



# ANNUAL **REPORT** 2015



SAMOA SHIPPING CORPORATION LIMITED

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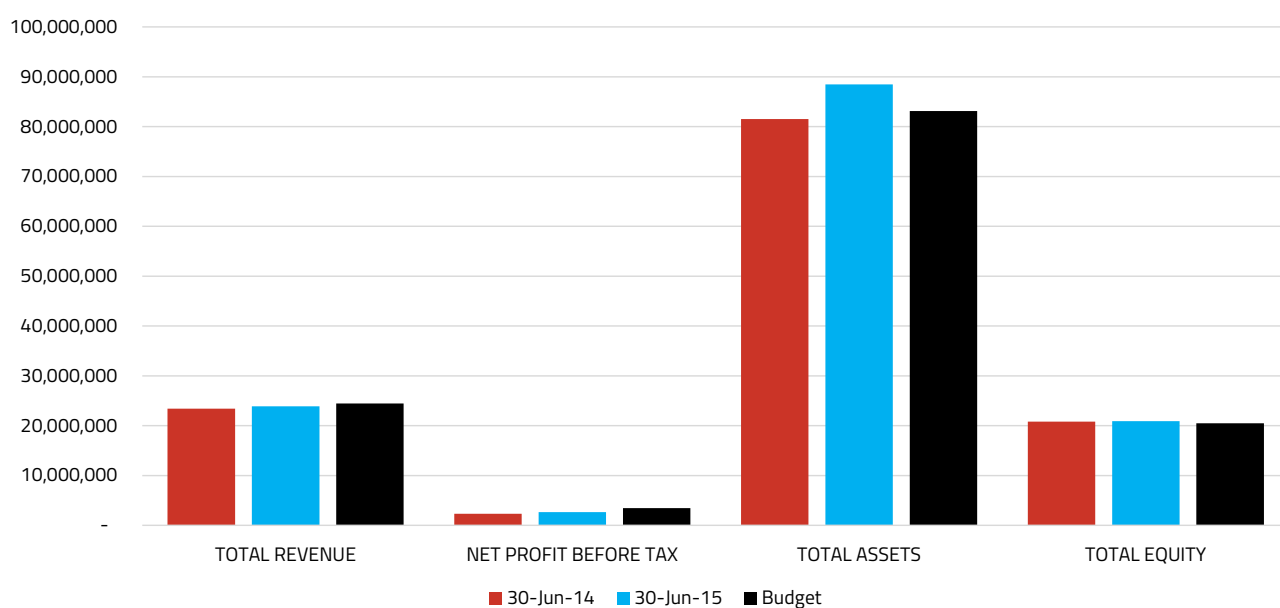


## KEY FINANCIAL INDICATORS

For the years ended 30th June

|                       | 30-Jun-14  | 30-Jun-15  | Budget     |
|-----------------------|------------|------------|------------|
| TOTAL REVENUE         | 23,441,264 | 23,900,661 | 24,465,946 |
| NET PROFIT BEFORE TAX | 2,336,113  | 2,683,995  | 3,462,595  |
| TOTAL ASSETS          | 81,524,913 | 88,463,671 | 83,141,479 |
| TOTAL EQUITY          | 20,806,165 | 20,928,956 | 20,475,488 |

**Key Financial Data**



## STATEMENT TO PARLIAMENT

The Honourable Speaker  
Members of Parliament  
Mulino  
APIA



### DECLARATION FROM THE RESPONSIBLE MINISTER

In pursuant with the provisions of the Public Bodies Act 2006, I, Manualesagalala Enokati Posala; Minister of Works, Transport and Infrastructure and the Responsible Minister for Samoa Shipping Corporation Ltd do hereby present to Parliament the Annual Report of the Corporation for the Financial Year ended 30 June 2015.

Ma le faaaloalo tele lava.

Soifua,

A handwritten signature in black ink, appearing to read 'Manualesagalala Enokati Posala'.

Hon. Manualesagalala Enokati Posala

**MINISTER OF WORKS, TRANSPORT & INFRASTRUCTURE**

**RESPONSIBLE MINISTER – SAMOA SHIPPING CORPORATION LTD**



## MESSAGE FROM THE CHAIRMAN

As Chairman it is my great privileged on behalf of the Board of Directors to report on the current state of the Corporation for the Financial Year ending 30th June 2015. The role of the Board cannot be overemphasized to ensure that the vision of the Corporation is translated into measurable and achievable actions.

Shipping services both domestic and Inter Islands is one of the key economic infrastructure as articulated in the Strategy for the Development of Samoa (SDS) 2012-2016. The Board and management promote collaborative approaches with its stakeholders in its efforts to improve shipping services. However it is further complicated by the growing need for climate change resilient seaport infrastructure and equipment to enhance climate change adaptation and risk reduction.

In order to open up new avenues for revenue the Corporation acquired a multi-purpose vessel the MV SSC Fasefulu specializing in carting fuel and other dry cargo services which is well in operation servicing both domestic and international shipping charters. This is in parallel with the Liferaft Servicing Station in full fledged operation to service, repair and repack inflatable liferafts. Equally important is cost saving now that services can now be done locally and building staff capacity for our locally skilled personnel.

Moreover this review period has been instrumental in the completion of its long standing projects including construction and revamping work for domestic ports, the execution of the Computerized Ticketing System and the successful management of domestic ports. Interestingly this period also marked the 40th Anniversary since the inception of the company from its humble beginnings and we are indebted to those visionary leaders before us.

In closing I am pleased to declare that the Corporation paid its 50% dividend of \$829,292.50.50 to government for its fiscal budget and I commend my fellow Directors, Management and Staff for their commitment which translates into the outputs for this review period.

Soifua,



Palea Vaalele Faolotoi

**CHAIRMAN- SSC Board of Directors**



Sitting L-R: Papalii Mapuilesua Willie Nansen (SSC-General Manager), Palea Vaalele Faolotoi (Chairman), Mata'afa Tamasailau Salu (Director)  
Standing L-R: Taefu Salapu Asalele (Director), Luamanuvae Taylor Mariner (Director), Fiu Siolo (Director), Toleafoa Ken Poutoa (Director)

## GENERAL MANAGERS REPORT

In January 2015, Samoa Shipping Corporation Limited celebrated with our community its 40 years of operation as a limited liability Company in Samoa. It is fitting that we begin our 2014/2015 Annual Report by looking back on our accomplishments since our inception in December 1974.

Over this period of many years, the Corporation has come a long way in transforming into a self-sufficient and reliable Shipping Company who continues to maintain a consistent business strategy informed by the long term view of the opportunities available within the shipping industry and a commitment to delivering shareholder value.

Specifically, we have maintained a strong balance sheet, built and improve our fleet, operated in an efficient manner and fostered relationships with respected charterers, diversify our operations in developing new businesses to support and feed our core function in providing sustainable, reliable and safe shipping services. It is therefore my pleasure to report on the Company's performance and on-going progress for the financial year ended 30 June 2015.



## HIGHLIGHTS OF THE YEAR

### KEY ACHIEVEMENTS

- i. The Corporation celebrates its 40th Anniversary since commencing operations in Samoa;
- ii. The successful transfer of the management for the Domestic Ports at Mulifanua and Salelologa to SSC and the implementation works for the reconstruction and development of the Port of Mulifanua;
- iii. The successful acquisition and launching of the Multi-purpose vessel MV SSC Fasefulu from Malaysia an addition to our fleet;
- iv. The installation and operating of a computerized ticketing reservation system for our Ferry Service;
- v. The successful set up and certification of our Liferaft Servicing Station having complied to international standards and being recognized and accepted by Classification Societies and other respective Maritime Authorities;
- vi. The launching of our Slipway Services for dry-docking repairs and maintenance of which we managed to slip 5 vessels (1 Pleasure Boat, 3 Fishing Boat and 1 Tug Boat); during this financial year
- vii. Offering Job Opportunities for 22 Seafarers who graduated from our Samoa Shipping Maritime Academy to work onboard Corporation vessels at a commencing salary of \$10,000 p.a. whereby a further \$220,000 was injected into the Corporation payroll;
- viii. The payment of 50% dividend to Government in compliance with the requirements of the Public Bodies (Performace and Accountability) Act 2001.





## KEY ISSUES

The key issues arise was that for 40 years since the Corporation commenced business in Samoa, SSC has grown into a matured, well respected Shipping Company operating successfully within our shores as well as our neighboring Islands of the Pacific.

The continuous improvements of our services saw the Corporation acquired an additional vessel MV SSC Fasefulu to our fleet specialized in carting fuel and other dry cargo services whilst also the implementation of a computerized reservation system for the convenience of the travelling public further added value to our service.

The long term vision of the Corporation having all its support services (Slipway Services, Lifteraft Services, Engineering Services, Port Services, Maritime Academy, etc.) contained and developed within its internal operations have slowly rippled the benefits through the utilization and availability of skilled staffs and resources to carry out these specialized requirements at a very minimal cost.

