materials/goods and products.	Complete
5.	Free Wi-Fi Service	
	A first ever free Wi-Fi service is operational providing travelers and the public with 1-hour free usage in the Terminal and VIP Rooms.	Complete
6.	Emergency Operations Centre Refit	
	Our Emergency Operations Centre is fully active with all aids and equipment installed for carrying our Emergency Responses.	Complete
7.	Improvements of the Rescue Fire Station following TC Gita	
	The RFS building was refurbished and strengthened after the damage caused by TC Gita.	Complete
8.	Construct new fence to encompass Satapuala lands	
	A new chain-link fence of approximately 800meters was built and completed to encompass exchanged Satapuala village lands which the government earmarked for the extension of the Airport.	Complete
9.	Refurbish old SAA Office building into a Multipurpose Hall	
	The SAA boasts a newly refurbished Multi-purpose Hall which has been utilized for church services, meeting and commercial purposes.	Complete
10.	Commissioning of a new 45m telecommunications mast at the Main Transceiver Site at Mt. Fiamoe	
	Mt. Fiamoe Tower was constructed to improve VHF coverage and provide protection of air-ground communications.	Complete

11. Acquisition of an Air Traffic Control Simulator to ensure ongoing compliance of ATC Officers and Trainees.

A simulator was acquired to provide realistic trainings for Air Traffic Services staff. The Simulator performs all ATC tasks for Air Traffic Controllers when not engaged with actual air traffic. It has been in plans for the Authority to acquire a simulator for its ATS Unit to ensure controllers' currency in the ratings they practice is valid. It is also an ideal training tool to simulate responses to emergency situations.	Complete
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12. Construct perimeter access road at Faleolo

A perimeter access road has been constructed by Downer Construction as an offshoot, utilizing the old runway tar dug up for reuse as asphalt to pave old road around the Faleolo Airport compound used by Security patrol.	Complete
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13. Satellite Based Instrument Approaches

Funded by the New Zealand Government new satellite-based area navigation (RNAV) approaches for Faleolo, Fagalii and Maota airports were designed and commissioned in June 2019.	Complete
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Newly installed Aerobridges



Air Traffic Controller Simulator



45m telecom mast at Mt. Fiamoe



Runway Works

2. INVESTMENTS



Faleolo perimeter access road



RFS Improvements



Fencing at Satapuala



Non-Passenger Screening X-Ray

3. IN PROGRESS

Tiavea Airport

Completion date for Phase 1 is expected to be in December, 2019.



Projects/Investments that are expected to be completed within the next Financial Year:

A	Installation of new airfield lighting and cabling
B	Asset Management & Maintenance System
C	Replacement of Air Traffic Control communications equipment
D	Replacement of the old electricity generators
E	Replacement of old water tanks with a single ground placed 70K liter tank
F	Implementation of the Airport services training program
G	Excavation & Clearance of Aleipata Airport site at Tiavea
H	Takeover of Fagalii Airport
I	Improvements of Maota & Asau Airports
J	Commence design of 300m runway extension
K	Complete Coastline Protection study & implement action plan

4. DOMESTIC AIRPORTS

MAOTA AND ASAU AIRPORTS

Both aerodromes continue to be operational under AC139-7 Standards.

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



5. LEARNING & DEVELOPMENT

In the reporting period the SAA engaged over 55% of its staff in training and development initiatives both locally and internationally.

Technical & Generic Training opportunities

- 13 Overseas Trainings.
- 40 Local Trainings completed

Leadership Training:

The entire middle management and Senior officers were engaged in Leadership Capabilities and Train the Trainer training to complement their expertise in their respective fields.

Technical Training

Advanced Airport Pavement maintenance & design, Aerobridge Masters, Advanced Procurement, Advanced Air Traffic Control specialists, Advanced Technical Operations, Advanced Certificate Electricians, Environmentalists & Climate Change Adaptation, Civil Engineering, Instrumental Landing Systems maintenance & management, High Voltage Generator upgrading in both skills & knowledge, Advanced Airport Safety & Security, Aeronautical Information Management, MEX Asset management and maintenance systems.



Airside Safety Awareness Training



Emergency Evacuation Drill

Generic Training

Basic Management Skill, Report Writing, Record Keeping & Filing, Time Management, Leadership Skills, Customer Service, Basic Accounting Skills, Debt Collecting Skills, Strategic Planning, HR & Administration Manual, OS&H, Safety Management Skills, Train the Trainer.

