

FINANCIAL STATEMENT PREPARATION

A better practice guide

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CONTROLLER AND CHIEF AUDITOR'S FOREWORD

This Better Practice Guide (Guide) is intended to assist Public Sector entities to meet their financial accountability responsibilities in the preparation of quality financial statements in compliance with relevant legislative requirements and the applicable financial reporting framework - International Financial Reporting Standards (IFRS).

The implementation of the Samoa Audit Office Institutional Strengthening Project included the quality review of the 30 June 2007 financial statements of all public bodies using a Disclosure Checklist based on the requirements of IFRS and local legislative requirements. Of the thirty financial statements subject to the quality review, only three public bodies were highly rated against the Disclosure Checklist while the remaining twenty seven did not:

- Either adequately address the disclosure requirements of the applicable IFRS including International Accounting Standards or include an explicit statement of compliance with IFRS; and
- Comply fully with the requirements of *Public Bodies (Performance and Accountability) Regulations 2002*.

One of the agreed actions that flowed from the detailed findings of the quality review, was to:

Develop a best practice guide for the preparation of financial statements for public bodies with explanatory guidance of the specific requirements under IFRS and the legislative framework in Samoa.

An illustrative example of IFRS compliant financial statements is included in the Guide to assist entities to streamline the preparation of financial statements in the public sector and at the same time enhance the quality of the annual financial statements.

While no two entities are the same, the illustrative financial statements will need to be customized to meet each entity's particular circumstances. Also, entities need to continue to be alert to any legislative amendments and revisions to IFRS.

1 PUBLIC SECTOR FINANCIAL REPORTING FRAMEWORK

1.1 LEGISLATIVE REQUIREMENTS

The legislative requirements within the Samoan Public Sector, for all public bodies are as follows:

- (a) *Public Finance Management Act 2001 (PFMA)*, Part XIV Financial Reporting, Sections 107 to 110;
- (b) *Public Bodies (Performance and Accountability) Act 2001 (PBPA)*;
- (c) *Public Bodies (Performance and Accountability) Regulations 2002 (PBP)*;
- (d) *Companies Act 2001*;
- (e) *Companies Act 1955 (NZ) (until 31 December 2007)*.

In addition to compliance with these legislative requirements, each public body is required to comply any additional accounting and disclosure requirements imposed by its enabling legislation. The detailed review of individual enabling legislation is outside the scope of this project. However, the individual enabling legislation for each public body is required to be reviewed as part of the quality review.

The legislative authority of the PBPA has precedence over the enabling legislation of all public bodies. This authority is contained in the PBPA section 5 (4):

“(4) Despite the provisions of any other law:

- (a) If there is any inconsistency between an individual public trading body's empowering Act, the *Companies Act 2001*, the *Public Finance Management Act 2001* and this Act, the provisions of this Act shall prevail to the extent of the inconsistency;
- (b) If there is any inconsistency between an individual public trading body's empowering Act, the *Companies Act 2001* and the *Public Finance Management Act 2001*, the provisions of the *Public Finance Management Act 2001* shall prevail to the extent of the inconsistency;
- (c) If there is any inconsistency between an individual public trading body's empowering Act and the *Companies Act 2001*, the *Companies Act 2001* shall prevail to the extent of the inconsistency;
- (d) If there is any inconsistency between the *Companies Act 2001* and a public trading body's Articles of Incorporation the provisions of the Articles of Incorporation shall prevail to the extent of the inconsistency.”

The specific legislative requirements for the preparation of annual financial statements, as depicted at **Exhibit 1** are summarized as follows:

1. Section 104 of the PFMA, requires public bodies to prepare annual financial statements.
2. Schedule 7 of the PBP, *Model Articles*, Article 52.2 states as follows:

“The financial statements of the company:

- (a) Must give a true and fair view of the matters to which they relate; and
- (b) Must be prepared in accordance with International Accounting Standards; and
- (c) Must comply with any applicable regulations, schedules or Treasury Instructions in relation to the form or content of financial statements made under the PBPA; and
- (d) Must be dated and signed on behalf of the directors by two directors of the company, or, if the company has one director, by that director.”