The combination of the above issues have all contributed to the successful outcome of the Corporation's financial results for the Financial Year ended 30 June 2014 whereas the Corporation posted a Net Profit Before Tax of \$2.3m of which the Board of Directors declared to pay 50% dividend to Government for the amount of \$829,292.50

## OPERATIONAL RESULTS

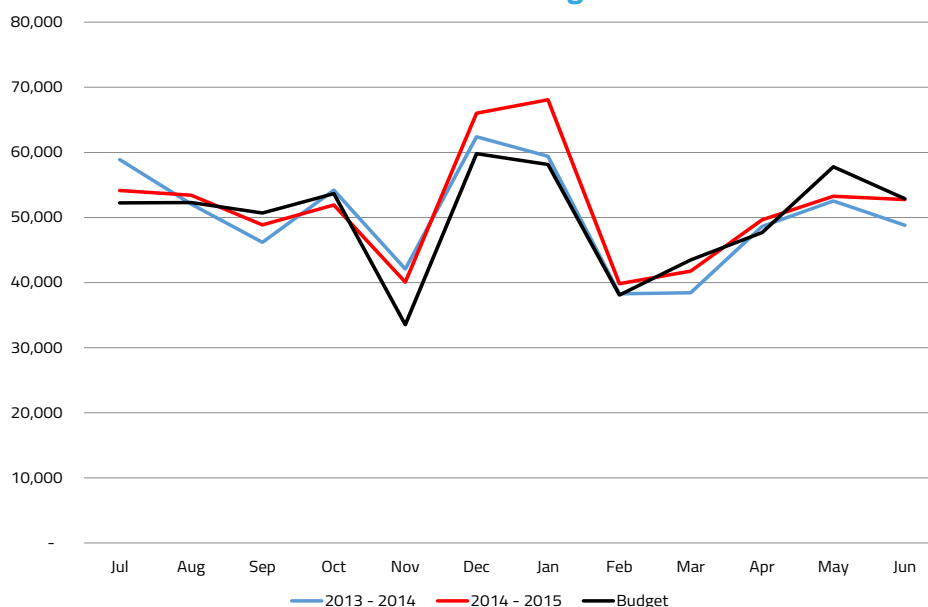
### Overview of Operating Performance and Results

The level of business activity for the financial year under review had a mixed results due to the variation of business activities through out the calendar year. Although the end result was a success for SSC, but we have envisage a trend of which the impact of the world economy now has its fair share given the effect we currently see with regards to the number of people travelled between Upolu and Savaii as well as between Samoa and American Samoa although the cost for sea transportation remains to be the same for the past six years. The Corporation continuous efforts to promote and push its charter services to our Neighbouring Islands have been an added value to its service delivery.

| Domestic Service  | 2014/2015 | 2013/2014 | Budget  |
|-------------------|-----------|-----------|---------|
| <b>Passengers</b> | 619,783   | 601,915   | 600,254 |
| <b>Vehicles</b>   | 61,035    | 57,462    | 57,651  |

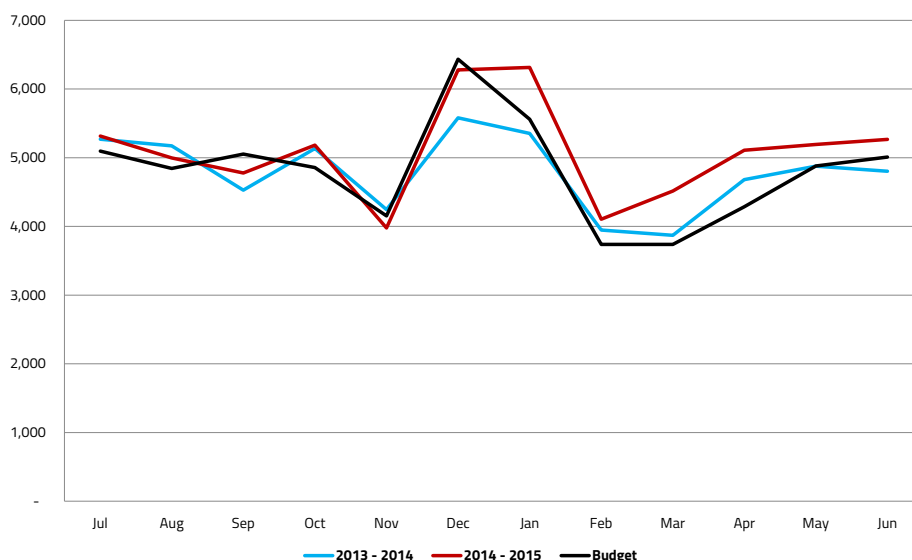
### Domestic Service

#### Domestic Passengers





## Domestic Vehicles

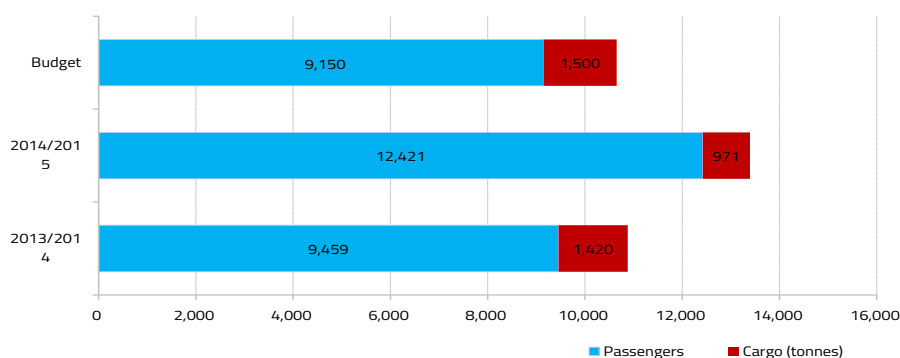


The number of passengers travelled on the Domestic Services for the Financial Year rose by 2.9% and higher than the annual budgeted numbers by 3.3%. The number of vehicles moved between the two Islands rose by 6.2% and exceeded the annual budgeted numbers by 5.9%. The bulk of this increase is due to the number of visiting families and relatives from overseas during the festivities season in December and January.

## Pago Service

| Pago Service   | 2014/2015 | 2013/2014 | Budget |
|----------------|-----------|-----------|--------|
| Passengers     | 12,421    | 9,459     | 9,150  |
| Cargo (tonnes) | 971       | 1,420     | 1,500  |

Pago Service Annual Statistics



The number of passengers travelled on the Pago Services for the Financial Year rose by 31.3% and higher than the annual budgeted numbers by 35.7%. The favorable results is attributed to national events held in American Samoa which includes their annual Flag Day in April whereby a fautasi and entertainment group were invited to attend, the 2 Samoa Trade Fair of which we had two extra trips to transport members of the Chambers of Commerce to participate and the Mosooi Festival where a number of sports teams travelled to compete for the Rugby Sevens and Volleyball competition.

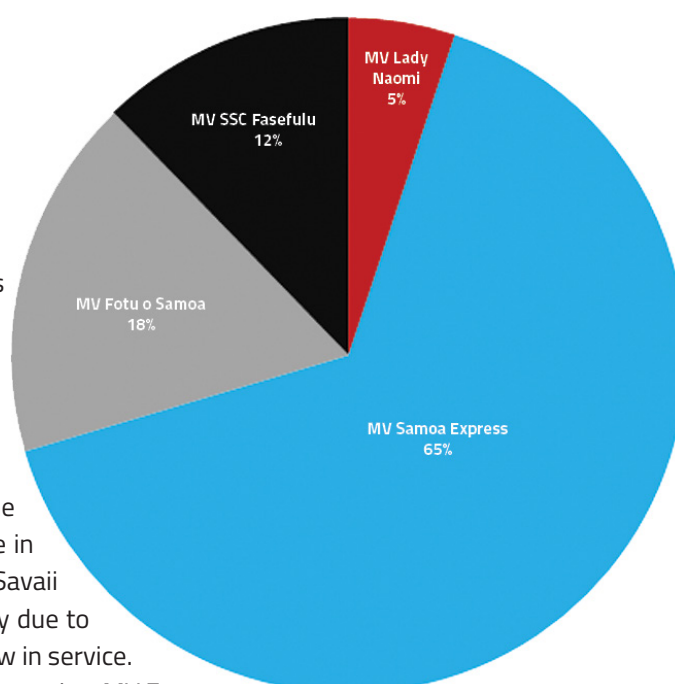
The volume of cargoes shipped between the islands dropped by 31.3% below the last 12 months and short of the annual budget numbers by 35.3%. With the introduction of new trade measures in American Samoa, these have caused a lot of disadvantage to our many exporters and have discourage our local produce suppliers and handicraft manufacturers due to these licensing requirements

## Charter Service

| Vessels         | 2014/2015 |
|-----------------|-----------|
| Lady Naomi      | 5         |
| Samoa Express   | 64        |
| Fotu o Samoa    | 17        |
| MV SSC Fasefulu | 12        |
|                 | <b>98</b> |

A reduction of 10.1% in the number of charter trips was recorded for this financial year compare to the last twelve months and lower than the annual budget by 6.7%. The reduction was due to the reduced number of fuel charters to Savaii by PPS when the vessel MV SSC Fasefulu took over from the MV Samoa Express. The MV SSC Fasefulu was the latest addition to our fleet and is complied with the requirments for carrying fuel in her tanks hence the increase in capacity and volume for the shipment of diesel and petrol to Savaii whereas the number of charters have reduced tremendously due to these changes and the value added features of the vessel now in service. Accordingly, MV Samoa Express serviced 65% of the total charter trips, MV Fotu o Samoa II at 18%, MV SSC Fasefulu at 12% for only three months in service and Lady Naomi at 5%..

## Charter Trips by Vessel



## Other Services (MEFS, Slipway, Lifteraft, SSMA, Port Services)

A number of emerging services such as the Maritime Engineering Fabrication Services, Slipway Repairs, Life raft Service Station, Maritime Academy and Domestic Port Services have been developed to enhance and provide essential infrastructure support for our core activity. This diversification strategic approach has equally generated revenue for the Corporation and warranted employment opportunities not limiting to seafarers.

The availability of these supporting services has proven cost efficient for the Corporation now that we can slipped our own vessels following the successful rehabilitation of the yard, utilizing our engineering and fabrication services and engaging the services of our trainees for practical work.

Additionally, liferafts can now be service locally at our Vaitele station having met all the standard requirements by the International Maritime Organization for servicing, repairs and repacking inflatable liferafts. This has built local capacity and operated by our own qualified personnel.

Essentially, embracing emerging development trends driven by government in line with Strategy for the Development of Samoa (SDS) 2012-2016, the transfer of domestic ports from Samoa Ports Authority to Samoa Shipping Corporation





complement its core function and to this effect, renovation work has already been underway at Mulifanua wharf integrating facilities for people with disability as well as climate resilience.

