

UNIT TRUST OF SAMOA (MANAGEMENT) LTD

ANNUAL REPORT

For the Year ended 30 June 2018



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(Ministry of Finance; Central Bank of Samoa; Development Bank of Samoa; Samoa International Finance Authority; Samoa Life Assurance Corporation; Samoa National Provident Fund; National Energy Coordination Committee; National Tenders Board; Unit Trust of Samoa;)

STATEMENT TO PARLIAMENT

31 October 2018

The Honourable Speaker
Legislative Assembly of Samoa
TUANAIMATO

Dear Sir,

In pursuant of Part VI Section 23 of the Public Bodies (Performance and Accountability) Act 2001, I present to the Legislative Assembly for discussion, The Unit Trust of Samoa (Management) Company Ltd's Annual Report for the financial year ended 30 June 2018.

This is the eighth Annual Report of the Unit Trust of Samoa (Management) Company Ltd (the "**Management Company**") since incorporation under the Companies Act 2001 on the 15th of February 2010. The Management Company was established to manage the Unit Trust of Samoa (the "Trust").

As the Trust continues to grow and adapt to changes in the economy, the Management Company has revised the Vision of the Trust "**to be the leading fund manager of investments in Samoa that provides opportunities for a better future**" for unitholders.

To achieve its Vision, the Management Company's new mission of the Trust is "**to provide ordinary Samoans with an opportunity to invest in a diversified portfolio of assets**".

I am happy to announce that the Management Company, for the fifth year in a row, has continued to contribute to the annual Government budget through dividends.

Yours sincerely,

Sili Epa Tuioti
MINISTER OF FINANCE

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DIRECTOR'S REPORT

It is with great pleasure that we, the Board of Directors of the Unit Trust of Samoa (Management) Ltd (UTOSM) Company report on the performance of UTOSM for the year ending 30 June 2018. The UTOSM is the Manager of the Unit Trust of Samoa ("UTOS") under the Unit Trusts Act 2008 (the "Act"). This is the eighth year of operations for UTOSM since it was established on 15 February 2010.

As Directors for UTOSM, we continue to prudently manage funds for the unitholders in accordance with the necessary regulatory requirements which include but are not limited to the Unit Trust Act 2008, Trust Deed and the Central Bank of Samoa Prudential Guidelines.

The Board of directors of UTOSM during the period were Chairman, Afoa Asiata Kolone Vaai and directors Lavea Tupaimatuna Iulai Lavea and Magele Arthur Penn. The Board endeavors to uphold the principles of good corporate governance and best practices to ensure that the interests of its Unitholders are protected.

Following an open and competitive bidding process, we welcomed on board in 1 January 2018, a new Trustee Company - Tafailagi Trustee Co Ltd whose directors are Taito John Roache and Luana von Reiche-Roache. Tafailagi Trustee Co Ltd brings in a wealth of financial and management skills and experience in performing their trustee duties and responsibilities.

The Company is committed to providing top quality service and value for money to the unitholders. The current team of five senior managers provides the skills and expertise to prudently manage and invest trust funds. The team of twelve employees has managed to generate a good return to unitholders this year for their funds as well as providing high quality services, particularly in online services.

We are pleased to report that we have continued to build a solid investment foundation for UTOS. It has continued to grow and consolidate its asset base since it started trading units on 1 September 2010. The total Net Assets of the Trust has reached \$74 million as at 30 June 2018. The initial revaluation of the trusts equity portfolio was carried out during this financial year which resulted in an increase of \$6.6 million in the value of equity investments.

We have continued to expand and diversify the investment and financing portfolio of UTOS. We have started to establish collaborative frameworks through the use of Memorandum of Understanding (MOU) instruments. We are fortunate to have in place a MOU with the Amalgamated Telecom Holding Ltd (ATH) that has further opened investment opportunities to the telecommunications industry with the Pacific region. We are also finalizing a MOU with the Unit Trust of Fiji to open more opportunities in terms of investment as well as sharing experiences and knowledge.

In January 2018, we approved for the rebalancing of the Trustee Fee to be paid by the Manager out of the Manager's Fee effective from 1 January 2018. When the Trust was set up in 2010, this was the practice. However, due to continued losses incurred by the Manager in the initial six consecutive months of operation, the cost of the Management fee was transferred to the Trust. The Manager is now financially stable and the Trustee Fee has been transferred back to the Manager. This rebalancing exercise will strengthen the future profitability of the Trust.