The State Owned Enterprise Monitoring Division of the Ministry of Finance has developed *Guidelines for Annual Reports* as well as *Guidelines for Quarterly Reports*. The Guidelines state that “the financial statements must include:

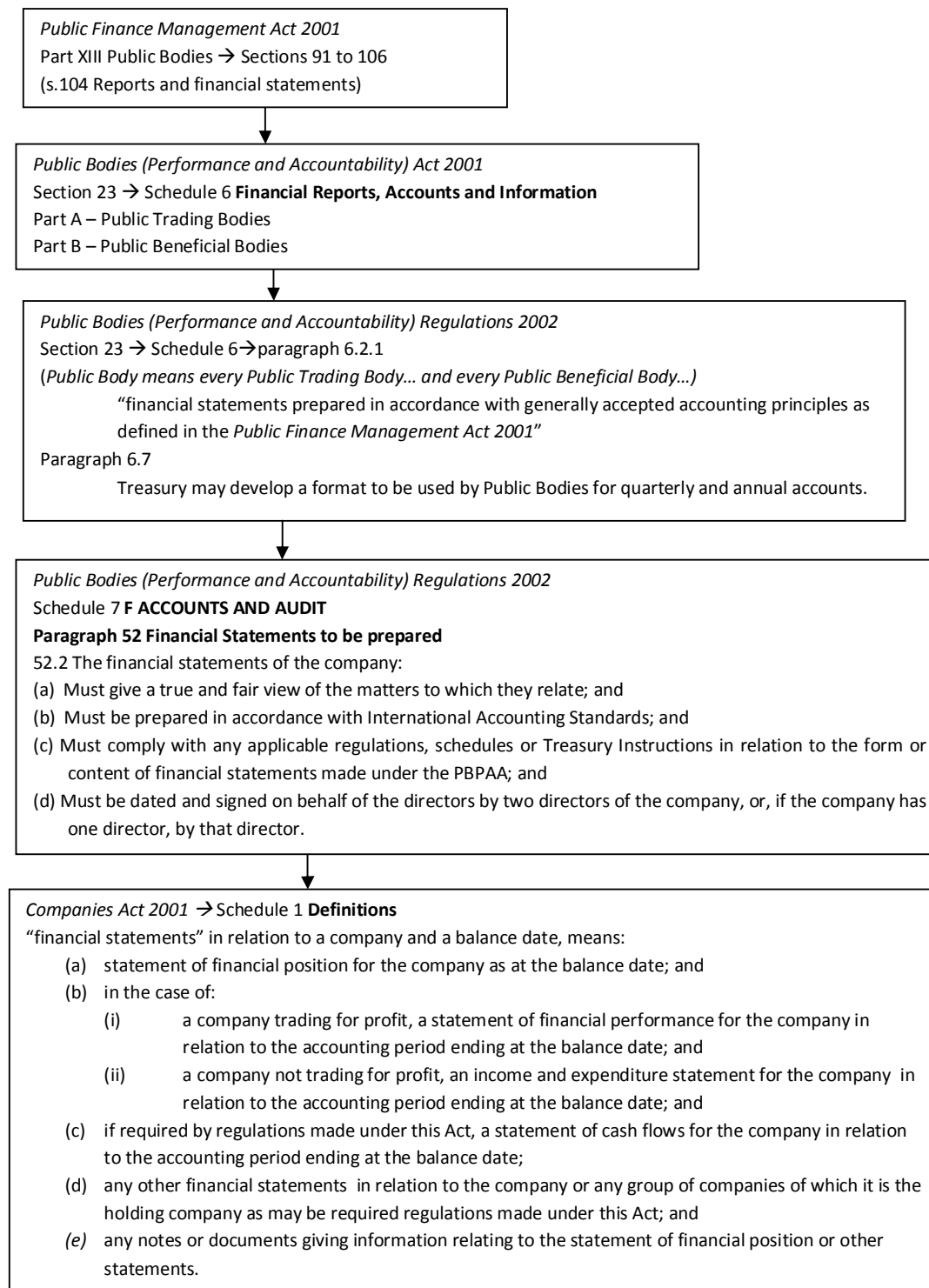
- Profit and loss statement¹
- Balance sheet
- Cash flow statement
- Statement of changes in equity.”