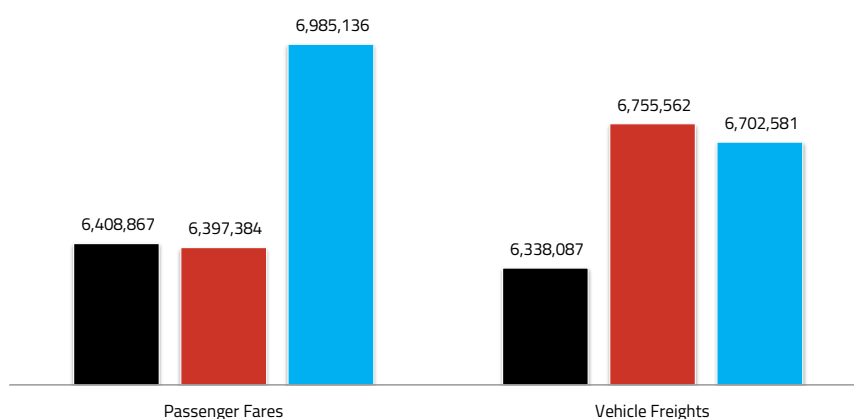
Safety of life at sea remains the first priority of the Corporation. Providing adequate services for sea transportation (domestic and inter-island) is a challenge due to budget constraint and other competing priorities however we must continue to diversify and meet relevant international safety and security requirements and improving navigational aids for ports facilities and the capacity to absorb further growth in the maritime industry.

## FINANCIAL REVIEW

### Domestic Service

Domestic Service Revenue

■ Jul 13 - Jun 14 ■ Jul 14 - Jun 15 ■ Budget



| Domestic Service Revenue | Jul 13 - Jun 14   | Jul 14 - Jun 15   | Budget            |
|--------------------------|-------------------|-------------------|-------------------|
| Passenger Fares          | 6,408,867         | 6,397,384         | 6,985,136         |
| Vehicle Freights         | 6,338,087         | 6,755,562         | 6,702,581         |
| <b>Total</b>             | <b>12,746,954</b> | <b>13,152,946</b> | <b>13,687,717</b> |

Revenue from Domestic Passenger Fares marginally lower than the previous year results by 0.2% but short of the Annual Budget by 8.4%. A rise of 6.6% was recorded for the Domestic Vehicle Freights over the last twelve months data and managed to exceed the annual budgeted results by 0.8%. This attributed to different components of the economy as alluded to under operation results.

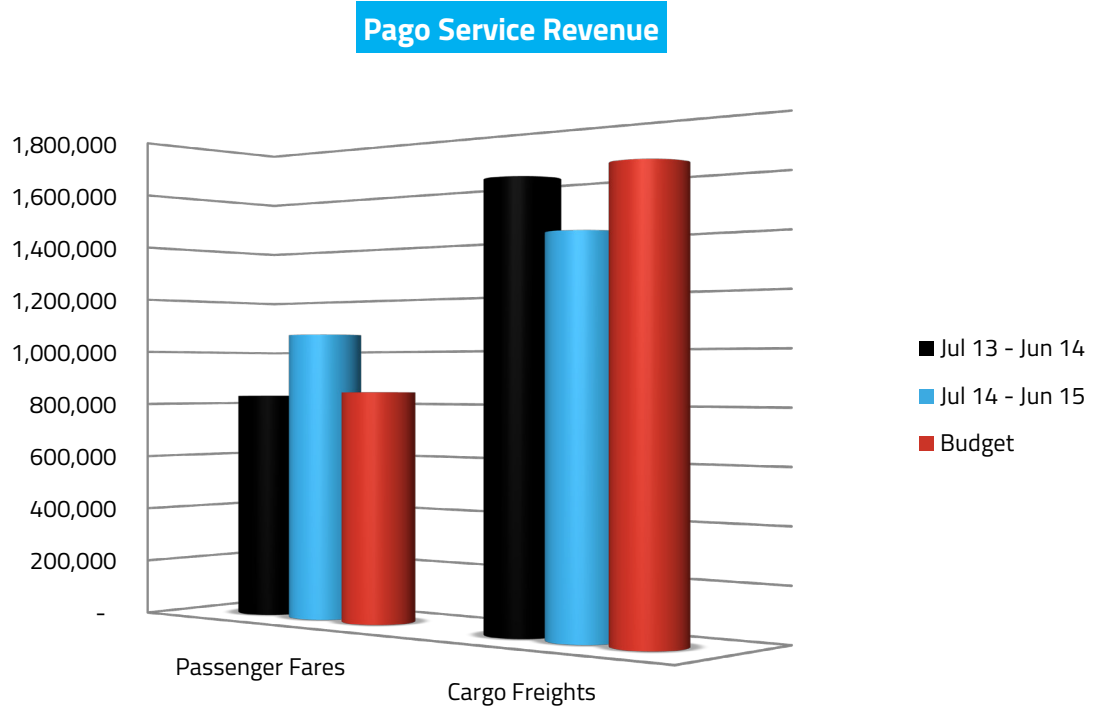
Domestic Service revenue was slightly higher than the previous year by 3.2%, however short of the annual budgeted revenue by 3.9%.



## FINANCIAL REVIEW

### Revenue

#### Pago Service



As illustrated above Passengers fares revenue increased by 27.8% over the previous financial year results and better than the budgeted annual revenue by 25.3%. In view of this increase, the two main annual National Events in American Samoa which is the Flag Day and the Mosooi Festival traditionally attracts a considerable number of participants from Apia.

Concurrently, the Two Samoa Trade Fair which emerged from the 2 Samoa Talks occurred as a parallel event to the Flag Day also generated revenue for both passengers and cargo freights. The revenue earned from cargo recorded a drop of 12.4% below the last financial year and short of the annual budgeted revenue from this service by 13.7% due to the appreciated US dollar against our weakening Samoan tala and the strengthening of trade restrictions on exports commodities in the territory.

Total Pago service revenue for the last financial year increased by 1.4% and short of Annual Budget by 0.3%.

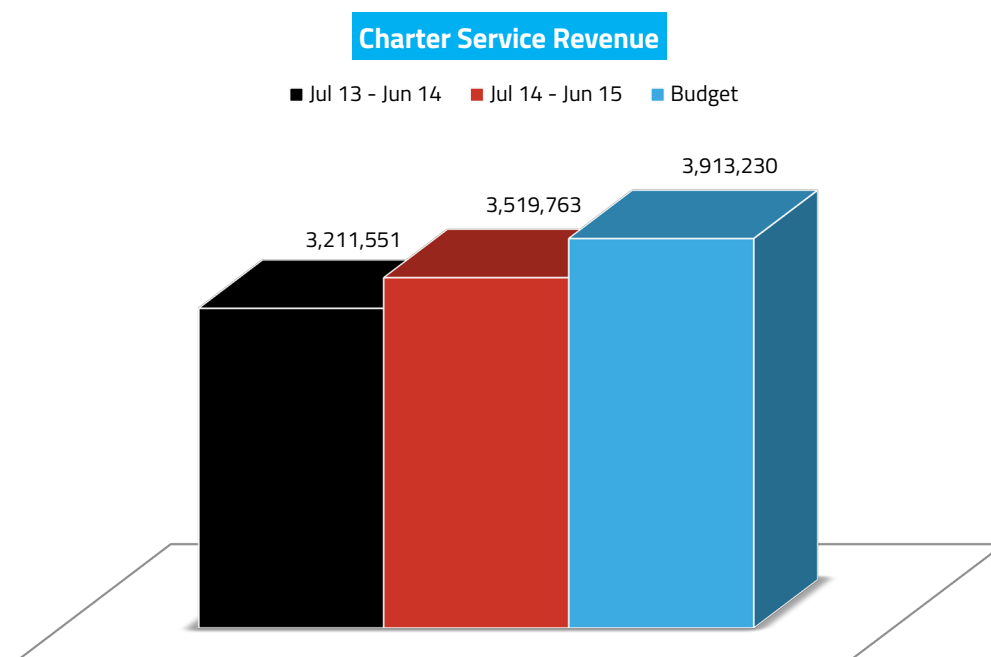




## FINANCIAL REVIEW

### Revenue

#### Charter Service



Revenue earned from the Charter service for the twelve months to 30 June 2015 rose by 9.6% compare to the last financial year but lower than the twelve months budget by 10.1%. The additional charters for the Fletchers Construction in American Samoa and the Government of Tokelau have contributed to the increase in charter revenue for the financial year.

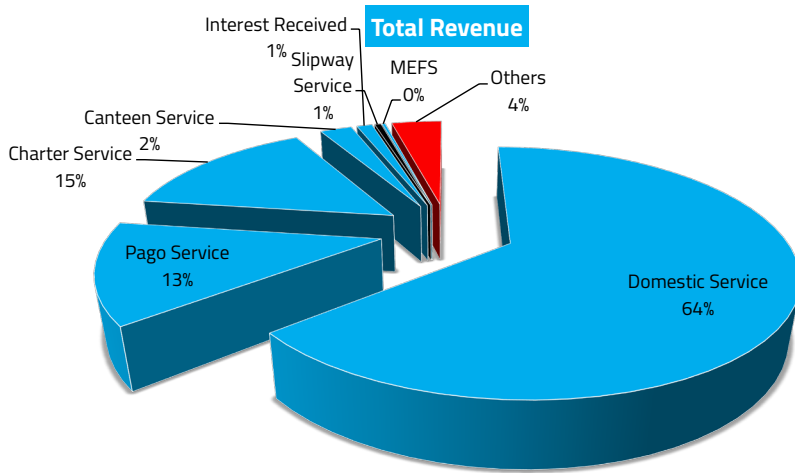
The Charter service plays a dominant role in the financial outlook of the Corporation. The revenue earned from charter services determines the overall financial results for the Corporation.