It is pleasing to see more of our people and businesses joining UTOS. The total number of unitholders has reached 2,116 as at 30 June 2018 compared to 200 in the first year. In continuing efforts to entice new unitholders and raise awareness of the UTOS opportunities, a Savaii Roadshow was also carried out towards the end of the financial year. It was a timely program and was well received by the people of the big island. As said, what is good for Upolu is also good for Savaii. Promotional activities such as radio talk shows, TV advertisements, presentations to organizations, Ministries and groups are carried out throughout the year to target new unitholders.

We endeavor to position the Company as a leading institution in the digital world. The launching of the Unit Registry system in 2017 provided unit holder with online accessibility to their accounts. Existing unitholders are gradually becoming aware of this service with 11% of total unit holders now accessing their accounts online. The team continues to promote and offer training to get unitholders on board to take advantage of this service.

We are also pleased to announce that the an extension to the online access to the system via the UTOS Mobile App came live in June this year. The team is also now promoting the use of the App to make it easy for unitholders overseas to top up their investment using the App.

We are continuing to improve our service delivery through online payment systems and are looking for most cost effective avenues for unitholders to invest in the Trust online from abroad. The online Unit Registry System and Website are well secured and comparable to security levels of top global financial institutions.

Looking into the future, we have an obligation to set pathway for the Trust in order to deliver results for the Unitholders. It is also our obligation to ensure that the operating environment of the Trust can meet the expectations of Unitholders; that is, to provide a good return in terms of dividends and investment growth. On that note, we have set a new vision ***“to be the leading fund manager of investments in Samoa that provides opportunities for a better future”***. To achieve this vision, we have set a new mission for UTOS ***“to provide ordinary Samoans with an opportunity to invest in a diversified portfolio of assets”***.

Building on the successes and challenges of past performances, we have given priority to the following initiatives for the next four years:

1. Growing the investment portfolio through diversification and expansion into overseas markets where appropriate
2. Growing the number of unitholders not only in Samoa but also the overseas Samoan diaspora.
3. Professional development of staff and enhancing of staff performances aligned to the expertise generated by diversification of the investment/financing portfolio
4. Offering more products and services to our stakeholder (unitholders included) using the latest ICT capabilities

With the current pool of resources and qualified employees, we are able to build capacity to become a fund manager for new funds and unit trusts both locally and abroad, as well as offering new investment alternatives to Samoans.


For the 2018/2019 financial year, it is expected that the economic and investment opportunities will be driven mainly by the leap frogging of ICT connectivity, continuing strong growth in tourism and related services. We are hopeful that more opportunities will open up not only in Samoa but in the neighbouring island countries. The Board and staff are confident that we will continue to step up our performance by seeking out more innovative and lucrative investment and financing facilities and strengthen internal controls and monitoring systems. As a highly exposed country and region to natural disasters as shown by the tsunami and three cyclones over the last decade, we will continue to stay vigilant and agile to overcome and manage the investment risks generated from these disasters.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by directors shown in the Financial Statements) by reason of a contract made by the company or be a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

Dated this 11 day of September 2018


Afoa Asiata Kolone Vaai
Chairman of the Board


Magele Arthur Penn
Director

Chief Executive Officer's Report

I am pleased to report on the financial performance of the Unit Trust of Samoa (Management) Ltd ("UTOSM") Company for the eighth year in a row. The results for financial year ending 30 June 2018 reflects our investment in systems, services to our unit holders, and development of our employees.

During the year, the management and staff have continued to manage and operate the Unit Trust of Samoa (UTOS) Trust, in accordance with the Trust Deed, Central Bank of Samoa Prudential Guidelines, as well as internal policies and guidelines approved by the Board and Trustees. The number of our employees increased from nine to twelve during the year.

FINANCIAL PERFORMANCE

Income

The total income for this financial year has increased by 8% compared to the previous year. This was largely driven by the Manager's fee received from UTOS Trust. The Manager's Fee remains at 2% of Net Assets of the Trust, and due to the increase in the Trust's Net Assets, the fees continue to increase. The Board and Management continues to monitor this trend to ensure both the Trust and Management operates prudently. Interest earned on term deposits with local commercial banks and exit fees from every unitholder redemptions are the other main revenue streams.