In addition, the Guidelines specify the format for annual reports prepared by public bodies, and include an illustrative Balance Sheet, Profit and loss Statement, Cash Flow Statement and Statement of Significant Accounting Policies.

¹ The Profit and Loss Statement is referred to as the Income Statement in International Accounting Standard IAS 1 *Presentation of Financial Statements* effective 1 January 2009.

Exhibit 1: Legislative Requirements – Financial Reporting

The financial reporting requirements for public bodies in Samoa are prescribed by legislation, as depicted in order of precedence in the diagram below:



1.2 INTERNATIONAL FINANCIAL REPORTING STANDARDS

At the time of revision of the *Companies Act 2001*, the standards issued by the International Accounting Standards Board were collectively referred to as International Accounting Standards (IASs). Developments since then have resulted in the issue of International Financial Reporting Standards (IFRS) of which the IASs are a subset. IAS 1 includes the following definition:

International Financial Reporting Standards are Standards and Interpretations adopted by the International Accounting Standards Board (IASB). They comprise:

- (a) *International Financial Reporting Standards;*
- (b) *International Accounting Standards; and*
- (c) *Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).²*

Compliance with IASs is not the same as compliance with International Financial Reporting Standards (IFRS) as it extends to applicable interpretations developed by IFRIC.

The *Framework for the Preparation and Presentation of Financial Statements* (Framework) issued by the IASB deals with³:

- (a) The objective of financial statements - to provide information about the financial position, performance and changes in financial position of an entity that is useful to a wide range of users in making economic decisions.
- (b) The qualitative characteristics that determine the usefulness of information in financial statements:
 - Understandability - understandable by users of general purpose financial statements
 - Relevance in terms of decision-making and based on materiality
 - Reliability – free of material misstatement:
 - Faithful representation
 - Substance over form
 - Neutrality
 - Prudence
 - Completeness
 - Comparability through time in order to identify trends in its financial position and performance.
 - true and fair
- (c) the definition, recognition and measurement of the elements from which financial statements are constructed:

² Extract from *IAS 1 Presentation of Financial Statements*, Definitions section.

³ Extracted from the *Framework for the Preparation and Presentation of Financial Statements*.

- Financial Position
 - Assets
 - Liabilities
 - Equity
- Financial Performance
 - Income
 - Expenses

- (d) Concepts of capital and capital maintenance which are revaluation or restatement of assets and liabilities gives rise to increases or decreases in equity.

IAS 1 only affects the presentation of a complete set of financial statements. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs. These are governed by the 8 IFRSs and the 29 IASs detailed at *Appendix 4*.

1.3 PUBLIC BODY DEFINED

A public body is defined as follows in the *Public Bodies (Performance and Accountability) Act 2001*:

“Public Body” means an organization (whether called a state-owned enterprise or otherwise under any other Act) that is listed in Schedule 4 of the *Public Finance Management Act 2001* or is deemed to be a public body under section 91 of the *Public Finance Management Act 2001* and shall include a subsidiary of a Public Body and includes the organizations listed in Schedule 1.”

2 ROLES AND RESPONSIBILITIES

2.0 PUBLIC BODIES

Chief Executive Officers and Boards (those charged with governance) of public bodies are responsible for the overall financial management of public bodies. The preparation of financial statements is an important deliverable of Chief Executive Officers and Boards in discharging their accountabilities within the financial management framework to the Legislative Assembly of the Independent State of Samoa. Specifically, Chief Executive Officers and Boards are required to state, whether in their opinion the financial statements:

- (a) give a true and fair view of the matters to which they relate; and
- (b) have been prepared in accordance with International Accounting Standards; and
- (c) comply with any applicable regulations, schedules or *Treasury Instructions* in relation to the form or content of financial statements made under the PBPAA and the Companies Act (where applicable).