BOARD OF DIRECTORS



Va'atu'itu'i Apete Meredith
Chairman of the Board



Samau Ieru Lokeni
Board Director



Solialofi Harry Porter
Board Director



Tuala Tommy Stancil
Board Director



Tuala Pat Leota
Board Director



Leota Tima Le'avai
Board Director



Inu Amosa Pouoa
Board Director

EXECUTIVE MANAGEMENT



Silimana'i Ueta Solomona Jr.

General Manager



Savaiinaea Tagaloa Ringo-Starr Jensen

**Assistant General Manager
Finance & Commercial Unit**



Vai Palepua Solaese

**Assistant General Manager
Compliance & Investigations Unit**



Tagaloasa Sala Uili Matafeo

**Assistant General Manager
HR & Support Services Unit**



Tumanuvao Evile Falefatu

**Assistant General Manager
Security Services Unit**



Elemesi Schmidt

Legal Advisor

AUDITORS REPORT

SAMOA AIRPORT AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

AUDITORS REPORT

**SAMOA AIRPORT AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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AUDITORS REPORT

DIRECTORS REPORT

The directors present their report together with the financial statements of the Authority for the year ended 30 June 2019 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
Leota Tima Leavai	Member
Solialofi Vaipou Harry Porter	Member
Tuala Pat Leota	Member
Tuala Tommy Stancil	Member
Inu Amosa Pouoa	Member

Principal activities

The principal activities of the Authority 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.

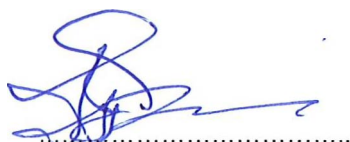
State of affairs

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 2019 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

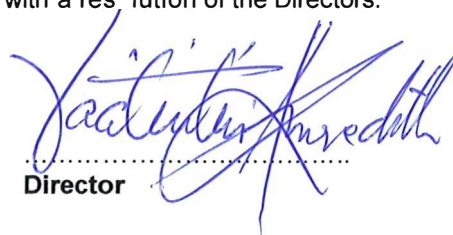
The Operating Profit for the year ended 30 June 2019 was **\$5,005,014 (2018: Profit \$2,511,077)**

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



Director

17 October 2019
Apia



Director

AUDITORS REPORT

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

P.O Box 13
APIA, SAMOA

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 2019, 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 2019, and of its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (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:

AUDITORS REPORT

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 17th October 2019 and our opinion is expressed as at that date.

Apia, Samoa
17 October 2019


Jaslyn T. Mariner-Leota
ASSISTANT CONTROLLER AND AUDITOR GENERAL


AUDITORS REPORT

SAMOA AIRPORT AUTHORITY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2019 \$	2018 \$
CURRENT ASSETS			
Cash on hand and at bank	6	1,206,486	3,302,006
Term deposits	7	11,009,022	10,740,984
Trade debtors	11	2,352,158	1,712,629
Other debtors and prepayments	12	310,272	490,447
SAIP Project - World Bank	17	199,500	112,809
Inventories	10	147,097	139,176
Withholding tax		23,886	18,762
Shanghai Construction Group Company	12		
Total current assets		15,248,421	16,516,813
NON-CURRENT ASSETS			
Intangible assets	9	72,213	85,482
Investments	5	3,155,000	1,629,000
Property, plant and equipment	8	165,560,524	167,830,622
Total non-current assets		168,787,737	169,545,104
TOTAL ASSETS		184,036,158	186,061,917
CURRENT LIABILITIES			
Creditors		210,727	38,905
Other creditors and accruals	13	413,777	354,847
Current portion of term loan	14		412,436
Provision for annual leave	13	147,609	98,807
Vagst payable		54,574	234,194
Dividend payable	21	1,607,212	1,255,539
		<u>2,433,899</u>	<u>2,394,728</u>
NON-CURRENT LIABILITIES			
Long term portion of term loan	14		
Deferred Income	15	125,817,833	131,136,022
Total non-current liabilities		125,817,833	131,136,022
TOTAL LIABILITIES		128,251,732	133,530,750
NET ASSETS		\$ 55,784,426	\$ 52,531,167
CAPITAL AND RESERVES			
Capital - Government contributions	20	93,451,084	93,451,084
General reserves		743,235	743,235
Accumulated losses		(38,409,893)	(41,663,153)
		\$ 55,784,426	\$ 52,531,167

