

SAMOA TRUST ESTATES CORPORATION



ANNUAL REPORTS

FOR THE FINANCIAL YEARS ENDED

30 JUNE 2018

AND

30 JUNE 2019

SAMOA TRUST ESTATES CORPORATION
ANNUAL REPORTS FOR FINANCIAL YEARS ENDED
30 JUNE 2018 AND 30 JUNE 2019



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Government of Samoa

OFFICE OF THE MINISTER OF SAMOA TOURISM AUTHORITY

(Samoa Tourism Authority, Public Trust, Samoa Audit Office, Samoa Bureau of Statistics, Samoa Trust Estates Corporation)

Afioga i le Fofoga Fetalai
Fono Aoao Faitulafono
MULINU'U

Honourable Speaker
Legislative Assembly
MULINU'U

E tusa ai ma le Tulafono a le Faalapotopotoga o Esetete Tausi a Samoa 1977, e ia te a'u le agaga fa'aaloalo ou te tu'uina atu ai lenei lipoti, e fai ma sui o le Komiti Faatonu a le Faalapotopotoga o Esetete Tausi a Samoa, mo tausaga na faai'uina i le aso 30 o Iuni 2018 ma le 30 o Iuni 2019.

As required by the Samoa Trust Estates Corporation Act 1977, I have the honour to lay before the Legislative Assembly of Samoa, on behalf of the Board of Directors of the Samoa Trust Estates Corporation, the Annual Report and Audited Accounts for the years ended 30 June 2018 and 30 June 2019.

(Hon. Sala Fata Risati Pinati Ah Leong)
MINISITA O ESETETE TAUSI A SAMOA



Samoa Trust Estates Corporation (Faalapotopotoga o Esetete Tausi a Samoa)

CHAIRMAN'S REPORT

It is my pleasure to present to you on behalf of the Board of Directors, this annual report of the Samoa Trust Estates Corporation for the periods ended 30 June 2018 and 30 June 2019.

Plantation Profile

The Corporation operates Mulifanua plantation stretches from Faleolo on the eastern boundary to Mulifanua village on the west and positioned along the Coastline road and extend inland to the ridges of the Mountain Ranges, consisting of 8,177 acres of land.

By the end of June 2018 and end of June 2019 the Corporation has employed a total number of 79 and 92 workers respectively. At the end of 30 June 2018 - 17 employees stationed at the Head Office at Vaitele and 62 workers at the Mulifanua farm whereas 20 officers at the Head Office and 70 farm workers at Mulifanua at the end of June 2019.

Operations

Whilst the primary focus of STEC in the past several years was developing agriculture, recent review of STEC development and performance as required under the Public Bodies (Performance and Accountability) Act 2001, revealed that the opportunity cost of developing agriculture on some of STEC's prime land alongside the main road near Mulifanua wharf and Faleolo Airport Terminal, have by far exceeded the benefit. The need therefore to be profitable and efficient as required under the above-mentioned legislation, has necessitated the Corporation to diversify its operation to non-agriculture business enterprises particularly property investment.

The main economic activity throughout periods 01 July – 30 June 2018 and 01 July – 30 June 2019 was collecting of coconuts and drying copra wholesaling coconut to the general public and private coconut retailers. Other activities including grazing cattle and sheep, farming papaya vegetable and collecting firewood for sale. Also the replanting of coconut trees, cocoa, coffee, lemons, vegetable gardens and some cash crops such as bananas and taro using ecologically based pest controls and biological fertilizers (organic farming). Hence requiring workers' intensive labor with increased costs of production compared to revenue earned.

Despite several challenges encountered by the Corporation; I believe that the Corporation has potential and eligibility to utilize government assets for sources of revenue in which strengthened the Corporation's capacity to prosper through government grants and networking partners/donors from overseas to assist with projects at Mulifanua; such as land lease township development and Biomass Gasification Power Supply already progressing.

As Chairman of the Board of Directors, I am optimistic concerning the progress so far given the financial restraint and prevailing constraints confronting agricultural development especially market availability. I would like to thank members of the Board of Directors, the Management team, staff and farm workers for their perseverance and commitment throughout these reporting periods.

Whilst work is progressing slower than expected, I am nevertheless confident that the Corporation is moving in the right direction in terms of its planned investments and sources of revenue to contribute to the development of our nation.

Ma le faaaloalo lava,

(Leaupepe Poliko Esera)



Samoa Trust Estates Corporation

(Faalapotopotoga o Esetete Tausi a Samoa)

CHIEF EXECUTIVE OFFICER'S REPORT

FOR THE FINANCIAL YEARS ENDED 30 JUNE 2018 AND 30 JUNE 2019

The accompanying Financial Statements have been prepared in accordance with the International Accounting Standards and also include amounts based on management's estimates and professional judgements.

Management has installed and maintained appropriate system of internal controls and accounting systems in taking all reasonable steps to safeguard the assets of the Corporation and to prevent and detect fraud and other irregularities. These systems including written policies are designed to provide reasonable assurance that our financial records are reliable and form a proper basis for timely and accurate preparation of financial statements.

It is my pleasure to report on the activities and performance of the Corporation during 12 months' period ending 30 June 2018 and 30 June 2019. The main activities that casual and piecemeal farm workers have been preoccupied within this financial year includes coconut harvesting for copra production and local market supply; cattle grazing, sheep farm; establishment of taro, banana, as short term cash crops, weeding paddocks to improve pasture quality and the repairing of barbed wire fences on STEC property to safeguard its assets. It is noted that the costliest activity has been the clearing of invasive species which has hindered the growth of coconut trees. This has also been done to clear land for new crops and the replanting of coconuts, cocoa, and coffee. Property investments in terms of land lease developments remain a priority of the Corporation and one of the major responsibilities for the CEO.

Review of Operating and Financial Performance

This financial year has shown a shortfall in projected revenue by 67% (2018) and 72% (2019) compared to the annual budgets for these years. The dispute over land with Satapuala Village and STEC/Government has been resolved, which was one of the causes a delay in finalizing lease agreements with private sector entrepreneurs. The court case between the Satapuala village and other government agencies led by STEC has now been resolved upon removal of these Satauala Villagers from 22.5 acres of land alongside the Faleolo International Airport. All court cases conducted in relation to past years' events about land disputes were all successful due to STEC/Government collective approach. These court cases have been reported through government committee towards the Satapuala Village case which has been approved by Cabinet in 2016 the return of this government property of 22.5 acres and 69 acres from Satapuala people resided there since 1983.

Productivity and Return on Capital Employed

Farm productivity has remained stagnant as the market for coconuts continues to fluctuate during this reporting period. The underutilization of available factors of production continues to persist and the damage by villagers to new developments remains a high threat for STEC.

The returns on capital have been similarly low due to lack of funding to start new economic activities. In addition, the Corporation has identified profitable projects, both in lease and agricultural development, in the pipeline that would generate more income but a lack of investment funds has stagnated the development of the Corporation.

Changes in the business activity as a result of Government, Economic, Fiscal, Monetary or Political factors

Land leases to the private sector for business development are part of the Government plan to develop a tourism and commercial center alongside the Faleolo International Airport. This was approved by Cabinet as per FK (06)23 dated 29 June 2006.

The development of tourism around this area involves upgrading of the Mulifanua wharf, construction of Aggie Grey's Beach Resort, and the Golf Course. These have resulted in an increase in the number of requests from the business community to lease STEC land opposite the Airport. This is expected to become a major income earner for STEC in the near future.

STEC Management has developed a proposal to dispose of some of its existing property leases in the form of 'lease to own' terms but is subject to Cabinet approval. STEC has opted for this as a means to generating sufficient revenue in order to be able to invest in much needed capital equipment, to meet its yearly operating costs, make profits and to clear its current debts.

Ma le faaaloalo lava,



Patea L M Setefano

PULE SILI



CORPORATION'S DIRECTORY 2019

BOARD OF DIRECTORS

Leaupepe Poliko Esera	Chairman, Board of Directors
Taimalelagi Fagamalama Tuatagaloa	Director
Mulipola Anarosa Molioo	Director
Tapuai Laupua Fiti	Director
Logotaua Palepa Swanney-Solaese	Director
Ifopo Fritz Jahnke	Director
Afioga Faamoetauloa Dr Taito F Tuma'alii	Director

MANAGEMENT

Patea Loli Malo Setefano	Chief Executive Officer
Natasha Kolose	Assistant Chief Executive Officer Lease & Investment Division
Faaiuga Ofoia	Seconded/Acting Assistant Chief Executive Officer-Finance and Corporate Services

TEAM LEADERS

Senara Noaese Te'o	Senior Finance Officer
Tia Lalofau Samuelu	Senior Administration Officer
Malaeoalii Shalom Vaeloto	Senior Investments and Projects Officer
Faleauto Siopi Lockington	Senior Farm Officer – Livestock
Tiumalu Papama'a Opa	Senior Farm Officer - Crops

**SAMOA TRUST ESTATE CORPORATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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**SAMOA TRUST ESTATE CORPORATION
CERTIFICATION BY DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2019**

We certify that the attached financial statements for the Samoa Trust Estate Corporation comprising of the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Equity, Statement of Cash Flows and notes forming part of the financial statements for the year ended 30 June 2019:

- 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 Public Finance Management Act 2001 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 circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Directors

The directors of the corporation at any time during the financial year were:

1 Leaupepe Esera Poliko	Chairman, Board of Directors
2 Taimalelagi Fagamalama Tuatagaloa	Director
3 Hon Faamoetaulua Dr Taito Faale Tuma'ali'i	Director
4 Mulipola Anarosa Ale Molioo	Director
5 Tapuai Laupua Fiti	Director
6 Logotaua Palepa Swanney Solaese	Director
7 Ifopo Matia Filisi Jahnke	Director

Activities

The corporation's main activities are the development and management of the Samoa Trust Estates' lands. These developments include the leasing of its lands for business and individual developments. It also operate a farm; producing and selling coconuts, copra, cocoa, vanilla, firewoods and other various produces in addition to nursery plants. It is also a breeder and a retailer of livestock, namely cattle and sheep.