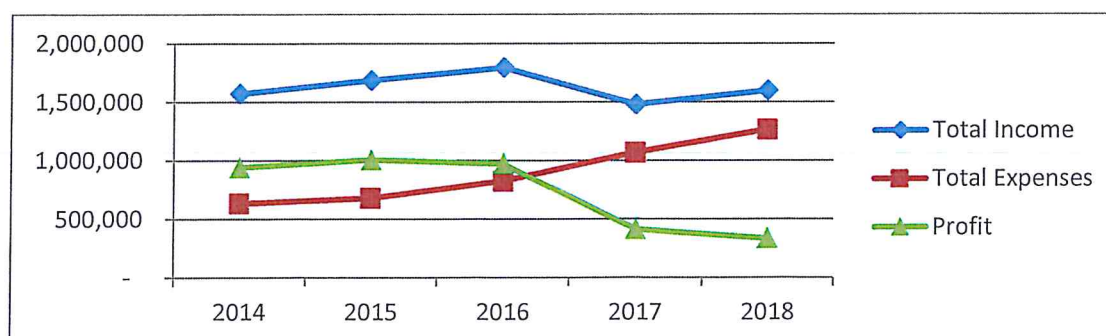
Expenses

Total expenses increased by 19% relative to last year. The increase in total expenditures is due to depreciation costs resulting from new developments within the IT department such as the new Registry System and servers to cater for unit holders' records. Personnel costs also increased during this financial year as three new positions' were approved by the board to assist with the workload as the number of unit holders continues to increase. The Board also approved the Trustee Fee to be paid by the Management Company instead of the Trust as was the practice since establishment. Communication costs doubled compared to last financial year due to the Online Registry System that enables unit holders to login to check their balances. This reflects our commitment to provide top class and reliable service to unit holders by taking advantage of new developments within the ICT industry

Profit

The profitability of the Company continues to fall compared to previous years mainly due to depreciation associated with the new Unit Registry System and new Senior Officers that were approved by the board last year. The net profit for this financial year is \$332,383 compared to \$411,011 for last year.

The following graph depicts the performance of the Management Company for the last five years.

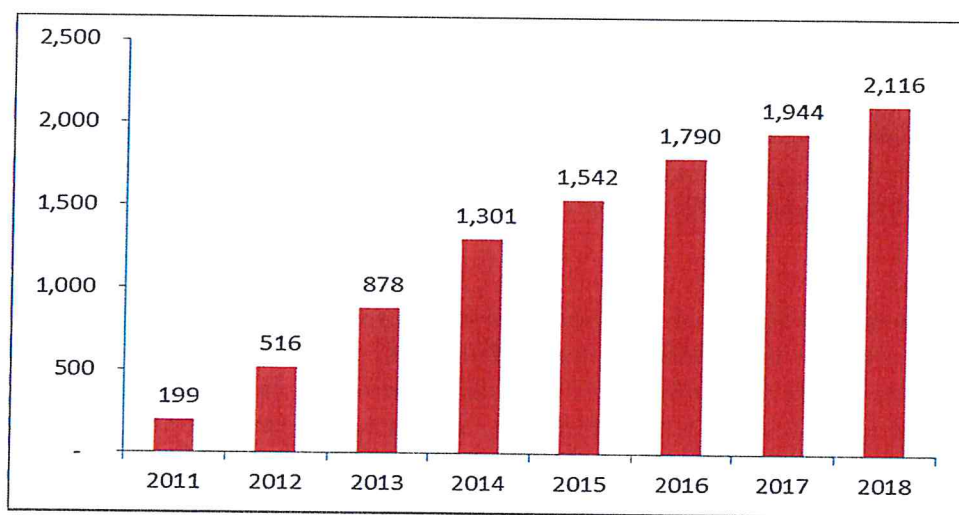


Based on the Net Profit, the Board approved to declare a dividend of \$250,000 for the Government of Samoa as the sole shareholder of the Company. Dividend declared equates to 13.8% return on Government's equity contribution of \$1.8m into the Company.

MANAGING OF THE TRUST

Unitholders

The initial 100 Units were issued to the Unit Trust of Samoa (Management) Limited on 9th July 2010 to officially establish the Trust in accordance with the Unit Trust Act 2008 and Trust Deed. The first units were publicly traded on 1st September 2010 with only 200 unitholders who joined the fund in that year. The total number of unitholders has reached 2,116 as at 30 June 2018.