## FINANCIAL REVIEW

### Revenue

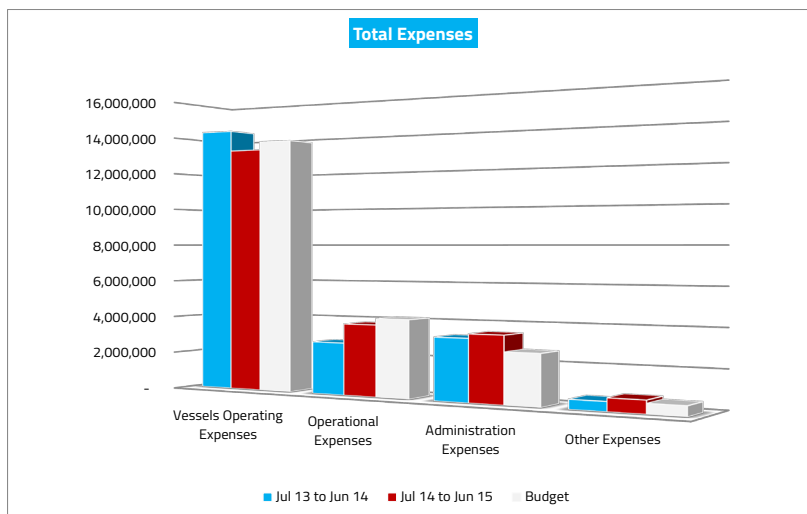
#### Total Revenue



Total Revenue earned for all services of \$23.9 million increased by 2% compare to the previous financial year but short of the annual targets of \$24.4 million by 2%.

Domestic Service earnings account for 64% of the total revenue which is also our core activity. The Charter Service accounts 15% , Pago Service with 13%, Canteen with 2% and others with 1% each.

### Expenditure



- Vessels Operating Expenses declined by 7.7% compare to the previous Financial Year and below the annual budgeted expenses by 3.2%. The underbudget result was due to the reduction in the operating costs for the MV Lady Samoa II by \$995,323 or 81.9% which is declared by the Flag State unsafe to continue carrying passengers due to its deteriorating conditions and MV Lady Filifilia now sold.

- Operational Expenses rose by 36.9% compare to the last Financial Year figures but was under-budget by 8%. The huge increase was attributed mainly to the addition of the Domestic Ports expenses of \$577,418 during the financial year

and the increase in Salaries for the Workshop Division by \$127,609 which also comprised of casual workers.

- Administration Expenses recorded an increase of 6.9% over the last financial year results and above annual budget by 31.5%. The Duty Draw Back write-off of \$1,120,704 has significantly impacted on this category for the year.
- Interest on Loan recorded an increase of 88.4% over the last financial year amount as a result of the new loan of \$6,152,000 to partially fund the MV SSC Fasefulu in January 2015.



## KEY FINANCIAL DATA

### Financial Overview

| Operating Results        | 30-Jun-14  | 30-Jun-15  | 2015 Budget |
|--------------------------|------------|------------|-------------|
| Vessels Revenue          | 22,743,729 | 22,582,767 | 23,829,895  |
| Net Vessels Contribution | 8,375,419  | 9,318,843  | 10,122,185  |
| Other Income             | 697,535    | 1,317,894  | 636,051     |
| Net Profit Before Tax    | 2,336,113  | 2,683,995  | 3,462,595   |

| Financial Position           | 30-Jun-14  | 30-Jun-15  | 2015 Budget |
|------------------------------|------------|------------|-------------|
| Total Assets                 | 81,524,913 | 88,463,671 | 83,141,479  |
| Net Assets                   | 20,806,165 | 20,928,956 | 20,475,488  |
| Interest Bearing Liabilities | 1,767,631  | 7,646,148  | 4,045,640   |
| Net Cash Flows               | 11,667,520 | 10,758,018 | 9,100,245   |

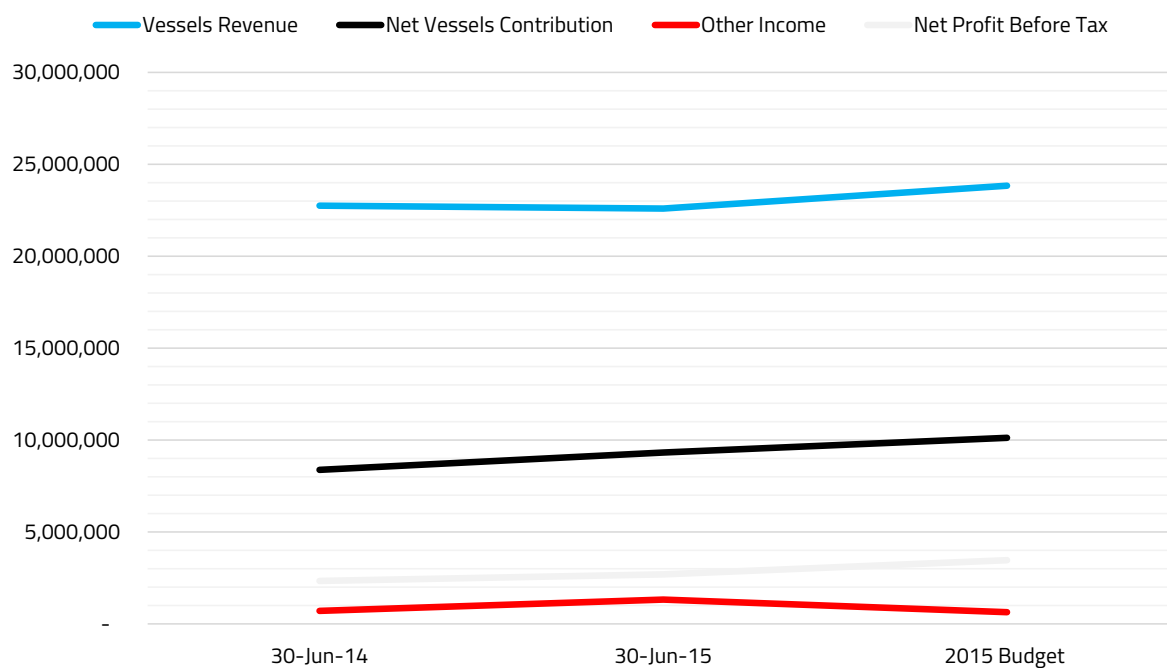
  

| Management Index       | 30-Jun-14 | 30-Jun-15 | 2015 Budget |
|------------------------|-----------|-----------|-------------|
| Return on Equity (ROE) | 7.9%      | 9.1%      | 9.5%        |
| Equity Ratio           | 0.26      | 0.24      | 0.25        |
| Current Ratio          | 8.50      | 2.60      | 5.70        |

| Employment Data     | 30-Jun-14 | 30-Jun-15 | 2015 Budget |
|---------------------|-----------|-----------|-------------|
| Number of Employees | 172       | 211       | 210         |

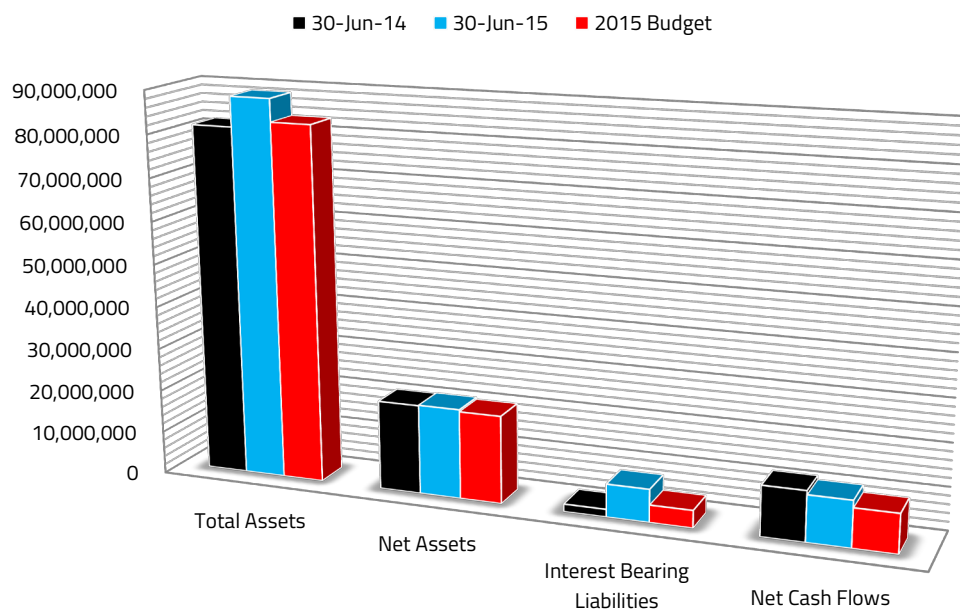
### Operating Results



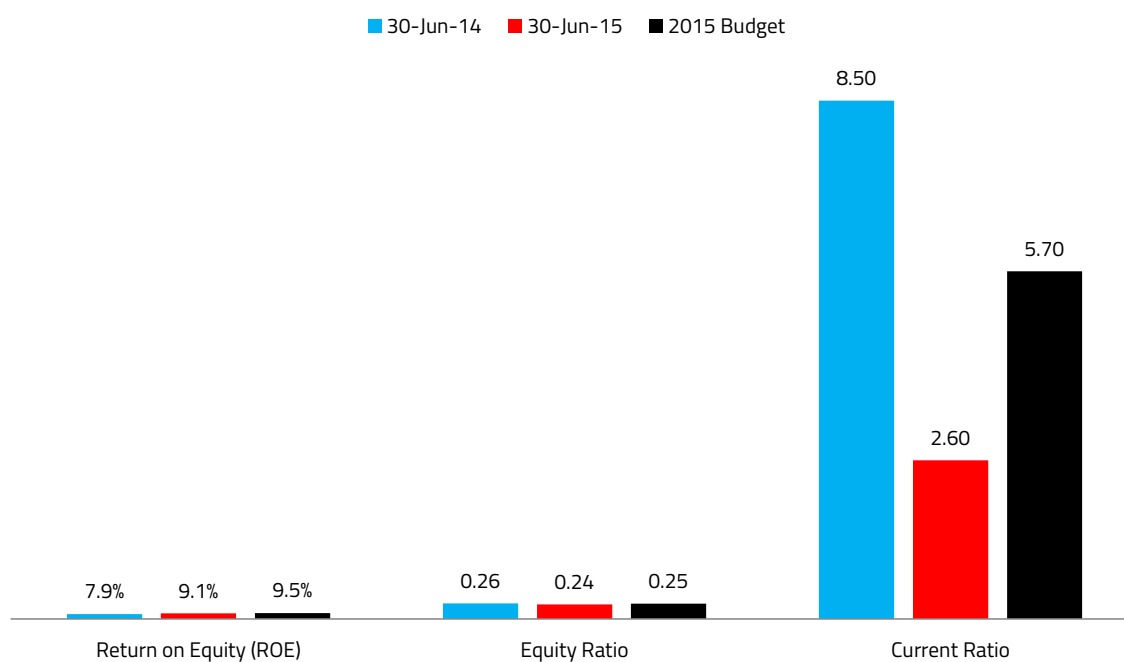
## KEY FINANCIAL DATA

### Financial Overview

#### Financial Position



#### Management Index



## Statement of Financial Position

- Total Assets rose by 8.5% from \$81.5 million in 2014 to \$88.5 million in 2015 as a result of the acquisition of the MV SSC Fasefulu in December 2014.
- Achieved a Return on Equity of 9% compare to 7.9% in the last financial year and is above the benchmark of 7% mandated by the Ministry of Public Enterprises.
- The Long Term Investment Loan of \$6.1 million to partially finance the MV SSC Fasefulu drawn in December 2014 has significantly increased this item by 333%.
- A total provision for dividend payable to Government of \$1,781,375 for 2014 and 2015 has been accounted for in this financial year which caused the Accumulated Profits to increase by only 0.7% despite the increase of NPAT by 14.8%.