Operating results

The trading loss after income tax for the year ended 30 June 2019 was \$1,044,765 with accumulated loss at \$5,815,527 at year end.

We authorise the attached financial statements for issue on 6/4/2020 on behalf of the directors of the Samoa Trust Estate Corporation.



Leaupepe Poliko Esera
CHAIRMAN
Samoa Trust Estate Corporation
Apia, Samoa

6/4/2020



Logotaua Palepa Swanney Solaese
DIRECTOR
Samoa Trust Estate Corporation
Apia, Samoa

6/4/2020



AUDIT OFFICE

Please address all correspondences
to the Controller and Auditor General

REPORT OF THE AUDIT OFFICE

TO THE GOVERNING BODY IN CHARGE OF GOVERNANCE - SAMOJA TRUST ESTATE CORPORATION

Report on the Audit of the Financial Statements

We have audited the accompanying Financial Statements of the Samoa Trust Estates Corporation (STEC) which comprise the Statement of Financial Position as at 30 June 2019, and Statements of Comprehensive Income, Changes to Equity, and Cash Flows for the year ended, and a Summary of Significant Accounting Policies and Other Explanatory Notes. The Accounting Firm of TUILOMA LAMEKO, Chartered Accountants and Consultants, assisted in this audit. The Engagement Partner on the audit resulting in this Independent Auditor's Report is Faumuina Esther Lameko.

Qualified Opinion

As described in note 22, the Corporation's continuation as a going concern is dependent on the ability of the Board and Management to achieve the Corporation's planned activities and become profitable in the future. These are the factors which raise doubt that the Corporation will be able to continue as a going concern and therefore whether it will realize its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial statements. The financial statements have been prepared on the going concern basis, the validity of which is depended on the Corporation's ability to generate profits in the future. Should it fail to generate future profits, the going concern basis may not be appropriate and adjustments may have to be made for any possible loss on realization of Corporation Assets.

The financial statements have not included any adjustments that might result from the outcome of the above uncertainty.

Except for the above, in our opinion, the accompanying financial statements give a true and fair view of the financial position of the Samoa Trust Estates Corporation as at 30th June 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Samoa Institute of Accountants.

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 Corporation in accordance with the ethical requirements that are relevant to our audit of financial statements in Samoa, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Responsibilities of Those Charged with Governance for the Financial Statements

Directors and Management are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Samoa Trust Estates Corporation Act 1977, Samoa Trust Reconstruction Act 1990 and such internal control as the 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 Director and Management are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors and Management either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibility 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:



AUDIT OFFICE

Please address all correspondences
to the Controller and Auditor General

- 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors and management.
- 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 Corporation'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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Under section 104 of the Public Finance Management Act 2001, a public body shall submit to the Minister for Finance and the responsible Minister the audited financial statements within four months after the year end of the public body's financial year. Samoa Trust Estates Corporation has not complied with Section 104 of the Public Finance Management Act 2001 as it has not submitted its audited financial statements for the year ended 30 June 2019 by the deadline of 31 October 2019.

In our opinion:

- a. Proper books of account have been kept by the corporation, so far as it appears from our examination of those books; and
- b. The financial statements are in agreement with the books of account; and
- c. To the best of our knowledge and according to explanations given to us the financial statements are properly drawn up to give in the prescribed manner the information required by the Samoa Trust Estates Corporation Act 1977, Samoa Trust Estates Corporation Reconstruction Act 1990 and the Public Bodies (Performance and Accountability) Act 2001 in the manner so required.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Apia, Samoa
06 April 2020

Muaausa Marshall Maua
AUDIT DIRECTOR

**SAMOA TRUST ESTATE CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Notes	2019 \$	2018 \$
CAPITAL AND RESERVES			
Capital	2	7,409,809	3,921,340
Profit/(Loss) Appropriation		(5,815,535)	(4,770,762)
Land Revaluation Reserve	3	<u>41,132,152</u>	<u>41,132,152</u>
TOTAL CAPITAL & RESERVES		<u>42,726,426</u>	<u>40,282,730</u>
Represented by:			
CURRENT ASSETS			
Cash at Bank and on Hand	4	1,047,130	2,596
Trade Debtors Net of Provision	5	224,053	433,157
Other Debtors and Prepayments	6	-	1,795
Merchandise, Produce and Livestock	7, 1.5	<u>102,254</u>	<u>82,804</u>
TOTAL CURRENT ASSETS		<u>1,373,437</u>	<u>520,352</u>
CURRENT LIABILITIES			
Other Creditors and Accruals	8	1,134,447	1,003,067
Bank Overdraft	11	-	1,557,303
TOTAL CURRENT LIABILITIES		<u>1,134,447</u>	<u>2,560,370</u>
SURPLUS/(DEFICIT) IN WORKING CAPITAL		238,990	(2,040,018)
NON CURRENT ASSETS			
Property, Plant and Equipment	10	44,264,042	44,342,420
MCIL EIF Project Asset	9A	215,180	180,380
Preliminary Expenses	10B	87,958	93,132
Crops Development	10A, 1.8	<u>2,464,016</u>	<u>2,464,016</u>
TOTAL NON-CURRENT ASSETS		<u>47,031,196</u>	<u>47,079,949</u>
TERM LIABILITIES			
Deferred Income (Bio-diesel)	8A	(39,103)	(48,878)
MCIL EIF Project Cost	9A	(215,180)	(180,380)
Long Term Liability to Managed Fund	20	<u>(4,289,477)</u>	<u>(4,527,943)</u>
TOTAL TERM LIABILITIES		<u>(4,543,760)</u>	<u>(4,757,201)</u>
TOTAL NET ASSETS		<u>42,726,426</u>	<u>40,282,730</u>


The relevant notes on page 8 to 18 form part of this Statement of Financial Position.

On Behalf of the Board:



Leaupepe Poliko Esera
CHAIRMAN

6, 4, 2020



Logotaua Palepa Swanney Solaese
DIRECTOR

6, 4, 2020

SAMOA TRUST ESTATES CORPORATION
STATEMENT OF FINANCIAL PERFORMANCE
FOR YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
SALES	15	121,182	308,166
COST OF SALES			
Opening stock	15, 7	82,804	106,499
Production costs	15	636,119	454,494
		<u>718,923</u>	<u>560,993</u>
Closing stock	15,7	(102,254)	(82,804)
		<u>616,669</u>	<u>478,189</u>
Gross profit/(loss)	15	(495,487)	(170,023)
Add: Other income	16	1,015,488	790,891
Less : Administration and finance expenses	12	(1,509,512)	(1,776,044)
		<u>(989,511)</u>	<u>(1,155,176)</u>
Gain/(loss) on disposal of property, plant and equipment		(55,262)	(212,051)
Net profit/(loss) before tax		<u>(1,044,773)</u>	<u>(1,367,227)</u>
Income tax	1.9	-	-
Net profit/(loss) for the year		(1,044,773)	(1,367,227)
Accumulated profit at beginning of the year		<u>(4,770,762)</u>	<u>(3,403,535)</u>
ACCUMULATED PROFIT/(LOSS) AT YEAR END		<u>(5,815,535)</u>	<u>(4,770,762)</u>

The relevant notes on pages 8 to 18 form part of this Statement of Financial Performance.

**SAMOA TRUST ESTATES CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2019**

	Contributed Capital	Assets Revaluation	Accumulated Profit/(Loss)	Total
2018				
Balance as at 1st July 2017	3,421,340	41,132,152	(3,403,535)	41,149,957
Government Contribution	500,000	-	-	500,000
Net loss for the year	-	-	(1,367,227)	(1,367,227)
Balance as at 30th June 2018	3,921,340	41,132,152	(4,770,762)	40,282,730

	Contributed Capital	Assets Revaluation	Accumulated Profit/(Loss)	Total
2019				
Balance as at 1st July 2018	3,921,340	41,132,152	(4,770,762)	40,282,730
Government Contribution	3,250,000	-	-	3,250,000
Transfer From Managed Funds	238,469			238,469
Net loss for the year	-	-	(1,044,773)	(1,044,773)
Balance as at 30th June 2019	7,409,809	41,132,152	(5,815,535)	42,726,426

The relevant notes on page 8 to 18 form part of this Statement of Changes in Equity

SAMOA TRUST ESTATES CORPORATION
STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
CASH FLOWS FROM/(USED BY) OPERATING ACTIVITIES		
Cash received from customers	1,335,412	1,026,855
Cash paid to suppliers and employees	(1,893,952)	(1,808,089)
Government of Samoa (Grants)	3,250,000	500,000
Net cash used by operating activities	<u>2,691,460</u>	<u>(281,234)</u>
CASH FLOWS FROM/(USED) BY INVESTING ACTIVITIES		
Process from disposal of Fixed Assets	-	-
Purchase of fixed assets	<u>(28,654)</u>	<u>(1,501)</u>
Net cash from/(used by) investing activities	<u>(28,654)</u>	<u>(1,501)</u>
CASH FLOWS FROM/(USED BY) FINANCING ACTIVITIES		
Proceeds from Term Loan (UTOS)	-	-
Payment of interest on Overdraft	(60,969)	(125,326)
Payment of interest on loan	-	-
Payment of loan principal	-	-
Net cash from/(used by) financing activities	<u>(60,969)</u>	<u>(125,326)</u>
NET INCREASE/(DECREASE) IN CASH	2,601,837	(408,061)
Opening balance brought forward Samoa Commercial Bank	<u>(1,554,707)</u>	<u>(1,146,646)</u>
Ending balance carried forward	<u>1,047,130</u>	<u>(1,554,707)</u>
Represented by:		
Cash on hand	2,000	2,000
Samoa Commercial Bank - SCB 0537519-2001	1,041,870	(1,557,303)
Samoa Commercial Bank - SCB 0537519-2002	3,260	596
	<u>1,047,130</u>	<u>(1,554,707)</u>

The relevant notes on pages 8 to 18 form part of this statement of cash flows.