The number of unitholders continues to grow steadily year on year. Promotional activities such as radio talk shows, TV advertisements, presentations to organizations, Ministries, groups and a road show around Savaii was carried out throughout the year to target new unitholders. A plan is also in place for a unitholder loyalty program to retain existing unitholders.

Return to Unitholders

The Return on Unitholders' Investment has continued to remain high compared to similar local financial institutions. UTOS Management maintains its focus on investing in securities that are of minimal risk and generates favourable returns for the unit holders. As a result, dividends continue to be paid out on an annual basis with the value of distribution also increasing year on year. The return for this financial year of 12.6% was driven by the 6% appreciation of the unit value and the dividend distribution of 10 sene per unit declared on 18th June 2018.

OUTLOOK

For the coming years, we will continue to re-align the Management Fee to ensure both the Trust and Management Company receives the best possible return to the unit holders and to the Government. Focus will remain on creating awareness and promoting the Trust Fund, investment facilities available and staff development.

The confidence and support entrusted by the Government has enabled the Board, Management and staff to further develop and grow the Fund to achieve the best return to unitholders.

We would like to extend our sincere appreciation to the Government through the Minister of Finance, Sili Epa Tuioti for his continued support and co-operation.

Furthermore, we acknowledge the guidance and firm leadership of the Chairman and Directors for their unending support to the Management and Staff.

Ma le fa'asaloalo tele,



Sau Fiapaipai Justina Sau Lam
Chief Executive Officer

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P.O Box 13
APIA, SAMOA



AUDIT OFFICE

Please address all correspondences
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REPORT OF THE AUDIT OFFICE

TO THE BOARD OF DIRECTORS - UNIT TRUST OF SAMOA (MANAGEMENT) LIMITED

Audit Opinion

We have audited the accompanying Financial Statements of the Unit Trust of Samoa (Management) Ltd for the year ended 30 June 2018 consisting of the statement of financial position, statement of financial performance, statement of changes in equity and statement of cash flow 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 Accountants, Chartered Accountants, assisted in this audit.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Samoa, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Responsibilities of Management and 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 Company'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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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AUDIT OFFICE

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- 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 company'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 Company'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 Company 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 those charged with governance 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 Company has kept proper accounting records, as far as it appears from our examination of them and the financial statements of the Company also provide in the prescribed manner the information required by the Companies Act 2001 (and amendment 2006) and the Public Bodies (Performances and Accountability) Act 2001.

Our audit was completed on the 12th September 2018 and our opinion is expressed as at that date.

Apia, Samoa
28 September 2018

Capele
Fuimaono Mata'afā Papalii C.G Afele Taimalelagi
CONTROLLER AND AUDITOR GENERAL

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
CERTIFICATION BY DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2018

We certify that the attached financial statements for the Unit Trust of Samoa (Management) Ltd comprising of the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements for the financial year ended 30 June 2018:

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

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

We authorise the attached financial statements for issue on 11 / 09 / 2018 on behalf of the directors of the Unit Trust of Samoa (Management) Ltd.


Afoa Asiata Kolone Vaai

CHAIRMAN

Unit Trust of Samoa (Management) Ltd
Apia, Samoa

11 / 09 / 2018


Magele Arthur Penn

DIRECTOR

Unit Trust of Samoa (Management) Ltd
Apia, Samoa

11 / 09 / 2018

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
Statement of Financial Position
As at 30 June 2018

	Notes	\$ 2018	\$ 2017
ASSETS			
Non current assets			
Investment in UTOS		223	191
Property and equipment	7	509,697	470,927
Term Deposit - SCB	9	117,565	113,044
Total non current assets		627,485	584,162
Current assets			
Cash and cash equivalents	8	2,394,167	1,808,015
Trade receivables	10	690,817	308,252
Other receivables		22,716	40,024
Total current assets		3,107,700	2,156,291
Total Assets		3,735,185	2,740,453
LIABILITIES, CAPITAL AND RESERVES			
Current liabilities			
Trade creditors	11	1,277,334	166,540
Other creditors and accruals	11	93,946	42,870
Provision for government dividend		250,000	500,000
Provision for employee benefits		43,755	43,276
Total current liabilities		1,665,035	752,686
Capital and reserves			
Share Capital	12	1,800,000	1,800,000
Retained earnings/(losses)		270,150	187,767
Total capital and reserves		2,070,150	1,987,767
Total Liabilities, Capitals and reserves		3,735,185	2,740,453