## Statement of Financial Performance

- Total Revenue earned for the Financial Year rose by 2% over the prior year results whilst the Net Vessel Contributions rose by 11.3%.
- Included in the Total Expenditure for the Year were (1) payments to MOR for Customs Duty of \$816,477, (2) Income Taxes for \$400,000 (3) Salaries and Wages of \$3,794,999. These payments have a direct impact on the overall economy of the country as contribution by the Corporation's operations to stimulate economic activities.
- Net Profits BeforeTax (NPBT) of \$2,683,995 is higher than the previous year result by 14.9%. This result was possible despite the Duty Drawback write off of \$1,120,704.

## Statement of Cash Flows

- The Cash & Cash Equivalents ending balance of \$10,758,018 is 7.8% lower than the previous year total of \$11,667,520 which was due to the cash contribution of over \$2 million tala towards the acquisition of the MV SSC Fasefulu.

## PROGRESS WITH THE CORPORATE PLAN

- The SSC 2015-2017 Corporate Plan attempts to incorporate shipping development works over the next three years which are geared towards meeting its desired objectives. This has been a living document with flexibility to embrace emerging government reforms and priorities in the infrastructure sector particularly maritime governing legislations.
- The strategic objectives highlights operational priorities for the Corporation to remain sustainable and financially self-sufficient. Essentially there is continuous maritime reforms that govern shipping activities and SSC has placed high emphasis on one of its key objectives of minimizing risks at sea and improve safety of life and property with regards to the protection of the environment as maritime transport impacts adversely on the marine environment.
- To this effect, comprehensive audits are conducted on vessels to ensure that it meets all international maritime safety and security standards.
- Notable achievements as articulated in the Plan includes the successful implementation of the Online Ticketing System, the Acquisition of the MV SSC Fasefulu with a greater capacity to transport fuel and the upgraded work at Mulifanua wharf integrating facilities for people with disability, climate resilience and capacity to absorb further growth.

## CAPITAL EXPENDITURES

| Item Particulars |                                 | Cost (WST\$)      |
|------------------|---------------------------------|-------------------|
| 1                | Purchase of the MV SSC Fasefulu | 9,879,283         |
| 2                | Mulifanua Wharf Upgrade         | 361,245           |
| 3                | Online Ticketing System         | 451,198           |
|                  | <b>TOTAL</b>                    | <b>10,691,726</b> |



## TARIFFS STRUCTURE

- The current tariffs remains unchanged since the last restructure in 2009 despite the escalation of vessel operational costs, the fluctuation of fuel prices and foreign currencies for the purchase and importation of vessel spare parts. Therefore the likelihood for a tariff restructure in the near future is possible.

## OUTLOOK FOR NEXT YEAR

- Financial outlook for the next twelve months is positive especially for our charter services. The rehabilitation of our Slipway service for vessel repair have also given signs of potential opportunities for our neighboring islands. SSC's quest to tap into new routes for dry cargo and fuel supply within Small Islands Developing States will continue.

## FUTURE RISKS & UNCERTAINTIES

- The future risks and uncertainties faced by the Corporation are the trade and economic growth of Samoa which will have an impact on our domestic shipping services, the response to climate change and sustainability issues which is a major concern given the rising sea level now affecting the existing infrastructure, our vulnerability to natural disasters and the uncertainty of the fuel prices against the weaker Samoan tala causing substantial impact on the Corporation cashflow.

## HUMAN CAPITAL

- On the domestic front in performing its function the Corporation provided adequate training and remuneration incentives to attract and retain competent and professional Seafarers as well as Technical, Shore and Office Staffs. As at 30th June 2015 the total number of full time staffs was recorded at 214.

## OVERALL SUMMARY

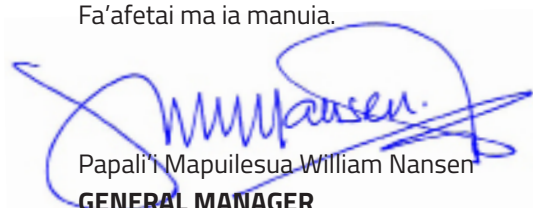
- SSC performance during this financial year to 30 June 2015 has been satisfactory with some notable highlights in the increase of its Return on Equity (ROE) recorded at 9% above the last financial year figure of 8% exceeding the 7% benchmark for SOEs.

## ACKNOWLEDGEMENT

I wish to extend my sincere gratitude to the unwavering support SSC received from our customers and Stakeholders. SSC's progress was a direct result of the quality of these relationships, matched with the professionalism and dedication of our sea and shore staff who have worked tirelessly to deliver operational excellence. I acknowledge with appreciation all the assistance rendered by the Hon. Minister of Works, Transport and Infrastructure, the guidance of our Board of Directors, the commitment by Management and the tremendous support from our Staff which has make this financial year another successful year.

Ma lo'u faaaloalo lava.

Fa'afetai ma ia manuia.



Papali'i Mapuilesua William Nansen  
**GENERAL MANAGER**



TELEPHONE: 27751  
 FAX: 24167  
 EMAIL: [info@audit.gov.ws](mailto:info@audit.gov.ws)  
 Website: [www.audit.gov.ws](http://www.audit.gov.ws)

P.O BOX 13  
 APIA, SAMOA

Please address all correspondence to  
 Controller and Chief Auditor



## AUDIT OFFICE

### TO THE BOARD OF DIRECTORS - SAMOA SHIPPING CORPORATION

We have audited the accompanying Financial Statements of the Samoa Shipping Corporation Limited comprising the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in equity and statement of cash flows for the year then ended, together with explanatory notes thereto which include a summary of significant accounting policies. The Accounting Firm of AH CHONG Public Accounts, Chartered Accountants, assisted in this audit.

### The Responsibility of the Board of Directors for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Audit Opinion

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

We have obtained all the information and explanations that we have required. In our opinion, the Corporation has kept proper accounting records, as far as it appears from our examination of such records, and the financial statements of the Corporation also provide in the prescribed manner the information required by the Companies Act 2001 (and amendment 2006) and the Public Bodies (Performance and Accountability) Act 2001.

Apia, Samoa  
 22 October 2015

*Cafele*  
 Fuimaono Papali'i Camillo Afele  
**CONTROLLER AND CHIEF AUDITOR**



## DIRECTORS STATEMENT

### SAMOA SHIPPING CORPORATION LIMITED CERTIFICATION BY DIRECTORS FOR THE YEAR ENDED 30 JUNE 2015

We certify that the attached financial statements for Samoa Shipping Corporation Limited comprising of the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Equity, Cash Flow Statement and Notes forming part of the financial statements for the financial year ended 30 June 2015:

- a) give a true and fair view of the matters to which they relate; and
- b) have been prepared in accordance with International Financial Reporting Standards; and
- c) comply with the Finance Management Act 2001 and Companies Act 2001 (amended 2006) in relation to the form or content of financial statements made under the Public Bodies (Performance and Accountability) Act 2001.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on behalf of the directors of Samoa Shipping Corporation Limited.