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

On behalf of the Board;


 Director


 Director

AUDITORS REPORT

SAMOA AIRPORT AUTHORITY STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	Notes	\$	\$
Income			
Operating income	3	19,085,612	16,769,509
Interest income		391,386	412,980
Gain on sale of fixed assets		53,600	46,000
Gain on investment		60,000	
Advertising commission		291,128	278,574
Dividend income			13,770
Amortisation of deferred income	15	5,318,189	2,406,978
Gain on sale of shares	5	86,700	
		25,286,615	19,927,811
Expenses			
Amortisation-Intangible assets	9	18,269	4,505
Audit fees		46,100	43,800
Departure tax commission		336,617	307,572
Depreciation	8	7,769,585	5,205,889
Directors fees	16	129,284	135,852
Impairment loss on investment value	5		1,310,000
Interest on loans	2(l), 14	20,494	68,339
Loss on disposal of fixed assets			170,337
Operating expenses	4	11,961,252	10,170,440
		20,281,601	17,416,734
Net (Loss)/Profit for the year		5,005,014	2,511,077
Other comprehensive income		5,005,014	2,511,077

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

AUDITORS REPORT

SAMOA AIRPORT AUTHORITY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Issued and Paid Up Capital	Assets Revaluation	General Reserves	Accumulated Profit/(Loss)	Total
Balance as at 1 st 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					(314,751)	(314,751)
Balance as at 30th June 2017		93,451,084	7,372,697	743,235	(50,020,915)	51,546,101
Prior year adjustment - Dividend 2017	23				(270,473)	(270,473)
Balance at 30th June 2017 - Restated		93,451,084	7,372,697	743,235	(50,291,388)	51,275,628
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)
Balance at 30th June 2018		93,451,084		743,235	(41,663,153)	52,531,167
Net profit for the year					5,005,014	5,005,014
Interim dividend paid	21				(521,205)	(521,205)
Final dividend 2019	21				(1,230,550)	(1,230,550)
Balance at 30th June 2019		93,451,084		743,235	(38,409,893)	55,784,426

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

AUDITORS REPORT

**SAMOA AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2019 \$	2018 \$
CASH FLOW FROM/(TO) OPERATING ACTIVITIES			
Cash received from customers		24,360,650	19,882,912
Cash paid to suppliers, expenses and personnel		(12,732,492)	(11,159,250)
Net cash flows from operating activities		<u>11,628,158</u>	<u>8,723,662</u>
CASH FLOW FROM/(TO) INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment		(10,749,851)	(5,094,759)
Investment in UTOS		(1,730,000)	
Interest received on term deposits and ANZ current account		386,262	406,576
Proceeds from sale of property, plant and equipment		53,600	46,000
Proceeds from selling of Oceania Aviation shares		290,700	
Dividends received from UTOS		160,000	
Dividends paid to Government	21	(1,400,082)	(270,473)
Dividends received from Oceania			13,770
Net cash flows used in investing activities		<u>(12,989,370)</u>	<u>(4,898,886)</u>
CASH FLOW FROM/(TO) FINANCING ACTIVITIES			
Term loan repayments - NPF	14	(466,270)	(480,000)
Net cash flows used in financing activities		<u>(466,270)</u>	<u>(480,000)</u>
NET INCREASE IN CASH FOR THE YEAR		(1,827,482)	3,344,776
OPENING CASH BALANCE FROM PRIOR YEAR		14,042,990	10,698,214
ENDING CASH BALANCE AT YEAR END		12,215,508	14,042,990
Represented by:			
Cash on hand and at banks	6	1,206,486	3,302,006
Term deposits	7	11,009,022	10,740,984
		12,215,508	14,042,990

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

AUDITORS REPORT

SAMOA AIRPORT AUTHORITY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 requirements 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

(i) Historical Cost

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).

(ii) New Standards adopted by Samoa Airport Authority

The Authority has applied the following standards for the first time for their annual reporting period commencing 1 July 2018: IFRS 9 Financial Instruments and IFRS 15 Revenue from Contract with Customers.

The Authority had to change its accounting policies and make certain retrospective adjustments following the adoption of IFRS 9 and IFRS 15.

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.

(ii) Depreciation

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 their estimated useful life. The rates at which depreciation and amortisation are charged are as follows;

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

AUDITORS REPORT

SAMOA AIRPORT AUTHORITY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

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

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 and the performance obligations under contract have been met. 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

Interest on loan and overdraft accounts are recognized in the statement of financial performance

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.