On behalf of the Board of Directors

Chairman

Director

Date 11 / 09 / 2018

Date 11 / 09 / 2018

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
Statement of Financial Performance
For the year ended 30 June 2018

	Notes	\$ 2018	\$ 2017
Income			
Interest income		66,644	69,954
Exit fees		95,561	101,491
Manager's fees	15	1,429,081	1,302,604
Other income		7,348	3,408
Total Income		1,598,634	1,477,457
Expenses			
Advertising & Promotion		21,133	31,778
Audit fees		25,380	18,481
Bank Fees & Charges		1,829	1,538
Board Expenses	6(ii)	46,812	57,981
Communication Costs		60,763	30,181
Electricity		25,961	20,948
Depreciation	7	146,599	74,362
Professional Fees		24,026	38,498
Personnel costs	5	715,290	666,488
Registration & licenses		1,819	957
Rent		43,508	40,068
Repairs & maintenance		1,907	1,620
Travel & allowances		52,022	33,237
Trustee fee	15	36,644	-
Other Administration expenses	4	62,558	50,309
Total expenses		1,266,251	1,066,446
Profit/(Loss) before income tax		332,383	411,011
Income tax (expense)/benefit		-	-
Under provision of prior years tax		-	-
Net Profit/(Loss) after income tax		332,383	411,011

The accompanying notes on pages 13 to 17 form an integral part of the above financial statements.

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
Statement of Changes in Equity
For the year ended 30 June 2018

	Note	Government of Samoa Contribution	Earnings/ (Losses)	Total
Opening Balance as at 30 June 2017		1,800,000	187,767	1,987,767
Net Profit/(Loss)			332,383	332,383
Dividend provided 2018			(250,000)	(250,000)
Balance as at 30 June 2018		1,800,000	270,150	2,070,150

The accompanying notes on pages 13 to 17 form an integral part of the above financial statements

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
Statement of Cash Flows
For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash Flows from operating activities			
Cash received from Unit Holders and Trust		13,013,993	12,797,451
Cash received from interest on current account		6,964	26,279
Cash received from fees income		1,415,464	1,470,964
Cash paid to and for the Trust		(12,157,437)	(12,608,710)
Cash paid for expenses and employees		(1,074,499)	(1,033,896)
Net cash inflow/(outflow) from operating activities		<u>1,204,485</u>	<u>652,088</u>
Cash flows from investment activities			
Cash from interest on term deposits		71,557	46,603
Payment for property, plant and equipment		(185,369)	(233,782)
Net cash inflow/(outflow) from investment activities		<u>(113,812)</u>	<u>(187,179)</u>
Cash flows from financing activities			
Dividend to Government of Samoa		(500,000)	(600,000)
Net cash inflow/(outflow) from financing activities		<u>(500,000)</u>	<u>(600,000)</u>
Net increase/(decrease) in cash and cash equivalents		590,673	(135,121)
Cash and cash equivalents at beginning of year		1,921,060	2,056,181
		2,511,733	1,921,060
Deduct: Non-current cash in SCB Bond Term Deposit	9	(117,565)	(113,044)
Cash and cash equivalents at end of year		<u><u>2,394,168</u></u>	<u><u>1,808,016</u></u>
Current Cash and Cash equivalents	8	<u><u>2,394,168</u></u>	<u><u>1,808,016</u></u>

The accompanying notes on pages 13 to 17 form an integral part of the above financial statements

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

1. General Information & Related Party

The Unit Trust of Samoa (Management) Ltd was established in March 2010. Unit Trust of Samoa ("the Manager") manages the Unit Trust of Samoa ("the Trust") and it is domiciled in Samoa. The Management Company has a fiduciary relationship with the Trustee and the unit holders. This relationship is formalised with a Trust Deed under the Unit Trusts Act 2008.

The Trust is an investment vehicle that allows investors monies to be pooled with other unit holders' monies that in return are re-issued with units and become unit holders in the Unit Trust. The pooled funds in the Trust are then invested by the Unit Trust of Samoa (Management) Ltd, the fund manager, in accordance with the investment with the investment guidelines contained in the prospectus and investment policy.