**CHAIRMAN**

Samoa Shipping Corporation Limited  
Apia, Samoa

16, 10, 2015



**DIRECTOR**

Samoa Shipping Corporation Limited  
Apia, Samoa

16 + 10, 2015


# SAMOA SHIPPING CORPORATION LIMITED

## STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2015

| (In Samoa tala)                                | Notes | 30-Jun-15<br>\$   | 30-Jun-14<br>\$   |
|--|-------|-------------------|-------------------|
| <b>SHARE CAPITAL AND RESERVES</b>              |       |                   |                   |
| Capital and reserves                           |       |                   |                   |
| Share Capital                                  | 2     | 1,000,000         | 1,000,000         |
| Capital Reserves                               | 3     | 2,144,797         | 2,144,797         |
| Accumulated profits                            |       | 17,784,159        | 17,661,368        |
| <b>TOTAL CAPITAL AND RESERVES</b>              |       | <b>20,928,956</b> | <b>20,806,165</b> |
| <b>Represented by;</b>                         |       |                   |                   |
| <b>ASSETS</b>                                  |       |                   |                   |
| Current Assets                                 |       |                   |                   |
| Cash and cash equivalents                      | 4     | 10,758,018        | 11,667,520        |
| Trade and other receivables                    | 5     | 3,241,776         | 2,424,245         |
| Dividend receivable                            | 19    | 70,922            | 120,568           |
| Income tax receivable/overpaid                 | 21    | 4,108,515         | 3,708,515         |
| Inventories                                    | 6     | 1,410,391         | 1,135,980         |
|  |       | <b>19,589,622</b> | <b>19,056,828</b> |
| <b>Non -Current Assets</b>                     |       |                   |                   |
| Property, plant and equipment                  | 10    | 61,315,188        | 53,622,621        |
| Future Income Tax Benefits                     | 22    | 7,558,861         | 8,845,464         |
| Investments                                    | 8     | -                 | -                 |
|  |       | <b>68,874,049</b> | <b>62,468,085</b> |
| <b>TOTAL ASSETS</b>                            |       | <b>88,463,671</b> | <b>81,524,913</b> |
| <b>LIABILITIES</b>                             |       |                   |                   |
| <b>Current Liabilities</b>                     |       |                   |                   |
| Trade and other payables                       | 7     | 3,492,841         | 1,153,553         |
| Provision for Dividend                         |       | 1,781,376         | -                 |
| Current portion of interest bearing borrowings | 12    | 1,998,246         | 1,036,708         |
| Provision for Drydocking                       |       | 200,000           | -                 |
| Provision for audit fees                       |       | 47,000            | 64,000            |
|  |       | <b>7,519,463</b>  | <b>2,254,261</b>  |
| <b>Non - Current Liabilities</b>               |       |                   |                   |
| Deferred Income                                | 11    | 41,479,102        | 44,338,541        |
| Deferred Tax Liability                         | 23    | 12,888,248        | 13,395,023        |
| Interest bearing borrowings                    | 12    | 5,647,902         | 730,923           |
|  |       | <b>60,015,252</b> | <b>58,464,487</b> |
| <b>TOTAL LIABILITIES</b>                       |       | <b>67,534,715</b> | <b>60,718,748</b> |
| <b>NET ASSETS</b>                              |       | <b>20,928,956</b> | <b>20,806,165</b> |

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.



Chairman



Director

## SAMOA SHIPPING CORPORATION LIMITED

### STATEMENT OF CHANGES IN EQUITY

#### FOR THE YEAR ENDED 30 JUNE 2015

|   | Notes | Share<br>Capital | Reserve   | Accumulated<br>Profits/(loss) | Total       |
|---|-------|------------------|-----------|-------------------------------|-------------|
| (In Samoa tala)                             |       | \$               | \$        | \$                            | \$          |
| Balance at 30 June 2013                     |       | 1,000,000        | 2,144,797 | 17,088,114                    | 20,232,911  |
| Prior Period Adjustment                     | 11(a) |                  |           | (1,085,330)                   | (1,085,330) |
| Balance 30 June 2013 restated               |       | 1,000,000        | 2,144,797 | 16,002,784                    | 19,147,581  |
| Net profit for the year                     |       | -                | -         | 1,658,584                     | 1,658,584   |
| Balance at 30 June 2014 restated            |       | 1,000,000        | 2,144,797 | 17,661,368                    | 20,806,165  |
| Net profit for the year                     |       | -                | -         | 1,904,166                     | 1,904,166   |
| Provision for dividend on 2014 result       |       | -                | -         | (829,292)                     | (829,292)   |
| Provision for dividend on 2015 result - 50% |       | -                | -         | (952,083)                     | (952,083)   |
| Balance at 30 June 2015.                    |       | 1,000,000        | 2,144,797 | 17,784,159                    | 20,928,956  |

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes



# SAMOA SHIPPING CORPORATION LIMITED

## STATEMENT OF FINANCIAL PERFORMANCE

### FOR THE YEAR ENDED 30 JUNE 2015

| (In Samoa tala)               | Notes | 30-Jun-15  | 30-Jun-14  |
|-------------------------------|-------|------------|------------|
| <b>REVENUES</b>               |       | \$         | \$         |
| Vessel revenues               |       | 22,582,767 | 22,743,729 |
| <b>Less:</b>                  |       |            |            |
| Vessel operating expenses     | 20    | 13,263,924 | 14,368,310 |
| Net vessel contributions      |       | 9,318,843  | 8,375,419  |
| Other operating income        |       | 1,317,894  | 697,535    |
|                               |       | 10,636,737 | 9,072,954  |
| <b>EXPENSES</b>               |       |            |            |
| Operational expenses          | 16    | 3,786,411  | 2,766,182  |
| Administration expenses       | 18    | 3,492,330  | 3,266,684  |
| Profit from operation         |       | 3,357,996  | 3,040,088  |
| Financial expenses            |       |            |            |
| Interest on loan              |       | 391,186    | 207,635    |
| <b>Other expenses</b>         |       |            |            |
| Audit fees                    |       | 55,490     | 47,100     |
| Directors fees and expenses   |       | 100,016    | 118,098    |
| Exchange loss/(gain) variance |       | 76,169     | (75,382)   |
| Doubtful Debts                |       | 51,140     | 183,998    |
| Impairment Loss on investment | 8     | -          | 222,526    |
|                               |       | 282,815    | 496,340    |
| Net Profit before tax         |       | 2,683,995  | 2,336,113  |
| Income tax expense            | 9     | (779,829)  | (677,529)  |
| Net Profit (Loss) after tax   |       | 1,904,166  | 1,658,584  |

The above Statement of Financial Performance is to be read in conjunction with the accompanying notes

# SAMOA SHIPPING CORPORATION LIMITED

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2015

| (In Samoa tala)  | Note | 30-Jun-15    | 30-Jun-14    |
|--|------|--------------|--------------|
|  |      | \$           | \$           |
| <b>Cash Flows from Operating activities</b>            |      |              |              |
| Cash receipts from customers                           |      | 18,546,799   | 19,219,280   |
| Cash paid to suppliers and employees                   |      | (13,314,170) | (14,914,131) |
| Taxes  |      | (400,000)    | (1,100,000)  |
| Net Cash inflow from operating activities              |      | 4,832,629    | 3,205,149    |
| <b>Cash Flows from Investing activities</b>            |      |              |              |
| Interest Received                                      |      | 294,645      | 219,443      |
| Dividend received                                      |      | 120,568      |              |
| Disposal of Fixed Assets                               |      | 70,055       | 1,636,279    |
| Acquisition of property, plant and equipment           | 10   | (11,614,220) | (372,307)    |
| Net Cash inflow for investing activities               |      | (11,128,952) | 1,483,415    |
| <b>Cash Flows from Financing activities</b>            |      |              |              |
| Additional Loans                                       |      | 6,152,000    | -            |
| Repayment of Borrowings                                |      | (765,179)    | (977,464)    |
| Net Cash outflow from financing activities             |      | 5,386,821    | (977,464)    |
| Net increase / (decrease) in cash and cash equivalents |      | (909,502)    | 3,711,100    |
| Cash and cash equivalents at the beginning of the year |      | 11,667,520   | 7,956,420    |
| Cash and cash equivalents at the end of the year       | 4    | 10,758,018   | 11,667,520   |

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes

# SAMOA SHIPPING CORPORATION LIMITED

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

### 1 Summary Of Significant Accounting Policies

The principal accounting policies adopted are stated to assist in a general understanding of these financial statements. These policies have been consistently applied except as otherwise indicated.

#### a. Basis of Accounting

These financial statements have been prepared on the basis of historical costs.

These financial statements comply with International Financial Reporting Standards as adopted by the Samoa Society of Accountants and with the requirements of the Companies Act 2001 (amended 2006).

Revenue is recognised in the period in which the sale transaction occurred and accrual accounting is used to match revenue and related expenses in the same reporting period.

The financial statements are prepared on the going concern basis in the belief that the company will continue

#### b. Property, plant & equipment

Property, plant and equipment are depreciated using the straight-line method over their estimated useful lives using the following rates;

|                     |       |
|---------------------|-------|
| Buildings           | 5%    |
| Plant and equipment | 20%   |
| Office Equipment    | 25%   |
| Motor vehicles      | 25%   |
| MV Fotu-O-Samoa     | 5%    |
| MV Samoa Express    | 4.21% |
| MV Lady Filifilia   | 5%    |
| MV Lady Samoa II    | 14%   |
| MV Lady Naomi       | 5.56% |
| MV Lady Samoa III   | 5%    |

#### c. Current Assets

A review is made of all debtors and a provision is made for accounts considered to be doubtful. Bad Debts are written-off when they are considered irrecoverable.

Inventories relate to fuel, oil, spare parts and uniforms which are expected to be used within one year. These are valued at the lower of cost or the net realisable value.

#### d. Income Tax (refer to Note 9, Note 22 and Note 23)

The Corporation is adopting the balance sheet approach in calculating its deferred Taxes.

#### e. Foreign Currency

Transactions in foreign currencies have been converted to Samoa Tala at rates of exchange approximating those ruling at the date of the transactions. Assets and Liabilities in foreign currencies have been converted at the exchange rate ruling at balance sheet date.

Exchange variations are brought to account in determining the profit for the year.

#### f. Employee Benefits

Provision has been made in the financial statements for benefits accruing to employees in relation to such matters as annual leave and long service leave.

#### g. Presentation and Functional Currency

The accounts are presented in Samoan Tala which is the functional currency of the corporation.

#### h. Dividends

Dividend income is recognised when dividends are declared. A commitment to pay dividends at 50% of net profit after tax is also required.