As a result, Chief Executive Officers and Boards make explicit and implicit assertions regarding the recognition, measurement, presentation and disclosure of the financial information included in the financial statements. Assertions are directly related to applicable financial reporting framework (IFRS) and are part of the criteria that management use to record and disclose accounting information to give a true and fair view of the entity's operations in the financial statements. International Standard on Auditing: ISA 500 *Audit Evidence* categorizes financial statement assertions as detailed in **Exhibit 2**.

Exhibit 2: Management Assertions

Assertion		Description
Classes of transactions and events	Occurrence	Transactions and events that have been recorded, have occurred, and pertain to the entity.
	Completeness	All transactions and events that are required to have been recorded have been recorded.
	Accuracy	Amounts and other data relating to recorded transactions and events have been recorded appropriately.
	Cut-off	Transactions and events have been recorded in the correct accounting period.
	Classification	Transactions and events have been recorded in the proper accounts.
Account Balances	Completeness	All transactions and events that are required to have been recorded have been recorded.
	Existence	Everything that is recorded or disclosed in the financial statements exists at the appropriate date and is required to be included.
	Rights and obligations	Disclosed events, transactions, and other matters pertain to the entity.
	Valuation and allocation	Financial (and other) information is disclosed fairly and at appropriate amounts.
Presentation and Disclosure	Occurrence, rights and obligations	Disclosed events, transactions, and other matters have occurred and pertain to the entity
	Completeness	All disclosures that is required to have been included in the financial statements have been included
	Classification and understandability	Financial information is appropriately presented and described, and disclosures are clearly expressed
	Accuracy and valuation	Financial (and other) information is disclosed fairly and at appropriate amounts

2.0.1 INTERNAL CONTROLS AND RISK MANAGEMENT

To enable those charged with governance to meet their financial statement responsibilities, public bodies need to implement and maintain:

- financial systems, accounting policies and accounting procedures to accurately and reliably record all relevant financial transactions

- information systems to capture any other information required to be disclosed in the financial statements in compliance with IFRS.
- risk management practices and internal controls to mitigate the risk of material misstatement in the financial statements either by preventing or detecting and correct misstatements, whether due to fraud or error.
- policies and procedures to comply with all legislative requirements.

2.0.2 GOVERNANCE ARRANGEMENTS

Those charged with governance are required to implement effective governance arrangements. Under the PBPARG⁴, the directors of both public trading bodies and public beneficial bodies are required to establish an Audit Committee to receive advice on:

- (a) the internal audit function of the PTB/PBB; and
- (b) the PTB's/PBB's systems of financial reporting and internal control; and
- (c) the resources necessary for the performance of the internal audit function; and
- (d) identifying the major risks to which the PTB/PBB is exposed and ensuring that the internal control systems introduced by management are adequate and functioning effectively; and
- (e) reviewing the internal audit plan and the scope of the internal audit; and
- (f) co-ordinating the work of the internal and external auditors; and
- (g) reviewing reports by the internal and external auditors on the weaknesses in internal control and plans by management to rectify the position; and
- (h) reviewing significant financial risk areas; and
- (i) monitoring compliance with statutory requirements; and
- (j) reviewing interim financial information; and
- (k) reviewing the financial statements by both management and the internal auditors prior to their approval by the Board."

Audit Committees have a significant role in their review of a public body's financial statements and recommendation to enable those charged with governance to fulfill their accountabilities in the annual certification of the financial statements.

⁴ Refer to Schedule 8 of the PBPARG

2.1 CONTROLLER AND CHIEF AUDITOR

The Controller and Chief Auditor (CCA) is required by *Constitution of the Independent State of Samoa 1960*, the *Audit Office Ordinance 1961*, *Audit Regulations 1976*, PFMA, PBPAA and the *Companies Act 2001* to audit the financial statements of public bodies in compliance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board.