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
30 JUNE 2019

1. GENERAL

The Government of Samoa passes an Act to assist the re-organisation of the Samoa Trust Estates Corporation and to vest in the Corporation and to de-vest from it, interests in certain land; to make provision for the reduction of debts due by it to the Government to provide for the privatization of its operation; and for objects incidental hereto.

This Act may be cited as the Samoa Trust Estates Corporation Reconstruction Act 1990, effective 1 October 1990.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1 Statement of compliance

The statements have been prepared in accordance with International Accounting Standards and Generally Accepted Accounting Principles

1.2 Basis of preparation of accounts

The accounts have been prepared on the basis:

- (i) of historical costs with the exception of certain property, plant and equipment which have been revalued.
- (ii) that the Corporation will continue trading and will not dispose of or realise any material part of assets or operations.

The accounts are presented in Samoan Tala

1.3 Depreciation

Buildings, plant and machinery, motor vehicles, furniture and fittings are depreciated using rates estimated to write off the assets over their estimated useful lives. The methods and rates are as follows:

<u>Item</u>	<u>Method</u>	<u>Annual Rate</u>
Buildings - wood and concrete	Diminishing value	2.5%
Plant, machinery and furniture	Diminishing value	20%
Motor vehicles	Diminishing value	25%

Land, roads and water supply are not depreciated.

1.4 Interest expenditure

Interest on borrowing is recognised in the statement of financial performance.

1.5 Merchandise and other stocks

Merchandise is valued at the lower of cost or net realisable value using the first in first out method. Cost is determined as follows:

Resale merchandise and raw materials: Invoice cost plus inward charges.

Produce: Cost of production

Work in progress and finished goods: Direct costs plus factory overhead

Livestock is valued at standard value as follows:

	₤		₤		\$
Breeding cows	770	Bull calves	250	Ewe Ranging	\$100 - \$200
Heifers	800	Steers	500	Ewe hogget	\$80.00
Heifer calves	500	Heifer weaner	250	Female Lamb	\$50.00
Bulls	500			Breeding Lamb	\$100.00
				Ram hogget	\$80.00
				Wether hogget	\$60.00
				Male lamb	\$50.00

1.6 Doubtful debts

Provision for doubtful debts has been set by appraising individual accounts.

1.7 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1.8 Long term crop development - cocoa, coffee, coconuts, tipolo (tahitian lime), vanilla, avocado

All expenditure directly associated with the development of long term crops such as cocoa, avocados, coffee, coconuts, nonu, tipolo from the commencement of the development is charged to Crops Development. All such expenditure is transferred to "Land and Developments" on the expiry of the respective periods. The capitalisation period is seven years for coconuts, five years for coffee, nonu, and cocoa and four years for tipolo and avocados. All expenditure incurred after respective periods for each crop is treated as expenditure against revenue. Expenditure relating to cash crops such as taro, taamu and banana etc are expensed in the period in which they incurred.

1.9 Taxation

The Corporation does not account for deferred taxation. It is liable for income tax on assessable income derived from trading activities and not those relating to the production and sale of primary produce which is exempted from income tax under the Income Tax Act, 1974.

1.10 MCIL EIF Project

The project fund is accounted for under International Accounting Standard 20 in that project assets are recorded as Project Assets and a corresponding credits to deferred income. Deferred income relating to fixed assets would only be recognised as income at the completion of the activities and appropriate conclusion reached by both parties relating to disposal of assets. Costs of rehabilitation of permanent crops such as coconuts and cocoa would be taken to income as they are incurred.

1.11 Changes in accounting policies

There has been a change in the depreciation rate for motor vehicles, which was at 20% diminishing value previously and is now at 25% diminishing value for the current period.

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
30 JUNE 2019

2. CAPITAL	2019	2018
	\$	\$
Net assets taken over from New Zealand Repatriation Estates on 1 April 1957	3,921,340	1,221,340
Government of Samoa	3,250,000	2,700,000
Transfer From Managed Funds	238,469	
	7,409,809	3,921,340

3. LAND REVALUATION RESERVE	2019	2018
	\$	\$
Closing Balance	41,132,152	41,132,152

In December 2001, the Department of Lands, Survey & Environment carried out another valuation of the Corporation's lands at Mulifanua and Nu'u which showed a valuation of \$46,975,500. The Board of Directors at their meeting on 31 July 2002 approved the incorporation of this valuation in the Corporation's annual accounts at 31 December 2002. No revaluation was done in 2019.

4. CASH AT BANK AND ON HAND	2019	2018
	\$	\$
Samoa Commercial Bank - SCB 0537519-2001	1,041,870	-
Samoa Commercial Bank - SCB 0537519-2002	3,260	596
Cash on hand	2,000	2,000
	1,047,130	2,596

The Corporation operates an overdraft facility with the Samoa Commercial Bank with a limit of \$1,200,000 at an interest rate of 10.5%. The overdraft is secured with half acres land at Vaitele, Plan 7924, and three quarter acres land at Vaitele, Plan 10263 with the office building.

5 TRADE DEBTORS	2019	2018
	\$	\$
Staff Accounts	17,549	17,549
Local Accounts	515,902	725,006
Less: provision for doubtful debts	(309,398)	(309,398)
	224,053	433,157

5.1 Movement in provision for doubtful debts	2019	2018
	\$	\$
Opening balance 1 July	309,398	229,840
less: write off against provision	-	(70,442)
add: charge for the year	-	150,000
Balance as at 30 June 2019	309,398	309,398

The Board of Directors approved the write off of the following as bad debts in June 2018.

<u>Loans Written Off During the Year</u>	2019	2018
	\$	\$
Trade Debtors	-	46,914
Staff Debtors	-	23,528
Total Debts Written Off	-	70,442

SAMOA TRUST ESTATES CORPORATION
 NOTES TO ACCOUNTS
 30 JUNE 2019

6. OTHER DEBTORS AND PREPAYMENTS

	2019 \$	2018 \$
Prepaid Insurance - API		
Prepaid Insurance - FI, API	-	1,795
	<u>-</u>	<u>1,795</u>

7. MERCHANDISE, PRODUCE AND LIVESTOCK
TOTAL INVENTORY VALUE

	2019 \$	2018 \$
i) Produce	5,272	4,937
Nursery)Planting Materials		335
Livestock: - Cattle	84,330	63,050
- Sheep	11,250	13,080
Stationery	1,402	1,402
	<u>102,254</u>	<u>82,804</u>

ii) LIVESTOCK

SUMMARY FOR CATTLES

Units in number of cattle	Unit	
Stock as at 30 June 2018	106	
Plus :		
Natural Increase	38	
Local Purchases	0	
		<u>144</u>
Less :		
Slaughtered & sold	8	
Death	4	
Live Sold	2	
Stolen	2	
Condemned	0	16
Stock as at 30 June 2019		<u>128</u>

SUMMARY FOR SHEEPS

Units in number of sheep	Unit	
Opening Stock as at 30 June 2018	124	
Plus increase:		
Natural Increase	12	
Local Purchases	0	12
		<u>136</u>
Less:		
Slaughtered & sold	9	
Dead sheep	8	
Office use	0	
Live weight sold	10	
Condemned	0	27
Stock as at 30 June 2019		<u>109</u>

iii) VALUE FOR CATTLE STOCK

Type of cattle	Unit	Value per unit	Total value
Breeding cow	54	770	41,580
Heifer	9	800	7,200
Heifer 9 month	11	800	8,800
Heifer 6 month	3	500	1,500
Heifer 3 month	7	500	3,500
Heifer calves	-	250	-
Bull	3	500	1,500
Bull 1-9month	7	500	3,500
Bull-Steer	33	500	16,500
Bull calves	1	250	250
	<u>128</u>		<u>84,330</u>

VALUE FOR SHEEP STOCK

Type of cattle	Unit	Value per unit	Total value
Ewe	52	150	7,800
Ewe Taanoa	14	80	1,120
Ram	11	60	660
Wether Ewe	12	50	600
Female lamb	2	80	160
Male lamb	1	60	60
Wether Hogget	17	50	850
	<u>109</u>		<u>11,250</u>

SAMOA TRUST ESTATES CORPORATION
 NOTES TO ACCOUNTS
 30 JUNE 2019

8 OTHER CREDITORS AND ACCRUALS	2019	2018
	\$	\$
Provision for Accounting Fees	4,600	10,120
Provision for audit fees	55,200	27,600
Provision for legal claims	128,214	128,214
Other creditors and accruals	36,176	15,227
Provision for Staff Leave	16,735	12,413
VAGST payable	893,522	809,493
	<u>1,134,447</u>	<u>1,003,067</u>

8 (A) Deferred Income (Bio Diesel Project)	2019	2018
	\$	\$
Opening balance	48,878	58,653
less : amortisation for the year	<u>(9,775)</u>	<u>(9,775)</u>
Closing balance	<u>39,103</u>	<u>48,878</u>

This relates to the value of Oil Expeller and Water tank fund by the Join Venture Project MNRE, SROS, STEC for Biodiesel and are to be amortised over 10 years using straight line method.