AUDITORS REPORT

SAMOA AIRPORT AUTHORITY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

n) Income tax

The Authority is not subject to taxation.

o) Changes in accounting policies

Impairment of Financial Assets

The Authority has adopted the simplified expected credit loss model for its trade receivables as required by IFRS 9, paragraph 5.5.15.

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 35% (2018: 50%) of net profit. This change in rate from 50% was made under FK(18)25 of 8 August 2018.

r) Intangible assets

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

s) Leases

Leases are accounted for under IAS 17 but effective for reporting periods beginning on or after 1 January 2019, IFRS 16 becomes effective. Under the new Standard, accounting by lessees will require recognition of the 'right of use assets' and lease liabilities reflecting future lease payments over term of lease, except when term is 12 months or less and values are small. The accounting by lessors remain relatively the same as in IAS 17. Lessor leases are treated either as a finance lease or an operating lease. All lessor leases by the Authority have been assessed as operating leases.

	2019	2018
	\$	\$
3. OPERATING INCOME		
Departure tax - Faleolo airport	11,275,482	10,294,241
Landing fees	3,500,679	3,284,283
Miscellaneous	149,895	111,738
Parking fees - Aircrafts	80,919	116,930
Parking fees - Motor vehicles	592,376	516,428
Oil levies	226,041	193,184
Rental	852,795	479,080
Electricity recovery	324,775	215,918
Fuel & water recovery		3,462
VIP operations	42,000	45,370
Ground handling	72,000	72,000
ATS & Security Services - Fagalii		64,991
Upper airspace income	466,270	442,473
Gain on foreign exchange	4,798	5,939
Safety & security levies	1,205,394	923,457
Discount received		15
Lower airspace	292,188	
Total operating income	19,085,612	16,769,509
4. OPERATING EXPENSES		
Advertising	82,608	34,810
Bank charges	3,943	4,735
Board expenses	13,053	9,056
Donation	215,051	15,496
Doubtful debts	58,788	19,843
Electricity	2,639,966	2,429,377

AUDITORS REPORT

SAMOA AIRPORT AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Fuel	422,931	307,931
General expenses	83,203	58,288
Insurance	942,095	567,589
Registration & licensing	38,365	32,719
Loose tools	2,323	816
Maintenance of aerodromes	430,546	339,374
Ministerial Expenses	5,559	2,718
Office expenses	4,378	3,459
Printing and stationery	65,489	75,344
Professional fees	13,715	
Repairs and maintenance -buildings	5,821	19,620
Repairs and maintenance -equipment	29,835	48,550
Repairs and maintenance - furniture & fittings	77	2,908
Repairs and maintenance -motor vehicles	25,547	32,073
Staff allowance		500
Safety gears	14,908	17,522
Salaries and wages	6,323,477	5,619,281
Supplies	150,235	157,886
Telephone, faxes and postage	137,693	98,045
Training	10,527	17,115
Travel	131,752	87,671
Staff uniforms	20,676	87,162
Vehicle running expenses	26,602	35,200
VIP supplies	8,083	9,089
Water rates	28,254	5,682
Waste disposal	23,867	30,307
Loss on foreign exchange	146	274
Discount Allowed		
Interest on overdraft	1,739	
Total operating expenses	11,961,252	10,170,440

AUDITORS REPORT

SAMOA AIRPORT AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
5. INVESTMENTS		
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)	(1,310,000)
	<u>1,425,000</u>	<u>1,425,000</u>
Oceania Aviation Samoa Ltd (76,500 shares)		204,000
UTOS (1,061,349 units)	1,730,000	
	<u>3,155,000</u>	<u>1,629,000</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. In January 2019, the Authority sold back its shares at a value of \$3.80 per ordinary share and realises a gain in the Statement of Financial Performance of \$86,700.