The primary objective of a financial audit is to express an opinion on a set of financial statements and information. In order to do this, the Samoa Audit Office (SAO) performs a series of audit procedures and activities, which are designed to provide sufficient, appropriate audit evidence relating to the *financial statement assertions*.

The audit opinion is formed on the basis of audit procedures, which include:

- assessing the effectiveness of internal controls over financial reporting and legal compliance (as implemented by those charged with governance and management);
- examining, on a test basis, information to provide evidence supporting the financial information and disclosures in the financial statements, and
- assessing the appropriateness of the accounting policies and disclosures used (based on compliance with IFRS), and the reasonableness of significant accounting estimates, made by those charged with governance and management.

While the CCA is responsible for forming and expressing an opinion on the financial statements, management and those charged with governance have the ultimate responsibility for the preparation and presentation of the financial statements of public bodies in compliance with IFRS and relevant legislation. The audit of the financial statements does not relieve management and those charged with governance of this responsibility.

2.2 MINISTRY OF FINANCE

Within the financial management framework in Samoa, the Ministry of Finance (Finance) has a significant role in facilitating accountabilities by public bodies. This includes the development of guidelines to assist entities to:

- produce informative and user friendly annual reports and
- enhance the overall standards of annual reporting.

To assist public bodies, the State Owned Enterprise Monitoring Division of Finance has issued *Guidelines for Annual Reports* pursuant to the PBPAA.

3 SUCCESS FACTORS IN FINANCIAL STATEMENT PREPARATION

The factors contributing to successful financial statement preparation are:

- (a) ownership and commitment by those charged with governance and management to support effective financial management and oversight arrangements
- (b) robust risk management practices and internal controls including the timely and identification and assessment of risks and maintenance of controls to prevent and detect errors and/or to mitigate risks of misstatement
- (c) good financial reporting practices throughout the year by preparation of regular accrual financial reports during the year
- (d) open and constructive relationships with key stakeholders
- (e) effective management of staff and other resources by ensuring that staff are appropriately qualified and trained and have clearly defined roles and responsibilities.

Appendix 1 includes Better Practice Diagnostic for each of these success factors to assist management of public bodies to assess the action they need to take to enhance financial statement presentation in the public sector.

4 PREPARING THE FINANCIAL STATEMENTS

The time and effort required in preparing the annual financial statements should not be estimated given the complexity of the applicable financial reporting framework (IFRS) and the difficulties associated with securing and retaining qualified and competent financial staff. Preparation of the financial statements is multi-faceted and includes:

1. Effective planning, management and co-ordination

The main activities include:

- Identifying the changes in financial reporting requirements (both IFRS and legislative);
- Evaluating past experience especially lessons learnt from prior years; and
- Developing a work plan and communicating it together with year-end instructions to all relevant parties. The work plan should address the following:
 - a. What is to be done?
 - b. How it is to be done?
 - c. Who is going to do it?
 - d. When is it going to be done?

A better practice financial statement planning checklist is included at *Appendix 2*.

2. Technical review and record keeping considerations including:

- Setting and apply materiality in the preparation of the financial statement in consultation with the key stakeholders (Audit Committee, those charged with governance and management). This includes:
 - Ensuring appropriate disclosure and measurement of financial information
 - Analysis of financial information and adjustment of identified errors
- Identifying changes in IFRS and deciding on the appropriate accounting treatment
- Performing analytical review of all financial information included in the financial statements to identify any potential misstatements. These procedures include review of:
 - actuals against budgets and prior year results to identify any potential misstatements

- Relationships - debtors, sales and the incidence of doubtful debts to ensure that the provision is adequate
 - Relationships - Inventory and cost of sales to ensure proper allocation
 - Quick asset ratio
 - Cross references and consistent disclosures within the financial statements
- Develop accounting estimates using appropriate estimation methodology and techniques
 - Implement quality control over the financial statement preparation
 - Prepare comprehensive supporting documentation.
3. Annual certification of the financial statement by those charged with governance and management in accordance with the PBPAR
 4. Reporting and publishing the financial statements to the responsible Minister

An illustration of a *complete set of financial statements* with references to IFRSs is included in *Appendix 3* to assist public bodies to enhance the quality of financial statement presentation.