9 Deferred Vagst	2019	2018
	<u><u>-</u></u>	<u><u>-</u></u>

This is referred to vagst on sales of corporation's lands at Mulifanua to Ministry of Police and Ministry of Natural Resources and Environment. Vagst will be amortised upon receipt of payment from MoP& MNRE.

9 (A) MCIL EIF Project	2019	2018
	\$	\$
Motor Vehicle - Ford Ranger	89,000	89,000
Plus: All cost relates to the project	<u>126,180</u>	<u>91,380</u>
Closing balance	<u><u>215,180</u></u>	<u><u>180,380</u></u>

Samoa Trust Estate Corporation has entered into a Memorandum of Understanding (MOU) with the Ministry of Commerce Industry and Labour (MCIL) as a beneficiary to implement activities under the Trade Sectors Support Program. The project is for a period of three years for an amount of US\$885,000, Clause 14 of the MOU states, any equipment and material to be used in the implementation of the activities shall have its ownership vested with Enhance Intergrated Framework (EIF) and transfer to Trade Commerce and Manufacturing Units (TCMU) upon the completion of the activities.

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
30 JUNE 2019

10 PROPERTY, PLANT AND EQUIPMENT

2019

COST (i)	Opening	Additional	Disposal	Ending
Motor Vehicle	413,522			413,522
Building	742,505		55,262	687,243
Plant, Machinery and Equipment	240,358	23,816		264,174
Furniture	31,206	4,838		36,044
Land and Improvements	43,444,643			43,444,643
Roads	135,031			135,031
Water Supply	29,232			29,232
Stock Yards	1,020			1,020
Fencing	34,654			34,654
Nursery	39,999	-		39,999
	45,112,170	28,654	55,262	45,085,562

ACCUMULATED DEPRECIATION

	Opening	Depreciation	Disposal	Ending	WDV
Motor Vehicle	358,852	13,668	-	372,520	41,002
Building	176,518	12,768	-	189,286	497,957
Plant, Machinery and Equipment	164,516	17,232	-	181,748	82,426
Furniture	23,377	2,469	-	25,846	10,198
Land and Improvements	-	-	-	-	43,444,643
Roads	-	-	-	-	135,031
Water Supply	-	-	-	-	29,232
Stock Yards	-	-	-	-	1,020
Fencing	22,774	2,376	-	25,150	9,504
Nursery	23,713	3,257	-	26,970	13,029
	769,750	51,770	-	821,520	44,264,042

2018

COST (i)	Opening	Additional	Disposal	Ending
Motor Vehicle	475,855		62,333	413,522
Building	987,290	-	244,785	742,505
Plant, Machinery and Equipment	346,127		105,769	240,358
Furniture	29,705	1,501		31,206
Land and Improvements	43,444,643			43,444,643
Roads	135,031			135,031
Water Supply	29,232			29,232
Stock Yards	1,020			1,020
Fencing	34,654			34,654
Nursery	39,999	-		39,999
	45,523,556	1,501	412,887	45,112,170

ACCUMULATED DEPRECIATION

	Opening	Depreciation	Disposal	Ending	WDV
Motor Vehicle	391,523	21,083	53,754	358,852	54,670
Building	212,439	19,341	55,262	176,518	565,987
Plant, Machinery and Equipment	226,080	25,257	86,821	164,516	75,842
Furniture	21,880	1,497	-	23,377	7,829
Land and Improvements	-	-	-	-	43,444,643
Roads	-	-	-	-	135,031
Water Supply	-	-	-	-	29,232
Stock Yards	-	-	-	-	1,020
Fencing	19,804	2,970	-	22,774	11,880
Nursery	19,796	3,917	-	23,713	16,286
	891,522	74,065	195,837	769,750	44,342,420

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
30 JUNE 2019

10 (A) CROPS DEVELOPMENTS

	Cost	2018 Addition	2018 Balance	2019 Addition	2019 Disposals	2019 Balance
Tipolo Project	99,138	-	99,138	-		99,138
Cocoa Project	538,330	76,430	614,760			614,760
Coconuts Project	609,489	76,431	685,920			685,920
Coffee Project	350,269	-	350,269			350,269
Avocados	65,882	-	65,882			65,882
Ava Samoa	35,060	-	35,060			35,060
Nonu	137,923	-	137,923			137,923
Macadamia	4,566	-	4,566			4,566
Taro	-	-	-			-
Vanilla	394,068	76,430	470,498			470,498
	2,234,725	229,291	2,464,016	-	-	2,464,016

	2019 \$	2018 \$
10 (B) PRELIMINARY EXPENSES		
Opening Balance	93,132	98,306
Additional costs during the year	-	-
Amortisation for the year	(5,174)	(5,174)
	87,958	93,132

This relates to the survey expenses of subdividing of land at Mulifanua and are to be amortised over 30 year period using the straight line method.

11. BANK OVERDRAFT

	2019 \$	2018 \$
Samoa Commercial Bank - SCB 0537519-2001	-	1,557,303

The Corporation operates an overdraft facility with the Samoa Commercial Bank with a limit of \$1,200,000 at an interest rate of 10.5%. The overdraft is secured with half acres land at Vaitele, Plan 7924, and three quarter acres land at Vaitele, Plan 10263 with the office building.

	2019 \$	2018 \$
12. ADMINISTRATION AND FINANCE EXPENSES		
Amortisation Expense	5,174	5,174
Audit fees	27,600	27,600
Bank fees and charges	8,402	16,473
Board expenses	5,083	3,573
Communication expenses	26,633	31,615
Consultancy Fees	24,576	10,120
Depreciation	51,770	74,065
Directors' fees	125,654	106,940
Electricity	24,057	35,906
Export Expenses	1,178	18,656
General expenses	68,315	70,434
Insurance	7,668	11,116
Interest on loans - UTOS		299,350
Interest on overdraft - Samoa Commercial Bank	60,969	125,536

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
30 JUNE 2019

ADMINISTRATION AND FINANCE EXPENSES (Continue)

Late fee (Loan UTOS)	-	3,650
Lease Administration expenses	3,261	5,848
Legal fees	174	900
Membership and Subscriptions fees		1,296
Provision for Doubtful debts		150,000
Repairs and maintenance - Farm	40,437	23,663
Repairs and maintenance - Machinery	29,952	31,581
Salaries and wages	686,258	556,316
Stationeries	53,466	14,204
Travel expenses	24,864	37,011
VAGST Paid	133,199	-
Vehicle Running expenses	89,671	102,190
Water rates	11,151	12,827
	\$ 1,509,512	\$ 1,776,044

13 LEASE AGREEMENTS

The Corporation, as a lessor, leases out acres of land at Mulifanua to companies and government ministries at a rate of \$2,875 (vagst inclusive) per acre annually. Schools and villages also lease land from the corporation at a much lower rate of \$115 (vagst inclusive) per acre annually. The terms and conditions of the lease is for 20 years with the right to renew after 20 years. Lease agreements are reviewed every 5 years by management. The amount of acres leased out ranges from 200 acres to 0.5 acres annually.

14. LAND

	<u>Acres</u>
Total number of acres owned by STEC as of 1st July 2016	8,177
Less : number of acres allocated to lease agreement already signed	(595)
Less : number of acres allocated to crops development as of 30 June 2017	(500)
Less : number of acres allocated to crops development as of 30 June 2018	-
Less : number of acres allocated to Biomass Project as of 30 June 2019	(1,000)
Less : number of acres allocated to lease agreement already signed	-
Total number of available acres	<u>6,082</u>

The Corporation owns approximately 8,177 acres of land at Mulifanua. The Corporation has recently revitalised its crops development project which include cocoa, coffee, bananas, taro, tahitian lime and coconuts. Approximately 500 acres of land has been cultivated for the above mentioned crops developments. The corporation is also leasing out land at Mulifanua to nearby schools, villages, local businesses and some government ministries. As of 30th June 2015, 395 acres of land have been leased out and lease agreements have been signed. However, court cases and differences between the government and Satapuala have prevented most businesses and individuals from utilising leased land. Land is being used for the Biomass Project including buildings and it is estimated to be 1000 acres as at 30 June 2019.