6. CASH ON HAND & AT BANK

ANZ Bank (Samoa) Ltd	73,618	449,079
Bank of the South Pacific Ltd	401,506	2,432,062
National Bank of Samoa Ltd	730,862	420,365
Petty Cash	500	500
	<u>1,206,486</u>	<u>3,302,006</u>

7. TERM DEPOSITS

ANZ Bank (Samoa) Ltd	927,691	887,772
Bank of the South Pacific Ltd	6,305,944	1,815,041
Samoa Commercial Bank Ltd	1,368,361	5,306,149
National Bank of Samoa Ltd	2,407,026	2,732,022
	<u>11,009,022</u>	<u>10,740,984</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 3% to 5.65% 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	WIP Aleipata	Runway	Fences	Furniture & Fittings	Motor Vehicles	Buildings	Plant & Equipment	TOTAL
Cost	SAT\$	SAT\$	SAT\$	SAT\$	SAT\$	SAT\$	SAT\$	SAT\$	SAT\$
1 July 2018	20,504,925	155,430	19,006,330	709,484	890,625	1,995,228	144,953,064	26,492,679	214,707,765
Additions		3,172,033		77,478	31,675	329,326	926,339	962,636	5,499,487
Disposals						(67,826)			(67,826)
At 30 June 2019	<u>20,504,925</u>	<u>3,327,463</u>	<u>19,006,330</u>	<u>786,962</u>	<u>922,300</u>	<u>2,256,728</u>	<u>145,879,403</u>	<u>27,455,315</u>	<u>220,139,426</u>
Accumulated depreciation and impairment									
1 July 2018			14,853,669	338,321	551,012	1,162,766	7,320,269	22,651,106	46,877,143
Annual depreciation			885,858	55,606	114,554	316,488	5,422,098	974,981	7,769,585
Disposals						(67,826)			(67,826)
At 30 June 2019			<u>15,739,527</u>	<u>393,927</u>	<u>665,566</u>	<u>1,411,428</u>	<u>12,742,367</u>	<u>23,626,087</u>	<u>54,578,902</u>
Carrying amount									
30 June 2018	20,504,925	155,430	4,152,661	371,163	339,613	832,462	137,632,795	3,841,573	167,830,622
30 June 2019	<u>20,504,925</u>	<u>3,327,463</u>	<u>3,266,803</u>	<u>393,035</u>	<u>256,734</u>	<u>845,300</u>	<u>133,137,036</u>	<u>3,829,228</u>	<u>166,560,524</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. All works were completed and used in 2018 except for the Aerobridges which were used in 2019. \$340 million yuan for the project cost had been paid to the construction company by the Government, in 2018.

9. INTANGIBLE ASSETS

	Website SAT\$
Cost	
1 July 2018	90,096
Additions	5,000
Disposals	
At 30 June 2019	<u>95,096</u>
Accumulated amortisation and impairment	
1 July 2018	4,614
Annual amortisation	18,269
Disposals	
At 30 June 2019	<u>22,883</u>
Carrying amount	
30 June 2018	85,482
30 June 2019	<u>72,213</u>

AUDITORS REPORT

SAMOA AIRPORT AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 went live in April 2018 to replace the old website 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

147 097	139 176
<u>147,097</u>	<u>139,176</u>

11. TRADE DEBTORS

Total debtors

Provision for doubtful debts

Net debtors

Movements in the provision for doubtful debts were as follows:

Balance at beginning of the year

Charged to statement of financial performance

Write off against provision

Balance at year end

2019

\$

2,540,869

(188,711)

2,352,158

2018

\$

1,842,552

(129,923)

1,712,629

129,923

58,788

188,711

129,923

129,923

12 OTHER DEBTORS AND PREPAYMENTS

Staff debtors

Invoice during the year

Payment made during the year

2019

\$

2018

\$

798

(798)

Prepayments and other debtors

SNPF - Loan overpayment refundable

277,132

33,140

310,272

490,447

490,447

Shanghai Construction Group Company

Provision for doubtful debts - other debtors

19,843

(19,843)

19,843

(19,843)

Movement in provision:

Balance at beginning of the year

Charged to income statement

Write off against provision

Balance at year end

19,843

19,843

19,843

19,843

13. OTHER CREDITORS & ACCRUALS

Audit fees (\$43,800 plus VAGST of \$6,570)

Other creditors

Provision for annual leave

50,370

363,407

413,777

147,609

561,386

50,370

304,477

354,847

98,807

453,654

AUDITORS REPORT

SAMOA AIRPORT AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

14. TERM LOAN

Opening balance	412,436	823,857
Add: Interest	20,494	68,339
Add: Bank fees	200	240
Less: Loan repayments from airspace income (MoF)	(466,270)	(480,000)
Transfer to Other debtors - Refundable overpayment	33,140	
Closing balance		412,436

Breakdown of Term loan

Current portion of term loan		412,436
Long term portion of term loan		412,436

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.