APPENDIX 1: BETTER PRACTICE DIAGNOSTICS

The following diagnostics will assist in assessing whether the public body has better practices in place to ensure successful preparation of the annual financial statements

1. OWNERSHIP AND COMMITMENT DIAGNOSTIC

The following better practice diagnostic addresses the impact of ownership and commitment on successful financial statement preparation:

YES or NO	<i>Assessment of success factors</i>
	Is a strong financial management culture established across the organization?
	Is there ongoing commitment and support by management for effective financial controls, and improvements?
	Are the benefits of preparing reliable and timely financial statements well understood by management and staff?
	Are there arrangements established and maintained for the approval, review and oversight of financial management strategies and activities?
	Are there appropriate accountability arrangements such as management sign-offs and individual performance reviews?
	Does the Chief Finance Officer (CFO) have the required skills, qualifications and experience, as well as the necessary authority, to carry out his/her responsibilities?
	Is there a strategy or plan to improve the preparation of the financial statements?

2. RISK MANAGEMENT PRACTICES AND INTERNAL CONTROLS DIAGNOSTIC

The following better practice diagnostic addresses risk management practices and internal controls that impact on successful financial statement preparation:

YES or NO	<i>Assessment of success factors</i>
	Are the risks relating to reliable and timely financial statements considered as part of an annual review of the corporate plan?
	Does the public body devote sufficient time and resources to mitigating risks?
	Are the roles and responsibilities regarding risk management for financial reporting clearly understood and applied throughout the public body?
	Does the public body have clear reporting mechanisms to alert senior management to new and changing risks regarding financial statements?
	Does the public body have reliable controls to manage risks and to enable compliance with relevant legislative financial reporting requirements?
	Are unnecessary (duplicated) controls identified and replaced/corrected to reduce costs and/or reallocate resources?
	Is there adequate monitoring of internal controls to ensure that they are effective and appropriate action is taken when controls breakdown?
	Is management satisfied that accounting and business systems record complete and accurate financial information throughout the year?
	Are proper financial accounts and records of the entity's operations maintained?
	Are control activities performed effectively to help prevent, detect or correct error or fraud?
	Are there rigorous quality control and assurance processes over financial statement preparation in place?

3. GOOD FINANCIAL REPORTING PRACTICES DIAGNOSTIC

The following better practice diagnostic addresses the public body's financial reporting practices impact on successful financial statement preparation:

YES or NO	<i>Assessment of success factors</i>
	Does the public body prepare regular (monthly or Quarterly) full accrual based financial statements, including an analysis of the financial results?
	Does the public body promptly identify issues that have the potential to adversely affect the preparation of the financial statements at year-end?
	Are balance sheet reconciliations properly completed on a monthly basis, with independent review of the reconciliations by an approved senior official?
	Are quarterly reporting processes streamlined and used to minimize the work required at year-end?
	Are errors and problems identified and addressed progressively throughout the year?

4. OPEN AND CONSTRUCTIVE RELATIONSHIPS DIAGNOSTIC

The following better practice diagnostic addresses the impact of the public body's relationships on successful financial statement preparation:

YES or NO	<i>Assessment of success factors</i>
	Are the roles and responsibilities of the respective stakeholders are well understood and contained in relevant charters?
	Are important matters for stakeholders to discharge their financial statement responsibilities well defined and understood?
	Are issues raised as they are identified and resolution strategies agreed and monitored?
	Are the relationships between stakeholders open and constructive?
	Are reports to relevant stakeholders informative - identify key issues and risks including corrective actions proposed?