The number of acres allocated for development and leases in 2019 **1000**

SAMOA TRUST ESTATES CORPORATION
 NOTES TO ACCOUNTS
 30 JUNE 2019

15 SALES AND GROSS PROFITS/(LOSSES)

(A) 2019	Gross Sales	Opening	Production	Closing	Gross
		stock	Cost	stock	Profit/(Loss)
Stationeries		1,402		(1,402)	-
Coconuts	64,023	4,937	65,440	(4,937)	(1,417)
Copra	29,048		22,632		6,416
Coconuts Oil	120	335	-	(335)	120
Meat and livestock Cattles	6,800	63,050	34,106	(84,330)	(6,026)
Meat and livestock (Sheep)	6,779	13,080	29,558	(11,250)	(24,609)
Market Stall	1,912	-	4,875		(2,963)
Cocoa	4,146	-	35,377		(31,231)
Coffee		-	-		-
Vanilla	6,575	-	3,065		3,510
Banana	955	-			955
Planting Materials	824	-			824
Other Crops		-	-		-
Direct Labour			441,066		(441,066)
	121,182	82,804	636,119	(102,254)	(495,487)

(B) 2018	Gross Sales	Opening	Production	Closing	Gross
		stock	Cost	stock	Profit/(Loss)
Stationeries		1,402		(1,402)	(0)
Coconuts	220,396	22,376	218,584	(4,937)	(15,627)
Copra	-	465	26,854		(27,319)
Coconuts Oil	80	4,600	13,268	(335)	(17,453)
Meat and livestock Cattles	21,860	64,940	34,106	(63,050)	(14,136)
Meat and livestock (Sheep)	5,719	11,820	29,558	(13,080)	(22,579)
Market Stall	59,287	-	23,717		35,570
Cocoa		-	35,740		(35,740)
Coffee		-	26,006		(26,006)
Vanilla		-	46,661		(46,661)
Banana		-			-
Planting Materials	824	896			(72)
Other Crops		-	-		-
	308,166	106,499	454,494	(82,804)	(170,023)

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
30 JUNE 2019

	2019	2018
	\$	\$
16 OTHER INCOME		
Rent received	212,403	267,366
Sale of Scoria	742,538	450,000
Other income	24,665	10,064
MCIL EIF Project	26,107	20,000
Other Income (MNRE & SROS Project)	9,775	9,775
Landing Co Ltd	-	33,686
	1,015,488	790,891

17 EXTRAORDINARY ITEM

- (a) The Cabinet at it's meeting held on the 11 January 2006 FK(06)01 approved the writing off of the Samoa Trust Estates Corporation's debt with the Samoa Land Corporation of \$2,557,337.00.
- (b) The court on the 16th June 2008 had issued a verdict which prohibits unlawful entering of land and construction of any temporary building structures, however Satapuala filed a counter claim concerning certain land alleged to belong to Satapuala and were, alleged to have been sold or leased fraudulently. The Office of the Attorney General filed an application to strike out Satapuala's claim on the grounds that it had no cause of action, had no prospect of success and was an abuse of court process. On the 26th January 2012, the hearing of this application was heard by His Honour, Sapolu CJ, who decided to strike out Satapuala's claim.

18 CAPITAL COMMITMENTS

The Board of Directors is not aware of any capital commitments as at 30 June 2019

19 CONTINGENT LIABILITIES

The Board of Directors is not aware of any contingent liabilities at 30 June 2019

20 LONG TERM LIABILITY TO MANAGED FUNDS

The Corporation managed on behalf of the Government of Samoa the following fund:

	2019	2018
	\$	\$
Loan - Unit Trust Of Samoa (UTOS)	4,289,477	4,527,946
Project to develop Mulifanua Lands Transferred to Capital		
Opening Balance	4,527,946	
Interest	337,244	
Repayment	(575,713)	
Transferred to Capital & Reserves	(238,469)	
Long Term Liability	4,289,477	

In September 2018, Government by FK (18)32 took over the commitment to pay for the Corporation's loan with the Unit Trust of Samoa (UTOS). Hence the reclassification of this loan from 'Related Party Payables' to 'Managed Funds under Long Term Liabilities'. The Government will make direct repayments to UTOS. In February 2019, a loan agreement was executed with a term of 5 years at an interest of 8.5% per annum.

As at June 2019, \$575,710 has been contributed to loan repayments and interest expense totalled \$337,244. This resulted in net contribution by government of \$238,469 which has been transferred to Government Capital per Note 2.

21 RELATED PARTIES

	2019	2018
i) <u>BOARD ALLOWANCES & EXPENSES</u>	\$	\$
Board Directors' fees	125,654	106,940
Board meeting expenses	5,083	3,573
	<u>130,737</u>	<u>110,513</u>
ii) <u>REMUNERATION OF KEY MANAGEMENT STAFF</u>		
CEO - Patea Malo Setefano	118,000	118,000
ACEO Corporate Service - Vacant	85,729	84,048
ACEO Leases & Investments - Natasha Kolose	85,729	84,048
	<u>289,458</u>	<u>286,096</u>

The remuneration of key management personnel are determined by Cabinet and the Board. Key management personnel include the CEO, the Assistant Chief Executive Officer for Finance and Corporate Services and the Assistant Chief Executive Officer for Leases and Investments

22 GENERAL

The Corporation which is wholly owned by the Government of the Independent State of Samoa is constituted under the Western Samoa Trust Estates Corporation Act 1977 and the Samoa Trust Estates Corporation Reconstruction Act 1990, effective 1 October 1990. The Corporation's main activities are the development and management of plantation on Upolu, wholesaling and retailing cattle, producing and selling coconuts, firewoods and dried copra. The activities that are still in operation as at 30 June 2016 are coconuts, copra, firewoods, talo, banana and livestock, The corporation's current project of Long term crops commenced in the end of May 2011.

23 GOING CONCERN

The Corporation's continuation as a going concern is dependent on the ability of the Board and Management to achieve the Corporation's planned activities for the coming years. The results for the year ended 30 June 2019 showed trading loss of (\$1,044,765), and added to the profits and loss appropriation accounts of (\$4,770,762), it shows accumulated loss of (\$5,815,527) as at 30 June 2019. The financial statements shows working capital surplus of \$238,995 (2018:\$2,040,018). These factors which raise doubts that the corporation will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of the business and at amounts stated in the financial statements. Engaging in donor funded projects may assist in resolving the going concern issue of STEC but it is subject to magement's plans.



CORPORATION'S DIRECTORY 2018

BOARD OF DIRECTORS

Leaupepe Poliko Esera	Chairman, Board of Directors
Taimalelagi Fagamalama Tuatagaloa	Director
Seumanutafa Dr Malcolm Hazelman	Director
Mulipola Anarosa Molioo	Director
Logotaua Palepa Swanney-Solaese	Director
Ifopo Fritz Jahnke	Director

MANAGEMENT

Patea Loli Malo Setefano	Chief Executive Officer
Natasha Kolose	Assistant Chief Executive Officer Lease & Investment Division
Jaslyn T Mariner - Leota	Seconded/Interim Assistant Chief Executive Finance and Corporate Services

TEAM LEADERS

Senara Noaese Te'o	Senior Finance Officer
Tia Lalofau Samuelu	Senior Administration Officer
Malaeoalii Shalom Vaeloto	Senior Investments and Projects Officer
Faleauto Siopi Lockington	Senior Farm Officer – Livestock
Tiumalu Papama'a Opa	Senior Farm Officer - Crops

**SAMOA TRUST ESTATE CORPORATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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Statement of Cash Flows	7
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**SAMOA TRUST ESTATE CORPORATION
CERTIFICATION BY DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2018**

We certify that the attached financial statements for the Samoa Trust Estate Corporation comprising of the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Equity, Statement of Cash Flows and notes forming part of the financial statements for the year ended 30 June 2018:

- 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 Public Finance Management Act 2001 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 circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

Directors

The directors of the corporation at any time during the financial year were:

1 Leaupepe Esera Poliko	Chairman Board of Director
2 Taimalelagi Fagamalama Tuatagaloa	Director
3 Hon Faamoetaulua Dr Taito Faale Tuma'al'i	Director
4 Mulipola Anarosa Ale Molioo	Director
5 Tapuai Laupua Fiti	Director
6 Logotaua Palepa Swanney Solaese	Director
7 Ifopo Matia Filisi Jahnke	Director

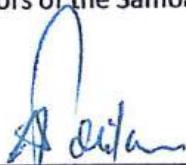
Activities

The corporation's main activities are the development and management of the Samoa Trust Estates' lands. These developments include the leasing of its lands for business and individual developments. It also operate a farm; producing and selling coconuts, copra, cocoa, vanilla, firewoods and other various produces in addition to nursery plants. It is also a breeder and a retailer of livestock, namely cattle and sheep.

Operating results

The trading loss after income tax for the year ended 30 June 2018 was \$1,367,227 with accumulated loss at \$4,770,762 at year end.

We authorise the attached financial statements for issue on 27/08/2019 on behalf of the directors of the Samoa Trust Estate Corporation.



Leaupepe Poliko Esera
CHAIRMAN
Samoa Trust Estate Corporation
Apia, Samoa

27/8/2019



Logotaua Palepa Swanney Solaese
DIRECTOR
Samoa Trust Estate Corporation
Apia, Samoa

27/8/2019



AUDIT OFFICE

Please address all correspondences
to the Controller and Auditor General

- 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors and management.
- 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 Corporation'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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Directors and Management with a Statement that we have compiled with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Under section 104 of the Public Finance Management Act 2001, a public body shall submit to the Minister for Finance and the responsible Minister the audited financial statements within four months after the year end of the public body's financial year. Samoa Trust Estates Corporation has not complied with Section 104 of the Public Finance Management Act 2001 as it has not submitted its audited financial statements for the year ended 30 June 2018 by the deadline of 31 October 2018.

In our opinion:

- a. Proper books of account have been kept by the corporation, so far as it appears from our examination of those books; and
- b. The financial statements are in agreement with the books of account; and
- c. To the best of our knowledge and according to explanations given to us the financial statements are properly drawn up to give in the prescribed manner the information required by the Samoa Trust Estates Corporation Act 1977, Samoa Trust Estates Corporation Reconstruction Act 1990 and the Public Bodies (Performance and Accountability) Act 2001 in the manner so required.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Our audit was completed on 27th August 2019 and our opinion is expressed as at that date.