The Trust was established under the Unit Trusts Act 2008. It is governed by a 3 member board of directors (the Board) chaired by Afioga Afoa Asiata Kolone Vaai. The Board comprises of the CEO for the Ministry of Finance and includes a representative from the Private Sector and Commerce.

The main office is located on the 3rd Floor of the Development Bank of Samoa Building, Savalalo and its postal address is Private Bag, Apia Samoa.

2. Statement of significant accounting policies

Set out below is a summary of significant accounting policies adopted by the company in the preparation of its financial statements.

a. Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Public Finance Management Act 2001 which requires the adoption of International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

In accordance with section 91 of the Public Finance Management Act 2001, Unit Trust of Samoa (Management) Ltd is designated as a Public Body, therefore it must also satisfy the reporting requirements under the Public Bodies (Performance & Accountability) Act 2001.

b. Basis of preparation

The financial statements are prepared on the historical cost basis. The principal accounting policies are stated to assist in a general understanding of these financial statements. Reporting financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period and future periods.

c. Comparative Information

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

d. Functional and presentation currency

The financial statements are presented in Samoan Tala (SAT \$), which is the Company's functional currency and all values as presented in Samoan Tala have not been rounded.

e. Foreign currency transactions

Transactions in foreign currencies are translated into Samoan Tala at exchange rates ruling at the date of the transaction. Amounts receivable and payable denominated in foreign currencies are translated at the rates of exchange ruling at balance sheet date. Foreign exchange differences arising on translation are recognised in the statement of financial performance.

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

2. Statement of Significant accounting policies (continues)

f. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short term deposits with maturities less than one year.

g. Accounts and Other Receivables

Accounts and other receivables are recorded at fair value. At the end of each reporting period, the carrying amounts of accounts and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the statement of financial performance.

h. Accounts and other payables

Accounts and other payables are recognised at cost and represent liabilities for goods and services provided to the company before the end of the financial year that are unpaid and arise when the Company becomes obligated to make future payments in respect of the purchase of these goods and services.

i. Provisions

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

j. Revenue recognition

Interest income

Interest income on investments are recognised as they accrue.

Fees and charges

Fees and charges are brought to account when they are earned.

k. Property and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The costs of the day to day servicing of the PPE are recognised in the statement of financial performance as incurred.

Depreciation

Depreciation is charged to the 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. The following rates are used for the depreciation of property, plant and equipment:

- Office furnitures and fittings	20%
- Office equipments	20%
- Motor vehicles	20%
-Computers and software	33%
- Leasehold building	2.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains/(losses) - net' in the statement of financial performance.

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

2. Statement of Significant accounting policies (continues)

l. Value added goods and services tax (VAGST)

As a semi-financial institution, the Company is exempt from VAGST.

m. Income tax

The Unit Trust of Samoa (Management) Ltd is exempted from Income Tax

n. Employee benefits

The Company contributes towards the Samoa National Provident Fund, a defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of contribution. Obligations for contributions to the defined contribution plan are recognised immediately in the statement of financial performance.

Liabilities for annual and sick leave are accrued and recognised in the balance sheet. Annual leave are recorded at the undiscounted amount expected to be paid for the entitlement earned. Sick leave is calculated at 1/3 of the total days.

Short Term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

o. Borrowing costs

All borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

3. Critical accounting estimates and judgments

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. Other Administration expenses

	2018	2017
	\$	\$
Details of administration expenses are specified as follows:		
Catering & refreshments	6,094	9,214
Motor vehicle expenses	15,148	7,274
General supplies & services	6,526	3,337
Memberships & subscriptions	3,205	5,826
Postage/Courier	15	169
Printing & Publications	4,481	5,241
Samoa Post fee	750	390
Stationeries	16,596	9,683
Insurance - Motor Vehicle	3,844	5,242
Staff training & development	5,898	2,749
Other	-	1,184
Total administration expenses	62,558	50,309

5. Personnel costs

Details of personnel costs are specified as follows:

Salaries & wages	661,114	616,499
NPF contribution	46,966	43,527
ACC levy	6,720	6,462
Other allowances	490	-
Total personnel costs	715,290	666,488