The term loan was cleared in June 2019 and an overpayment of \$33,140 was refunded in July 2019. The income from MOF has since been ceased and Samoa Airport Authority will no longer receive any income for upper airspace.

15. DEFERRED INCOME

Opening balance	131,136,022	85,840,920
Additions		47,702,080
less: Amortization for the year	(5,318,189)	(2,406,978)
Ending balance	<u>125,817,833</u>	<u>131,136,022</u>

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 2018. The new terminal and associated buildings was built under a loan agreement between the government of Samoa and the People's Republic of China. The assets have an estimated useful life of 40 years and are depreciated using the straight line method. Deferred income is amortized on a basis consistent with the useful life of class of assets, from 5 years to 40 years.

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 and Legal Advisor.

Directors and Executive Management Compensation;

(i) Directors

The directors of the Authority, during the period are;

Vaaitui Apete Meredith	Chairman
Tuala Tommy Stancil	Member
Solialofi Harry Porter	Member
Samau Ieru Lokeni	Member
Tuala Pat Leota	Member
Leota Tima Leavai	Member

AUDITORS REPORT

SAMOA AIRPORT AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Inu Amosa Pouoa (to replace Samoa Roy Lee New Member

The directors fees, benefits and Board expenses paid during the year, is \$ 142,337 including sitting allowances.

(ii) Board Costs	2019	2018
Board of directors expenses are as follows;	\$	\$
Directors fees	129,284	135,852
Board expenses	13,053	9,056
	<u>142,337</u>	<u>144,908</u>
(iii) Remuneration of Key Management personnel are as follows;		
Former General Manager	71,688	124,260
New General Manager	50,543	
Assistant GM - Finance & Commercial	84,053	84,053
Assistant GM - Human Resource	87,382	87,382
Assistant GM - Investigation & Compliance	87,382	87,382
Assistant GM - Works & Maintenance	84,053	84,053
Assistant GM - Operations	94,048	94,048
Assistant GM - Security & Services	84,053	84,053
Legal Advisor	84,053	84,053
	<u>727,255</u>	<u>729,284</u>

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

Opening Balance	112,809	35,462
Plus: Payments made by SAA	337,729	304,999
	450,538	340,461
Less: Reimbursement from MOF	<u>(251,038)</u>	<u>(227,652)</u>
	199,500	112,809

This relates to the World Bank funded project referred to in Note 19, 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 2019.

19. CAPITAL COMMITMENTS

The Authority has two major projects in progress, one is the Samoa Aviation Investment Project (SAIP) that is expected to be completed in March 2020 and the other is the Tiavea Airport Clearing and Levelling Project which is expected to be completed in September 2019.

SAIP 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. The completion date for the project is November 2019 but is now extended until the end of March 2020.

The Authority is responsible for the clearing and levelling the land at Tiavea and has signed up a contract with Aldan Construction to carry out the work. The project is still in progress and variations were made in November 2018 to extend the project timeframe until September 2019 due to poor weather conditions. The government has already paid compensations to families to relocate and are looking for an international donor/partner for the construction of the new Airport.

AUDITORS REPORT

SAMOA AIRPORT AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
20. CAPITAL - GOVERNMENT CONTRIBUTIONS		
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)	30,750,788	30,750,788
	<u>93,451,084</u>	<u>93,451,084</u>

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 35% (2018: 50%) of net profit of the Authority as required by Government policy under the Public Bodies (Performance & Accountability) Act 2001 and Regulations.

	2019	2018
	\$	\$
Opening balance	1,255,539	270,473
Payments during year:		
Less: Payments relating to prior year dividend	(878,877)	(270,473)
Payment interim dividend 2019 year	<u>(521,205)</u>	
	(144,544)	
Add: Dividends declared for year:		
50% of Net Profit 2018 - \$2,511,077		1,255,539
35% of Net Profit 2019 - \$5,005,014	1,751,755	
Closing balance	<u>1,607,212</u>	<u>1,255,539</u>

The dividend of \$878,877 was paid to the government within the financial year ending 30 June 2019. A further interim dividend of \$521,205 was also paid out during the year and was based on the second quarter of this financial year. Final dividend for the year is \$1,230,550 (Dividends for year of \$1,751,755 less interim dividend paid for year of \$521,205).

22. SUBSEQUENT EVENTS

The directors and management are not aware of any subsequent events or circumstances not otherwise dealt with in the financial statements that has or may significantly affect the 2019 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>