Apia, Samoa
02 September 2019


Muaaasa Marshall Maua
AUDIT DIRECTOR

**SAMOA TRUST ESTATE CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Notes	2018 \$	2017 \$
CAPITAL AND RESERVES			
Capital	2	3,921,340	3,421,340
Profit/(Loss) Appropriation		(4,770,762)	(3,403,535)
Land Revaluation Reserve	3	41,132,152	41,132,152
TOTAL CAPITAL & RESERVES		40,282,730	41,149,957
Represented by:			
CURRENT ASSETS			
Cash at Bank and on Hand	4	2,596	24,502
Trade Debtors Net of Provision	5	433,157	517,069
Other Debtors and Prepayments	6	1,795	3,433
Merchandise, Produce and Livestock	7, 1.5	82,804	106,499
TOTAL CURRENT ASSETS		520,352	651,503
CURRENT LIABILITIES			
Other Creditors and Accruals	8	1,003,067	1,011,868
Related Party Payable	20i	3,200,000	2,403,000
Bank Overdraft	11	1,557,303	1,171,148
TOTAL CURRENT LIABILITIES		5,760,370	4,586,016
SURPLUS/(DEFICIT) IN WORKING CAPITAL		(5,240,018)	(3,934,513)
NON CURRENT ASSETS			
Property, Plant and Equipment	10	44,342,420	44,632,035
MCIL EIF Project Asset	9A	180,380	160,380
Preliminary Expenses	10B	93,132	98,306
Crops Development	10A, 1.8	2,464,016	2,234,725
TOTAL NON-CURRENT ASSETS		47,079,949	47,125,446
TERM LIABILITIES			
Related Party Payables	20i	(1,327,943)	(1,821,943)
Deferred Income (Bio-diesel)	8A	(48,878)	(58,653)
MCIL EIF Project Cost	9A	(180,380)	(160,380)
TOTAL TERM LIABILITIES		(1,557,201)	(2,040,976)
		40,282,730	41,149,957


The relevant notes on page 8 to 19 form part of this Statement of Financial Position.

On Behalf of the Board:



**Leaupepe Poliko Esera
CHAIRMAN**

27, 8, 2019



**Logotaua Palepa Swanney Solaese
DIRECTOR**

27, 8, 2019

SAMOA TRUST ESTATES CORPORATION
STATEMENT OF FINANCIAL PERFORMANCE
FOR YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
SALES	15	308,166	265,668
COST OF SALES			
Opening stock	1.5, 7	106,499	109,214
Production costs	15	454,494	449,961
		<u>560,993</u>	<u>559,175</u>
Closing stock	15,7	(82,804)	(106,499)
		<u>478,189</u>	<u>452,676</u>
Gross profit/(loss)	15	(170,023)	(187,008)
Add: Other income	16	790,891	723,250
Less : Administration and finance expenses	12	(1,776,044)	(1,422,204)
		<u>(1,155,176)</u>	<u>(885,962)</u>
Gain/(loss) on disposal of property, plant and equipment		(212,051)	-
Net profit/(loss) before tax		<u>(1,367,227)</u>	<u>(885,962)</u>
Income tax	1.9	-	-
Net profit/(loss) for the year		(1,367,227)	(885,962)
Accumulated profit at beginning of the year		<u>(3,403,535)</u>	<u>(2,517,573)</u>
ACCUMULATED PROFIT/(LOSS) AT YEAR END		<u>(4,770,762)</u>	<u>(3,403,535)</u>

The relevant notes on pages 8 to 19 form part of this Statement of Financial Performance.

SAMOA TRUST ESTATES CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2018

	Contributed Capital	Assets Revaluation	Accumulated Profit/(Loss)	Total
2017				
Balance as at 1st July 2016	2,921,340	41,132,152	(2,517,573)	41,535,919
Government Contribution	500,000	-	-	500,000
Net loss for the year	-	-	(885,962)	(885,962)
Balance at 30th June 2017	3,421,340	41,132,152	(3,403,535)	41,149,957

	Contributed Capital	Assets Revaluation	Accumulated Profit/(Loss)	Total
2018				
Balance as at 1st July 2017	3,421,340	41,132,152	(3,403,535)	41,149,957
Government Contribution	500,000	-	-	500,000
Net loss for the year	-	-	(1,367,227)	(1,367,227)
Balance at 30th June 2018	3,921,340	41,132,152	(4,770,762)	40,282,730

The relevant notes on page 8 to 19 form part of this Statement of Changes in Equity

SAMOA TRUST ESTATES CORPORATION
STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
CASH FLOWS FROM/(USED BY) OPERATING ACTIVITIES		
Cash received from customers	1,026,855	742,273
Cash paid to suppliers and employees	(1,808,089)	(1,805,071)
Government of Samoa (Grants)	500,000	500,000
Cash received from (Landing Co Ltd)	-	132,552
Cash paid to STEC's work for (Landing Co Ltd)	-	(114,269)
Net cash used by operating activities	<u>(281,234)</u>	<u>(544,515)</u>
CASH FLOWS FROM/(USED) BY INVESTING ACTIVITIES		
Process from disposal of Fixed Assets	-	-
Purchase of fixed assets	(1,501)	(10,269)
Net cash from/(used by) investing activities	<u>(1,501)</u>	<u>(10,269)</u>
CASH FLOWS FROM/(USED BY) FINANCING ACTIVITIES		
Proceeds from Term Loan (UTOS)	-	-
Payment of interest on Overdraft	(125,326)	(65,242)
Payment of interest on loan	-	-
Payment of loan principal	-	-
Net cash from/(used by) financing activities	<u>(125,326)</u>	<u>(65,242)</u>
NET INCREASE/(DECREASE) IN CASH		
Opening balance brought forward Samoa Commercial Bank	(408,061)	(620,026)
Ending balance carried forward	<u>(1,146,646)</u>	<u>(526,620)</u>
NET INCREASE/(DECREASE) IN CASH		
	<u>(1,554,707)</u>	<u>(1,146,646)</u>
Represented by:		
Cash on hand	2,000	2,000
Samoa Commercial Bank - SCB 0537519-2001	(1,557,303)	(1,171,148)
Samoa Commercial Bank - SCB 0537519-2002	596	22,502
	<u>(1,554,707)</u>	<u>(1,146,646)</u>

The relevant notes on pages 8 to 19 form part of this statement of cash flows.

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
30 JUNE 2018

1. GENERAL

The Government of Samoa passes an Act to assist the re-organisation of the Samoa Trust Estates Corporation and to vest in the Corporation and to de-vest from it, interests in certain land; to make provision for the reduction of debts due by it to the Government to provide for the privatization of its operation; and for objects incidental hereto.

This Act may be cited as the Samoa Trust Estates Corporation Reconstruction Act 1990, effective 1 October 1990.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.1 Statement of compliance

The statements have been prepared in accordance with International Accounting Standards and Generally Accepted Accounting Principles

1.2 Basis of preparation of accounts

The accounts have been prepared on the basis:

- (i) of historical costs with the exception of certain property, plant and equipment which have been revalued.
- (ii) that the Corporation will continue trading and will not dispose of or realise any material part of assets or operations.

The accounts are presented in Samoan Tala

1.3 Depreciation

Buildings, plant and machinery, motor vehicles, furniture and fittings are depreciated using rates estimated to write off the assets over their estimated useful lives. The methods and rates are as follows:

<u>Item</u>	<u>Method</u>	<u>Annual Rate</u>
Buildings - wood and concrete	Diminishing value	2.5%
Plant, machinery and furniture	Diminishing value	20%
Motor vehicles	Diminishing value	25%

Land, roads and water supply are not depreciated.

1.4 Interest expenditure

Interest on borrowing is recognised in the statement of financial performance.

1.5 Merchandise and other stocks

Merchandise is valued at the lower of cost or net realisable value using the first in first out method.

Cost is determined as follows:

Resale merchandise and raw materials: Invoice cost plus inward charges.

Produce: Cost of production

Work in progress and finished goods: Direct costs plus factory overhead

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
30 JUNE 2018

Livestock is valued at standard value as follows:

	\$		\$		\$
Breeding cows	770	Bull calves	250	Ewe Ranging	\$100 - \$200
Heifers	800	Steers	500	Ewe hogget	\$80.00
Heifer calves	500	Heifer weaner	250	Female Lamb	\$50.00
Bulls	500			Breeding Lamb	\$100.00
				Ram hogget	\$80.00
				Wether hogget	\$60.00
				Male lamb	\$50.00

1.6 Doubtful debts

Provision for doubtful debts has been set by appraising individual accounts.

1.7 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1.8 Long term crop development - cocoa, coffee, coconuts, tipolo (tahitian lime), vanilla, avocado

All expenditure directly associated with the development of long term crops such as cocoa, avocados, coffee, coconuts, nonu, tipolo from the commencement of the development is charged to Crops Development. All such expenditure is transferred to "Land and Developments" on the expiry of the respective periods. The capitalisation period is seven years for coconuts, five years for coffee, nonu, and cocoa and four years for tipolo and avocados. All expenditure incurred after respective periods for each crop is treated as expenditure against revenue. Expenditure relating to cash crops such as taro, taamu and banana etc are expensed in the period in which they incurred.

1.9 Taxation

The Corporation does not account for deferred taxation. It is liable for income tax on assessable income derived from trading activities and not those relating to the production and sale of primary produce which is exempted from income tax under the Income Tax Act, 1974.

1.10 MCIL EIF Project

The project fund is accounted for under International Accounting Standard 20 in that project assets are recorded as Project Assets and a corresponding credits to deferred income. Deferred income relating to fixed assets would only be recognised as income at the completion of the activities and appropriate conclusion reached by both parties relating to disposal of assets. Costs of rehabilitation of permanent crops such as coconuts and cocoa would be taken to income as they are incurred.

1.11 Changes in accounting policies

There has been a change in the depreciation rate for motor vehicles, which was at 20% diminishing value previously and is now at 25% diminishing value for the current period.