# SAMOA SHIPPING CORPORATION LIMITED

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

|  | 30-Jun-15  | 30-Jun-14  |
|--|------------|------------|
| <b>2 Share Capital</b>   | \$         | \$         |
| Authorised capital   |            |            |
| 1,000,000 ordinary shares of \$1 each  | 1,000,000  | 1,000,000  |
| Issued and paid up capital   |            |            |
| 1,000,000 ordinary shares of \$1 each fully paid   | 1,000,000  | 1,000,000  |
| <b>3 Capital Reserves</b>  | \$         | \$         |
| Government Capital Reserve   | 1,091,164  | 1,091,164  |
| Capital Aid Reserve - Japanese Aid   | 1,053,633  | 1,053,633  |
|  | 2,144,797  | 2,144,797  |
| <b>4 Cash and cash equivalents</b>   | \$         | \$         |
| Cash on hand   | 500        | 500        |
| ANZ Bank (Samoa) Ltd   | 945,416    | 1,487,549  |
| Westpac Bank Samoa   | 2,037,138  | 674,556    |
| Bank of Hawaii   | 541,139    | 606,428    |
| Westpac USD Account  | 769        | 1,587,265  |
| Westpac NZD Account  | 560,690    | 918,994    |
| Westpac SW Account   | 64,421     | 24,281     |
| SCB -SSMA  | 87,450     | -          |
| UTOS Investment  | 3,000,000  | 3,000,000  |
| Term Deposits  | 3,520,495  | 3,367,947  |
|  | 10,758,018 | 11,667,520 |
| Investments in UTOS Trust comprise a convertible note of \$2,000,000 at an interest rate of 5% annually for a term of 5 years; and share units of \$1,000,000. |            |            |
| Term Deposits , which all mature within 12 months comprise as follows;   |            |            |
| Westpac Bank   | \$         |            |
| 4% Interest deposit  | 1,245,281  |            |
| Samoa Commercial Bank  |            |            |
| 4% deposit   | 1,224,214  |            |
| 4.75% deposit  | 1,051,000  |            |
| Total Deposits   | 3,520,495  |            |
| <b>5 Trade and other receivables</b>   | \$         | \$         |
| Accounts receivables - trade   | 634,840    | 474,126    |
| Provision for doubtful debts - trade   | (294,647)  | (243,507)  |
|  | 340,193    | 230,619    |
| Customs duty drawback  | 237,235    | 1,120,704  |
| ACB fuel rebate  | 14,133     | 7,270      |
| MOR VAGST refund (of which \$1,409,732 was paid to Custom for MV SSC 40)   | 2,587,157  | 987,705    |
| Other receivables  | 75,130     | 90,019     |
| Provision for doubtful debts - others  | (12,072)   | (12,072)   |
|  | 3,241,776  | 2,424,245  |

# **SAMOA SHIPPING CORPORATION LIMITED** **NOTES TO AND FORMING PART OF THE ACCOUNTS** **FOR THE YEAR ENDED 30 JUNE 2015**

| <b>6</b> | <b>Inventories</b>  | <b>30-Jun-15</b> | <b>30-Jun-14</b> |
|----------|---|------------------|------------------|
|          |   | \$               | \$               |
|          | Canteen   | 13,885           | 9,704            |
|          | Fuel Tank   | 74               | 1,081            |
|          | General   | 56,293           | 64,909           |
|          | Life raft Stock   | 46,622           | 14,014           |
|          | Stock - LF Bar  | 3,748            | 4,234            |
|          | Stock in Transit  | 2,093            | 2,093            |
|          | Stock- Vessels Paints   | 84,535           | 149,944          |
|          | Stores  | 5,765            | 5,424            |
|          | Uniforms  | 11,618           | 17,559           |
|          | Vessels fuel and oil  | 481,387          | 187,869          |
|          | Vessels Spare Parts   | 704,371          | 679,149          |
|          |   | <b>1,410,391</b> | <b>1,135,980</b> |
| <b>7</b> | <b>Trade and other payables</b>   |                  |                  |
|          | Accounts payables - trade   | 2,651,784        | 544,896          |
|          | Other payables  | 841,057          | 608,657          |
|          |   | <b>3,492,841</b> | <b>1,153,553</b> |
| <b>8</b> | <b>Investment</b>   |                  |                  |
|          | 1. Shares   |                  |                  |
|          | (a) The Company has 5,000 ordinary shares representing fifty percent(50%) ownership in the Samoa Shipping Services Limited. The purchase price for the 5,000 ordinary shares was \$222,526. A recent Capital restructure resulted in a drop of ownership from 50% to only 0.2% of the total shareholding when Government took over a Company Loan with the SNPF which was treated as Capital Injection. | 222,526          | 222,526          |
|          | (b) The investment value was recorded at cost or the purchase price despite the precarious financial situation of the company in the hope that the other Shareholder being the Govt will buy out SSC at cost under a special arrangement, but it is unlikely.   |                  |                  |
|          |   | 222,526          | 222,526          |
|          | Less: Impairment Loss Provision   | (222,526)        | (222,526)        |

# SAMOA SHIPPING CORPORATION LIMITED

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

### 9 Income tax expense

The prima facie income tax payable on pre tax accounting profit is reconciled to the income tax expense in the income statement as follows:

|   | 30-Jun-15   | 30-Jun-14 |
|---|-------------|-----------|
| Reconciliation of effective tax rate  | \$          | \$        |
| Profit before tax   | 2,683,995   | 2,336,113 |
| Prima facie tax expense thereon at 27%                                      | (724,679)   | (630,751) |
| Tax Effect of:  |             |           |
| Permanent Differences between tax and accounting profit                     | 12,002      | (46,778)  |
| Timing differences adjustments (liability (\$99,190 less benefit \$32,038)) | (67,152)    |           |
| Income tax expense for the year   | (779,829)   | (677,529) |
| Reconciliation of current tax and tax expense;                              |             |           |
| Current tax   | (1,263,879) |           |
| Tax effect of movement in deferred tax balances in year                     | 551,202     |           |
| Adjustments to opening deferred tax balances                                | (67,152)    |           |
| Income tax expense for the year   | (779,829)   |           |

### 10 Property, plant and equipment

|                           | Land      | Buildings | Plant & equipment | Fixtures & Fittings | Motor Vehicles | Vessels    | Total      |
|---------------------------|-----------|-----------|-------------------|---------------------|----------------|------------|------------|
| (In Samoa Tala)           | \$        | \$        | \$                | \$                  | \$             | \$         | \$         |
| Cost                      |           |           |                   |                     |                |            |            |
| Balance at 1 July 2014    | 3,482,630 | 2,213,806 | 3,383,398         | 129,911             | 1,617,027      | 66,344,131 | 77,170,903 |
| Acquisitions              | 403,000   | 437,865   | 521,067           | 4,978               | 358,870        | 9,888,440  | 11,614,220 |
| Disposals                 |           |           | (108,408)         |                     | (293,691)      |            | (402,099)  |
| Balance at 30 June 2015.  | 3,885,630 | 2,651,671 | 3,796,057         | 134,889             | 1,682,206      | 76,232,571 | 88,383,024 |
| Depreciation              |           |           |                   |                     |                |            |            |
| Balance at 1 July 2014    | -         | 1,348,229 | 2,810,300         | 62,715              | 1,456,440      | 17,870,598 | 23,548,282 |
| Depreciation charge       | -         | 82,479    | 247,499           | 21,902              | 103,635        | 3,466,138  | 3,921,653  |
| Depreciation written Back |           |           | (108,408)         |                     | (293,691)      |            | (402,099)  |
| Balance at 30 June 2015.  |           | 1,430,708 | 2,949,391         | 84,617              | 1,266,384      | 21,336,736 | 27,067,836 |
| Carrying amount           |           |           |                   |                     |                |            |            |
| At 1 July 2014.           | 3,399,514 | 948,693   | 573,098           | 67,196              | 160,587        | 48,473,533 | 53,622,621 |
| Balance at 30 June 2015.  | 3,885,630 | 1,220,963 | 846,666           | 50,272              | 415,822        | 54,895,835 | 61,315,188 |

## SAMOA SHIPPING CORPORATION LIMITED

### NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

#### 11 Deferred Income

The following vessels have been donated by the Japanese Government for the full ownership and usage of the Corporation.

|                             | Lady Samoa II | Lady Naomi | Lady Samoa III | Total      |
|-----------------------------|---------------|------------|----------------|------------|
|                             | \$            | \$         | \$             | \$         |
| Balance as at 1st July 2014 | 1,607,717     | 12,712,448 | 43,063,849     | 57,384,014 |
| Additions                   | -             | -          | -              | -          |
| Balance as at 30 June 2015  | 1,607,717     | 12,712,448 | 43,063,849     | 57,384,014 |
| ACCUMULATED AMORTISATION    |               |            |                |            |
| Balance as at 1st July 2014 | 1,607,717     | 2,824,988  | 8,612,768      | 13,045,473 |
| Amortisation Income         | -             | 706,247    | 2,153,192      | 2,859,439  |
| Balance as at 30 June 2015  | 1,607,717     | 3,531,235  | 10,765,960     | 15,904,912 |
| CARRYING AMOUNT             |               |            |                |            |
| Balance as at 30 June 2014  | -             | 9,887,460  | 34,451,081     | 44,338,541 |
| Balance as at 30 June 2015  | -             | 9,181,213  | 32,297,889     | 41,479,102 |

The total cost of Lady Samoa III does not include additional purchased after acquisition by the corporation

#### 11 (a) Prior Period Adjustment & Restated Comparative figures

The prior period adjustment of \$1,486,753 relates to unrecorded and unaccrued Customs Duty Expenses payable of \$727,187 relating to MV Lady Filifilia and others which was confirmed by the Comptroller of Customs was paid by transfers of Duty Drawback payable to the Corporation at Customs, in prior years. The remainder amounting to \$759,566 relate to Duty Drawback refunds applied to payment of income taxes in prior years by Customs and are included as income tax payments by the company in the accounts.

|                                    |   |
|------------------------------------|---|
| Total Prior Period Adjustment      | 1,486,753   |
| Tax thereon effect at 27%          | (401,423)   |
| Prior Period Adjustment net of tax | <u>1,085,330</u> (refer Statement of Changes in Equity) |

Comparative 2014 figures for Trade & Other Receivables, Retained Earnings, and Future Income Tax Benefits have been restated, accordingly.



# SAMOA SHIPPING CORPORATION LIMITED

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

### 12 Interest bearing borrowings

|                         | 30-Jun-15        | 30-Jun-14        |
|-------------------------|------------------|------------------|
|                         | \$               | \$               |
| Due within 12 months    |                  |                  |
| National Provident Fund | 554,835          | 551,341          |
| Westpac Loan - SSC40    | 882,537          | -                |
| Westpac USD Loan        | 560,874          | 485,367          |
|                         | <u>1,998,246</u> | <u>1,036,708</u> |
| Due after 12 months     |                  |                  |
| National Provident Fund | 96,267           | 415,777          |
| Westpac Loan - SSC40    | 5,341,853        | -                |
| Westpac USD Loan        | 209,782          | 315,146          |
|                         | <u>5,647,902</u> | <u>730,923</u>   |

#### National Provident Fund Loan - Total Outstanding \$651,102 as at 30/06/15

A term loan of \$4.1 million tala from National Provident Fund was drawn in September 2001 to accommodate the acquisition of the new vessel MV Samoa Express for \$3 million. The \$1.1 million was to finance the purchase of the land at Matautu-tai for the proposed expansion of the workshop and a further \$270,000 was sought to fund the increase in cost of land.