6. Directors and executive management remuneration

i. Directors

The Directors of the company during the period comprised of:

Afoa Asiata Kolone Vaai	-	Chairperson
Lavea Tupaimatuna Iulai Lavea	-	CEO, Ministry of Finance
Magele Arthur Penn	-	Independent member

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
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6. Directors and executive management remuneration (continues)

Director's fees, benefits and Board expenses of \$44,878 were paid during the year including sitting allowances. Directors

ii. *Board costs*

Board of Directors expenses are as follows:

	2018	2017
	\$	\$
Directors fees and allowances	42,018	53,799
Membership fees	3,000	3,000
Meeting expenses	1,794	1,182
Total Board of Directors expenses	46,812	57,981

7. **Property and equipment**

Details of property and equipment are specified as follows:

	Office Furniture, fittings & Leasehold	Office equipment	Computers & software	Motor Vehicles	Total
<i>Gross carrying amount</i>					
Balance as at 1 July 2017	176,612	52,787	264,651	205,990	700,040
Additions	4,324	27,990	153,055		185,369
Disposals					
Balance as at 30 June 2018	180,936	80,777	417,706	205,990	885,408
<i>Accumulated depreciation</i>					
Opening balance 1 July 2017	52,637	39,945	43,728	92,803	229,113
Disposals					
Depreciation charge for the year	11,562	8,090	85,750	41,198	146,600
Balance as at 30 June 2018	64,199	48,035	129,478	113,187	375,713
Net Carrying amount 30 June 2017	123,975	12,842	220,923	113,187	470,927
Net Carrying amount 30 June 2018	116,737	32,742	288,229	71,989	509,696

8. **Cash and cash equivalents**

(a) Details of cash and cash at bank are as follows:

BSP account	1,375,735	207,879
Petty cash	250	150
ANZ account	13,663	102,819
SCB account	97,272	31,888
Total cash and cash equivalents	1,486,921	342,736

(b) Term Deposits

SCB	907,247	865,280
ANZ	-	300,000
NBS	-	300,000
Total Term Deposits	907,247	1,465,280

The above term deposits are surplus company funds earning interest at SCB 4.85% due 23 Feb 2019.

9. **Term Deposits**

SCB	117,565	113,044
	117,565	113,044

The term deposit with SCB is the Bond as stipulated under the Trust Deed. It will not be withdrawn.

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
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10. Trade receivables	2018	2017
Details of other receivables are specified as follows:	\$	\$
Unit Redemptions paid Receivable from Trust	558,287	193,248
Manager's fee receivable from Trust	126,284	112,667
Exit fees receivable from Trust	6,247	2,337
	<u>690,818</u>	<u>308,252</u>
 11. Creditors		
Details of other creditors and accruals are specified as follows:		
Payroll Liabilities	36,898	24,421
Provision for Audit fee (inclusive Vagst)	23,080	8,476
Trustee fee	22,249	-
Others	11,720	28,327
Total other creditors	<u>93,947</u>	<u>42,870</u>
 Trade Creditors		
Unitholders' funds payable to Trust	<u>1,277,334</u>	<u>166,540</u>
	<u>1,277,334</u>	<u>166,540</u>
 12. Authorised and paid-up capital		
Details of authorised and paid-up capital are specified as follows:		
Authorised capital 100 ordinary shares	<u>1,800,000</u>	<u>1,800,000</u>
Issued and paid up capital	1,800,000	1,800,000
Additional issued and paid capital	-	-
	<u>1,800,000</u>	<u>1,800,000</u>
Issued and paid up capital end of financial year	<u>1,800,000</u>	<u>1,800,000</u>
 13. Contingent liabilities		
As at 30 June 2018, the Company had no contingent liabilities or assets.		
 14. Events occurring after balance sheet date		
There are no material events after balance date that require adjustment or disclosure in these financial statements as at 30 June 2018.		
 15. Trustee Fee & Manager's Fee		
Trustee fee expense for the year	<u>36,644</u>	<u>-</u>
Manager's fee income for the year	<u>1,429,081</u>	<u>1,302,604</u>

The Trustee fee is now carried and payable by the UTOS (Management) Ltd beginning 2018. It was previously paid by the UTOS (Trust).

The Manager's fee income is charge by the Company to the UTOS (Trust) for managing the Trust.