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
30 JUNE 2018

2. CAPITAL	2018	2017
	\$	\$
Net assets taken over from New Zealand Repatriation Estates on 1 April 1957	1,221,340	1,221,340
Government of Samoa	2,700,000	2,200,000
	<u>3,921,340</u>	<u>3,421,340</u>

3. LAND REVALUATION RESERVE	2018	2017
	\$	\$
Closing Balance	<u>41,132,152</u>	<u>41,132,152</u>

In December 2001, the Department of Lands, Survey & Environment carried out another valuation of the Corporation's lands at Mulifanua and Nu'u which showed a valuation of \$46,975,500. The Board of Directors at their meeting on 31 July 2002 approved the incorporation of this valuation in the Corporation's annual accounts at 31 December 2002. No revaluation was done in 2018.

4. CASH AT BANK AND ON HAND	2018	2017
	\$	\$
Samoa Commercial Bank - SCB 0537519-2002	596	22,502
Cash on hand	2,000	2,000
	<u>2,596</u>	<u>24,502</u>

The Corporation operates an overdraft facility with the Samoa Commercial Bank with a limit of \$1,200,000 at an interest rate of 10.5%. The overdraft is secured with half acres land at Vaitele, Plan 7924, and three quarter acres land at Vaitele, Plan 10263 with the office building.

5. TRADE DEBTORS	2018	2017
	\$	\$
Staff Accounts	17,549	50,715
Local Accounts	725,006	696,194
Less: provision for doubtful debts	(309,398)	(229,840)
	<u>433,157</u>	<u>517,069</u>

5.1 Movement in provision for doubtful debts	2018	2017
	\$	\$
Opening balance 1 July	229,840	229,840
less: write off against provision	(70,442)	-
add: charge for the year	150,000	-
Balance at 30 June	<u>309,398</u>	<u>229,840</u>

The Board of Directors approved the write off of the following as bad debts in June 2018.

Loans Written Off During the Year

Trade Debtors	46,914
Staff Debtors	23,528
Total Debts Written Off	<u><u>70,442</u></u>

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
30 JUNE 2018

6. OTHER DEBTORS AND PREPAYMENTS	2018	2017
	\$	\$
Prepaid Insurance - API		3,433
Prepaid Insurance - FI, API	1,795	
	<u>1,795</u>	<u>3,433</u>

7. MERCHANDISE, PRODUCE AND LIVESTOCK	2018	2017
<u>TOTAL INVENTORY VALUE</u>	\$	\$
i) Produce	4,937	27,441
Nursery)Planting Materials	335	896
Livestock: - Cattle	63,050	64,940
- Sheep	13,080	11,820
Stationery	1,402	1,402
	<u>\$ 82,804</u>	<u>\$ 106,499</u>

ii) LIVESTOCK			
<u>SUMMARY FOR CATTLES</u>			
Units in number of cattle	Unit		
Stock as at 30 Jun 2017	99		
Plus :			
Natural Increase	12		
Local Purchases	0		
		<u>111</u>	
Less :			
Slaughtered & sold	3		
Death	2		
Live Sold	0		
Stolen	0		
Condemned	0	5	
Stock as at 30 June 2018		<u>106</u>	

<u>SUMMARY FOR SHEEPS</u>			
Units in number of sheep	Unit		
Opening Stock as at 30 June 2017	126		
Plus increase:			
Natural Increase	7		
Local Purchases	0	7	
		<u>133</u>	
Less:			
Slaughtered & sold	4		
Dead sheep	3		
Office use	0		
Live weight sold	0		
Condemned	0	7	
Stock as at 30/06/2018		<u>126</u>	

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
30 JUNE 2018

iii) **VALUE FOR CATTLE STOCK**

<u>Type of cattle</u>	<u>Unit</u>	<u>Value per unit</u>	<u>Total value</u>
Breeding cow	35	770	26,950
Heifer	14	800	11,200
Heifer 9 month	3	800	2,400
Heifer 6 month	10	500	5,000
Heifer 3 month	6	500	3,000
Heifer calves	7	250	1,750
Bull	4	500	2,000
Bull 1-9month	7	500	3,500
Bull-Steer	9	500	4,500
Bull calves	11	250	2,750
	<u>106</u>		<u>63,050</u>

VALUE FOR SHEEP STOCK

<u>Type of cattle</u>	<u>Unit</u>	<u>Value per unit</u>	<u>Total value</u>
Ewe	57	150	8,550
Ewe Taanoa	18	80	1,440
Ram	9	60	540
Wether Ewe	7	50	350
Female lamb	15	80	1,200
Male lamb	10	60	600
Wether Hogget	8	50	400
	<u>124</u>		<u>13,080</u>

8 OTHER CREDITORS AND ACCRUALS

	2018	2017
	\$	\$
Provision for Accounting Fees	10,120	-
Provision for audit fees	27,600	29,564
Provision for legal claims	128,214	128,214
Other creditors and accruals	15,227	14,430
Provision for Staff Leave	12,413	13,565
VAGST payable	809,493	826,095
	<u>1,003,067</u>	<u>1,011,868</u>

8 (A) Deferred Income (Bio Diesel Project)

	2018	2017
	\$	\$
Opening balance	58,653	68,428
less : amortisation for the year	(9,775)	(9,775)
Closing balance	<u>48,878</u>	<u>58,653</u>

This relates to the value of Oil Expeller and Water tank fund by the Join Venture Project MNRE, SROS, STEC for Biodiesel and are to be amortised over 10 years using straight line method.

9 Deferred Vagst

	<u>-</u>	<u>-</u>
--	----------	----------

This is referred to vagst on sales of corporation's lands at Mulifanua to Ministry of Police and Ministry of Natural Resources and Enviroment. Vagst will be amortised upon receipt of payment from MoP& MNRE.

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
30 JUNE 2018

9 (A) MCIL EIF Project	2018	2017
	\$	\$
Motor Vehicle - Ford Ranger	89,000	89,000
Plus: All cost relates to the project	91,380	71,380
Closing balance	180,380	160,380

Samoa Trust Estate Corporation has entered into a Memorandum of Understanding (MOU) with the Ministry of Commerce Industry and Labour (MCIL) as a beneficiary to implement activities under the Trade Sectors Support Program. The project is for a period of three years for an amount of US\$885,000, Clause 14 of the MOU states, any equipment and material to be used in the implementation of the activities shall have its ownership vested with Enhance Intergrated Framework (EIF) and transfer to Trade Commerce and Manufacturing Units (TCMU) upon the completion of the activities.

10 PROPERTY, PLANT AND EQUIPMENT

2018

COST (i)	Opening	Additional	Disposal	Ending
Motor Vehicle	475,855		62,333	413,522
Building	987,290	-	244,785	742,505
Plant, Machinery and Equipment	346,127		105,769	240,358
Furniture	29,705	1,501		31,206
Land and Improvements	43,444,643			43,444,643
Roads	135,031			135,031
Water Supply	29,232			29,232
Stock Yards	1,020			1,020
Fencing	34,654			34,654
Nursery	39,999	-		39,999
	45,523,556	1,501	412,887	45,112,170

ACCUMULATED DEPRECIATION

	Opening	Depreciation	Disposal	Ending	WDV
Motor Vehicle	391,523	21,083	53,754	358,852	54,670
Building	212,439	19,341	55,262	176,518	565,987
Plant, Machinery and Equipment	226,080	25,257	86,821	164,516	75,842
Furniture	21,880	1,497	-	23,377	7,829
Land and Improvements	-	-	-	-	43,444,643
Roads	-	-	-	-	135,031
Water Supply	-	-	-	-	29,232
Stock Yards	-	-	-	-	1,020
Fencing	19,804	2,970	-	22,774	11,880
Nursery	19,796	3,917	-	23,713	16,286
	891,522	74,065	195,837	769,750	44,342,420

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
30 JUNE 2018

2017				
COST (i)	Opening	Additional	Disposal	Ending
Motor Vehicle	475,855			475,855
Building	984,227	3,063		987,290
Plant, Machinery and Equipment	342,425	3,702		346,127
Furniture	29,288	417		29,705
Land and Improvements	43,444,643			43,444,643
Roads	135,031			135,031
Water Supply	29,232			29,232
Stock Yards	1,020			1,020
Fencing	34,654			34,654
Nursery	36,912	3,087		39,999
	45,513,288	10,269	-	45,523,557

ACCUMULATED DEPRECIATION					
	Opening	Depreciation	Disposal	Ending	WDV
Motor Vehicle	363,412	28,112	-	391,524	84,332
Building	192,603	19,835	-	212,438	774,852
Plant, Machinery and Equipment	196,431	29,649	-	226,080	120,047
Furniture	20,011	1,869	-	21,880	7,825
Land and Improvements	-	-	-	-	43,444,643
Roads	-	-	-	-	135,031
Water Supply	-	-	-	-	29,232
Stock Yards	-	-	-	-	1,020
Fencing	16,092	3,712	-	19,804	14,850
Nursery	15,002	4,794	-	19,796	20,203
	803,551	87,972	-	891,523	44,632,035

10 (A) CROPS DEVELOPMENTS

	Cost	2017 Addition	2017 Balance	2018 Addition	2018 Disposals	2018 Balance
Tipolo Project	99,138	-	99,138	-		99,138
Cocoa Project	386,850	151,480	538,330	76,430		614,760
Coconuts Project	458,009	151,480	609,489	76,431		685,920
Coffee Project	350,269	-	350,269			350,269
Avocados	65,882	-	65,882			65,882
Ava Samoa	35,060	-	35,060			35,060
Nonu	137,923	-	137,923			137,923
Macadamia	4,566	-	4,566			4,566
Vanilla	329,802	64,266	394,068	76,430		470,498
	1,867,499	367,226	2,234,725	229,291	-	2,464,016

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
30 JUNE 2018

	2018	2017
10 (B) PRELIMINARY EXPENSES	\$	\$
Opening Balance	98,306	103,480
Additional costs during the year	-	-
Amotisation for the years	(5,174)	(5,174)
	<u>93,132</u>	<u>98,306</u>

This relates to the survey expenses of subdividing of land at Mulifanua and are to be amortised over 30 year period using the straight line method.