The loan was approved for 15 years at 11% per annum with monthly repayments of \$46,600.45.

This loan is secured by a Government Guarantee plus Mortgages over the new land at Matautu-tai.

Westpac Bank USD Loan - Outstanding amount as at 30/06/15 is USD \$300,556 (SAT\$770,655)

This business loan was drawn in February 2008 to partially fund the purchase of the new MV Lady Filifilia for the Talofa Cruises service. Loan monthly repayment is US\$19,625 and interest rate is 8.305% per annum.

This loan is secured by Mortgage over SSC's Proprieties (Land at Matautu Tai), MV Fotu Samoa II, Samoa Express, MV Samoa Express and Other Corporation Assets.

This loan is secured by a Government Guarantee plus Mortgages over the new land at Matautu-tai.

#### Westpac Bank Samoa Loan SSC40 - Total Outstanding as at 30/6/15 - \$6,224,390

This loan was for purchasing the Vessel MV SSC 40

The loan's monthly repayment is \$76,940 at an interest rate of 7% per annum. It is secured by a Ship's Mortgage over the Vessel plus existing security with the bank on other loans.

## SAMOA SHIPPING CORPORATION LIMITED

### NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

#### 13 Capital commitment

##### Vessel Replacement Fund

The Corporation established a Vessel Replacement Fund (VRF) in 1999 for the purpose of acquiring new vessels and the Corporation continues to transfer surplus funds to the Vessel Replacement Fund when cash flow permits.

Breakdown of VRF :

|                           |   |                         |
|---------------------------|---|-------------------------|
| (1) UTOS Investment       | - | \$3,000,000 (Note 4)    |
| (2) Term Deposit with SCB | - | \$2,275,213.66 (Note 4) |
| TOTAL                     | - | <u>\$5,275,213.66</u>   |

#### 14 Contingent Liabilities

A company; Barefoot Advertising Limited is suing Samoa Shipping Corporation as a second defendant with SPA as first defendant for \$208,997 claiming breach of contract relating to removal of signs at Mulifanua wharf.

#### 15 General

The Company is a private limited liability company incorporated in Samoa under the provisions of the Companies Act 2001 (amended 2006). Its main activity is to operate a ferry service in Samoa and adjacent waters.

#### 16 Operating Expenses

|                                 | 30-Jun-15        | 30-Jun-14        |
|---------------------------------|------------------|------------------|
|                                 | \$               | \$               |
| Slipway Cost                    | 253,133          | 250,043          |
| Life Rafts Service Station Cost | 61,864           | 7,224            |
| Workshop Cost                   | 917,754          | 762,345          |
| Marine Workshop Cost            | 296,448          | 315,820          |
| SS Maritime Cost Academy        | 195,885          | 154,985          |
| Terminal Cost                   | 1,476,623        | 1,274,035        |
| TC Terminal Costs               | 7,286            | 1,730            |
| Domestic Port Services          | 577,418          | -                |
|                                 | <u>3,786,411</u> | <u>2,766,182</u> |

The Slipway at Aleipata where vessels dry-dock and get repaired , is now under the control and care of the

#### 17 Related Parties Transactions

##### Management (Annual Salaries)

|                             | 30-Jun-15      | 30-Jun-14      |
|-----------------------------|----------------|----------------|
|                             | \$             | \$             |
| CEO - General Manager       | 117,667        | 117,667        |
| ACEO - Finance              | 84,048         | 84,048         |
| ACEO - Maritime             | 84,048         | 84,048         |
| ACEO - Operation            | 84,048         | 84,048         |
| ACEO - Workshop & MEFS      | 84,048         | 84,048         |
|                             | <u>453,859</u> | <u>453,859</u> |
| Board of Directors          |                |                |
| Annual Fees - Directors     | 44,463         | 46,950         |
| Sitting Allowance-Directors | 32,380         | 33,400         |
| Other - Director Expenses   | 23,174         | 37,748         |
|                             | <u>100,016</u> | <u>118,098</u> |

# SAMOA SHIPPING CORPORATION LIMITED

## NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

### 18 Administration Expenses

|                                  | 30-Jun-15 | 30-Jun-14 |
|----------------------------------|-----------|-----------|
|                                  | \$        | \$        |
| ACC                              | 7,948     | 7,767     |
| Advertisement                    | 24,316    | 23,346    |
| Bank Fee                         | 12,759    | 9,849     |
| Business Licenses                | 500       | 700       |
| Consultant Fees & Expenses       | 500       | -         |
| Committee Allowance              | 114,730   | 93,730    |
| Communication                    | 47,809    | 58,424    |
| Computer Software Fee            | 18,996    | 23,529    |
| Duty Drawback write off *        | 1,120,704 | -         |
| Depreciation                     | 297,884   | 364,396   |
| Donations                        | 26,470    | 19,632    |
| Electricity                      | 45,342    | 41,387    |
| Entertainments                   | 2,486     | 4,300     |
| Food Provision                   | 18,589    | 15,935    |
| General Expenses                 | 98,518    | 72,447    |
| GST (unrecoverable)              | 147,478   | 108,412   |
| Insurance                        | 128,368   | 80,954    |
| Insurance Suspense written off   | -         | 365       |
| Internet                         | 72,362    | 106,853   |
| Legal Fees                       | -         | 3,000     |
| Loss on Sales of Fixed assets    | -         | 942,412   |
| Loan Fee                         | 45,020    | -         |
| Managements Allowances           | 6,955     | 13,704    |
| Managers General Expenses        | 8,035     | 6,044     |
| NPF                              | 39,615    | 38,836    |
| Office Expenses                  | 11,174    | 6,691     |
| Printing and Stationery          | 29,155    | 41,486    |
| Rent                             | 150       | 150       |
| Repair and maintenances - Office | 16,740    | 79,625    |
| Repair and maintenances Computer | 17,689    | 17,369    |
| Salaries and Wages               | 867,252   | 847,896   |
| Stock written Off                | -         | 1,835     |
| Stores and Supplies              | 3,799     | 6,070     |
| Subscriptions                    | 6,210     | 2,950     |
| Training                         | 14,688    | 11,582    |
| Travelling Expenses - Overseas   | 207,593   | 183,454   |
| Uniform                          | 3,575     | 3,252     |
| Vehicle Expenses                 | 26,666    | 27,118    |
| Water                            | 2,255     | 1,184     |
|                                  | 3,492,330 | 3,266,684 |

\* This relate to balances in the duty draw back claims in the duty drawback receivables account which are not recoverable from Customs and therefore written off.

## SAMOA SHIPPING CORPORATION LIMITED

### NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

|           |  |                   |                   |
|-----------|--|-------------------|-------------------|
| <b>19</b> | <b>Dividend Receivable</b>   | 30-Jun-15         | 30-Jun-14         |
|           | This relates to dividend declared by UTOS Trust as follows;  | \$                | \$                |
|           | Dividends declared   | 70,922            | 120,568           |
|           |  | <u>70,922</u>     | <u>120,568</u>    |
| <b>20</b> | <b>Vessel Operating Expenses</b>   |                   |                   |
|           | Lady Samoa II  | 219,797           | 1,215,120         |
|           | Samoa Express  | 1,349,120         | 1,489,338         |
|           | Lady Filifilia   | -                 | 464,783           |
|           | Pacifica Express   | 211,525           | 70,777            |
|           | Fotu O Samoa II  | 1,640,743         | 1,367,120         |
|           | Lady Samoa III   | 6,047,064         | 5,847,791         |
|           | Lady Naomi   | 2,281,001         | 3,188,250         |
|           | SSC 40   | 372,992           | -                 |
|           | Vessel Port Charge   | 1,141,682         | 725,131           |
|           |  | <u>13,263,924</u> | <u>14,368,310</u> |
|           | The Lady Samoa II has been on the market but have no interested buyer, and the vessel is now used for training and dry - docking ship at the Slipway Aleipata. |                   |                   |
| <b>21</b> | <b>Income Tax Receivable - Overpaid</b>  |                   |                   |
|           | Opening balance of income taxes overpaid   | 3,708,515         | 2,608,515         |
|           | Plus: Payments made during the year  | 400,000           | 1,100,000         |
|           | Closing balance of income tax overpaid   | <u>4,108,515</u>  | <u>3,708,515</u>  |
| <b>22</b> | <b>Future Income Tax Benefit</b>   |                   |                   |
|           | Opening balance (restated for 2014)  | 8,845,464         | 613,099           |
|           | Net movements during the year of temporary differences   | (1,187,413)       | 8,232,365         |
|           | Adjustment to opening benefit  | (99,190)          |                   |
|           | Closing balance of future income tax benefit   | <u>7,558,861</u>  | <u>8,845,464</u>  |
|           | These are future tax benefits arising from doubtful debts, staff leave and income tax losses.  |                   |                   |
|           | Income tax losses available for carry forward is \$26,928,590 (2014: \$31,609,623 restated)  |                   |                   |
| <b>23</b> | <b>Deferred Income Tax Liability</b>   |                   |                   |
|           | Deferred tax liability arising from temporary differences between taxable income and accounting income in recognising depreciation of fixed assets             |                   |                   |
|           | Opening balance  | 13,395,023        | 15,275,985        |
|           | Movement during year   | (474,737)         | (1,880,962)       |
|           | Adjustment to opening deferred tax liability   | (32,038)          |                   |
|           | Closing balance of deferred income tax liability   | <u>12,888,248</u> | <u>13,395,023</u> |





SSC ANNUAL REPORT 2015  
Samoa Shipping Corporation Ltd,  
Shipping House, Matautu-tai  
P.O Private Bag, Apia, Samoa

[www.samoashipping.com](http://www.samoashipping.com)



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