	2018	2017
11. BANK OVERDRAFT	\$	\$
Samoa Commercial Bank - SCB 0537519-2001	<u>1,557,303</u>	<u>1,171,148</u>

The Corporation operates an overdraft facility with the Samoa Commercial Bank with a limit of \$1,200,000 at an interest rate of 10.5%. The overdraft is secured with half acres land at Vaitele, Plan 7924, and three quarter acres land at Vaitele, Plan 10263 with the office building.

	2018	2017
12. ADMINISTRATION AND FINANCE EXPENSES	\$	\$
Accounting Fees	10,120	-
Advertising	-	3,524
Audit fees	27,600	29,564
Bank fees and charges	16,473	-
Board expenses	3,573	14,305
Communication expenses	31,615	23,101
Depreciation	74,065	87,971
Directors' fees	106,940	118,783
Export Expenses	18,656	-
Electricity	35,906	-
General expenses	75,608	44,627
Insurance	11,116	5,437
Interest on loans - UTOS	299,350	297,350
Withholding Tax	-	-
Interest on overdraft - Samoa Commercial Bank	125,536	65,242
Lease Administration expenses	5,848	7,507
Legal fees	900	-
Membership and Subscriptions fees	1,296	-
Other expenses	-	40,864
Provision for Doubtful debts	150,000	-
Repairs and maintenance - Farm	23,663	8,247

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
30 JUNE 2018

ADMINISTRATION AND FINANCE EXPENSES (Con't)

Salaries and wages	556,316	548,583
Stationeries	14,204	18,858
Repairs and maintenance - Machinery	31,581	-
Travel expenses	37,011	22,866
Vehicle Running expenses	102,190	76,420
Water rates	12,827	5,305
Late fee (Loan UTOS)	3,650	3,650

\$ 1,776,044 \$ 1,422,204

13 LEASE AGREEMENTS

The Corporation, as a lessor, leases out acres of land at Mulifanua to companies and government ministries at a rate of \$2,875 (vagst inclusive) per acre annually. Schools and villages also lease land from the corporation at a much lower rate of \$115 (vagst inclusive) per acre annually. The terms and conditions of the lease is for 20 years with the right to renew after 20 years. Lease agreements are reviewed every 5 years by management. The amount of acres leased out ranges from 200 acres to 0.5 acres annually.

14. LAND

	Acres
Total number of acres owned by STEC as of 1st July 2016	8,177
Less : number of acres allocated to lease agreement already signed	(595)
Less : number of acres allocated to crops development as of 30 June 2017	(500)
Less : number of acres allocated to crops development as of 30 June 2018	-
Less : number of acres allocated to lease agreement already signed	-
Total number of available acres	<u>7,082</u>

The Corporation owns approximately 8,177 acres of land at Mulifanua. The Corporation has recently revitalised its crops development project which include cocoa, coffee, bananas, taro, tahitian lime and coconuts. Approximately 500 acres of land has been cultivated for the above mentioned crops developments. The corporation is also leasing out land at Mulifanua to nearby schools, villages, local businesses and some government ministries. As of 30th June 2015, 395 acres of land have been leased out and lease agreements have been signed. However, court cases and differences between the government and Satapuala have prevented most businesses and individuals from utilising leased land.

The number of acres allocated for crops development and leases in 2018 NIL

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
30 JUNE 2018

15 SALES AND GROSS PROFITS/(LOSSES)

(A) 2018	Gross Sales	Opening	Production	Closing	Gross
		stock	Cost	stock	Profit/(Loss)
Stationeries		1,402		(1,402)	(0)
Coconuts	220,396	22,376	218,584	(4,937)	(15,627)
Copra	-	465	26,854		(27,319)
Coconuts Oil	80	4,600	13,268	(335)	(17,453)
Meat and livestock Cattles	21,860	64,940	34,106	(63,050)	(14,136)
Meat and livestock (Sheep)	5,719	11,820	29,558	(13,080)	(22,579)
Market Stall	59,287	-	23,717		35,570
Cocoa		-	35,740		(35,740)
Coffee		-	26,006		(26,006)
Vanilla		-	46,661		(46,661)
Banana		-			-
Planting Materials	824	896			(72)
Other Crops		-	-		-
	308,166	106,499	454,494	(82,804)	(170,023)

(B) 2017	Gross Sales	Opening	Production	Closing	Gross
		stock	Cost	stock	Profit/(Loss)
Stationeries	-	2,155	-	(1,402)	(753)
Coconuts	227,953	6,691	210,566	(22,376)	33,072
Copra	24,494	1,602	21,181	(465)	2,176
Coconuts Oil	300	2,200	-	(4,600)	2,700
Meat and livestock Cattles	-	60,040	48,763	(64,940)	(43,863)
Meat and livestock (Sheep)	3,872	35,244	42,363	(11,820)	(61,915)
Market Stall	5,313	560	2,648	-	2,105
Cocoa	748	-	52,953	-	(52,205)
Vanilla	-	-	63,544	-	(63,544)
Banana	-	-	1,324	-	(1,324)
Planting Materials	1,522	722	3,971	(896)	(2,275)
Other Crops	1,466	-	2,648	-	(1,182)
	265,668	109,214	449,961	(106,499)	(187,008)

SAMOA TRUST ESTATES CORPORATION
NOTES TO ACCOUNTS
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	2018	2017
	\$	\$
16 OTHER INCOME		
Rent received	267,366	336,853
Sale of Scoria	450,000	6,080
Other income	10,064	28,927
MCIL EIF Project	20,000	321,332
Other Income (MNRE & SROS Project)	9,775	9,775
Landing Co Ltd	33,686	20,283
	<u>790,891</u>	<u>723,250</u>

17 EXTRAORDINARY ITEM

- (a) The Cabinet at it's meeting held on the 11 January 2006 FK(06)01 approved the writing off of the Samoa Trust Estates Corporation's debt with the Samoa Land Corporation of \$2,557,337.00.
- (b) The court on the 16th June 2008 had issued a verdict which prohibits unlawful entering of land and construction of any temporary building structures, however Satapuala filed a counter claim concerning certain land alleged to belong to Satapuala and were, alleged to have been sold or leased fraudulently. The Office of the Attorney General filed an application to strike out Satapuala's claim on the grounds that it had no cause of action, had no prospect of success and was an abuse of court process. On the 26th January 2012, the hearing of this application was heard by His Honour, Sapolu CJ, who decided to strike out Satapuala's claim.

18 CAPITAL COMMITMENTS

The Board of Directors is not aware of any capital commitments at 30 June 2018

19 CONTINGENT LIABILITIES

The Board of Directors is not aware of any contingent liabilities at 30 June 2018

SAMOA TRUST ESTATES CORPORATION
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20 RELATED PARTIES

i) <u>RELATED PARTY PAYABLES</u>	2018	2017
	\$	\$
Current portion - Unit Trust of Samoa	3,200,000	2,403,000
Long term portion - Unit Trust of Samoa	1,327,943	1,821,943
	<u>4,527,943</u>	<u>4,224,943</u>

The Unit Trust of Samoa and the Samoa Trust Estate Corporation are both owned by the Government of Samoa. The terms and condition of the term loan from UTOS are for 5 years with the interest of 9.5% per annual. The first repayment of the principal for year 1 is \$300,000.00 tala , and the second year is \$500,000 tala, the third year is \$800,000.00 tala, the fourth year is \$900,000.00 tala, and the final year principal repayment is \$1,000,000.00 million tala. The loan is guaranteed by the Government of Samoa.

ii) <u>BOARD ALLOWANCES & EXPENSES</u>	2018	2017
	\$	\$
Board Director fees	106,940	118,000
Board meeting expenses	3,573	14,305
	<u>110,513</u>	<u>132,305</u>

iii) <u>REMUNERATION OF KEY MANAGEMENT STAFF</u>	2018	2017
CEO - Patea Malo Setefano	118,000	118,000
ACEO Corporate Service-vacant	84,048	84,048
ACEO Leases & Investments - Natasha Kolose	84,048	84,048
	<u>286,096</u>	<u>286,096</u>

The remuneration of key management personnel are determined by Cabinet and the Board. Key management personnel include the CEO, the Assistant Chief Executive Officer for Finance and Corporate Services and the Assistant Chief Executive Officer for Leases and Investments

21 GENERAL

The Corporation which is wholly owned by the Government of the Independent State of Samoa is constituted under the Western Samoa Trust Estates Corporation Act 1977 and the Samoa Trust Estates Corporation Reconstruction Act 1990, effective 1 October 1990. The Corporation's main activities are the development and management of plantation on Upolu, wholesaling and retailing cattle, producing and selling coconuts, firewoods and dried copra. The activities that are still in operation as at 30 June 2016 are coconuts, copra, firewoods, talo, banana and livestock, The corporation's current project of Long term crops commenced in the end of May 2011.

22 GOING CONCERN

The corporation's continuation as a going concern is dependent on the ability of the Board and Management to achieve the Corporation's planned activities for the coming years. The results for the year ended 30 June 2018 showed trading loss of (\$1,367,227), and added to the profits and loss appropriation accounts of (\$3,403,535), it shows accumulated loss of (\$4,770,762) at 30 June 2018. The financial statements shows working capital deficit of \$5,264,960 (2017:\$3,934,513). These factors which raise doubts that the corporation will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of the business and at amounts stated in the financial statements. Engaging in donor funded projects may assist in resolving the going concern issue of STEC but it is subject to management's plans.