5. EFFECTIVE MANAGEMENT OF STAFF AND OTHER RESOURCES DIAGNOSTIC

The following better practice diagnostic addresses the impact of effective management of staff and other resources on successful financial statement preparation:

YES or NO	<i>Assessment of success factors</i>
	Is appropriate attention given to recruiting, training and retaining highly skilled finance professionals?
	Does the public body have in place practical strategies for succession planning and longer-term financial workforce needs?
	Does the organization structure have clear lines of responsibility and accountability in relation to financial statement preparation?
	Is the finance team and affected business areas sufficiently resourced to meet their respective financial statement responsibilities?
	Is the staff-mix effective to manage peak financial statement workload?
	Are staff provided appropriate training and support to exercise delegations?
	Are the roles and responsibilities of staff understood and communicated clearly as a basis for setting accountability and performance expectations?
	Are opportunities taken to maximize interaction between the finance team and affected business areas?

APPENDIX 2: BETTER PRACTICE FINANCIAL STATEMENT PLANNING

CHECKLIST

The following is a list of the types of practices used by public bodies that have established better practice financial statement planning:

<ul style="list-style-type: none">• Early identification of requirements and risks
<ul style="list-style-type: none">• Regular liaison with stakeholders
<ul style="list-style-type: none">• Formal allocation of responsibilities in an effort to reduce errors with rigorous reviews of information received and assigning the accountability for error correction to the originating unit
<ul style="list-style-type: none">• Setting realistic time lines for each activity to assist in the planning of the total resource requirements, enabling a more realistic estimate of workloads and completion dates, as well as early identification of resource gaps
<ul style="list-style-type: none">• Detailed plans covering all activities, responsibilities and timelines. Exact times are defined for tasks that have very tight deadlines, or for tasks that have consequential effects on other activities. Relevant stakeholders are consulted to agree and plan deadlines
<ul style="list-style-type: none">• Early finalization and approval of the work plan and prompt communication with relevant staff so that they can plan to meet the required deadlines. Also, the work plan is agreed with SAO and aligned with its timetable
<ul style="list-style-type: none">• Clear, easy-to-follow instructions and checklists that are linked to the work plan, providing guidance on a wide range of tasks, such as accrued and unearned income, accruals and prepayments, journal entry processing and reconciliations.
<ul style="list-style-type: none">• Monitoring and strict enforcement of deadlines
<ul style="list-style-type: none">• Seeking continuous and demonstrable improvement. Feedback on 'what went right and what went wrong' in order to learn from past experience is an important input to future planning work requirements.

APPENDIX 3: FINANCIAL STATEMENTS TEMPLATE

The Financial Statements template includes the minimum disclosure requirements for the financial statements and notes that are representative of the types of transactions and events that may occur in public bodies. Consequently, it does not purport to exhibit all the possible disclosure requirements and may include some transactions and accounting treatments that are not applicable to all public bodies. Preparers will need to use their professional judgement to make appropriate disclosures.

While the financial statements template and notes provide a valuable guide on the reporting and disclosure requirements of International Financial Reporting Standards (IFRS), they should not be used as a substitute for referring to the standards and interpretations themselves.

The financial statements template incorporates the *Guidelines for Annual Reports* (GAR) issued by the State Owned Enterprise Monitoring Division of the Ministry of Finance and the financial reporting requirements that are current at the time of publication. Accordingly, public bodies should ensure that their annual financial statements comply with all new and revised accounting pronouncements that may be issued subsequent to the publication of the Guide.

Template Corporation

Financial statements

30 June 2009

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CONTROLLER AND CHIEF AUDITOR'S REPORT

TO THE GOVERNMENT OF SAMOA – SOLE MEMBER OF TEMPLATE CORPORATION

AUDIT REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Template Corporation, which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the certification by the Director's.

Responsibility for the Financial Statements

The Corporation's Governing Body consisting of Directors and Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (including the Accounting Interpretations) and the financial reporting requirements of the *Public Finance Management Act 2001*, the *Companies Act 2001* and the *Public Bodies (Performance and Accountability) Act 2001* and *Public Bodies (Performance and Accountability) Regulations 2002*. This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Constitution of the Independent State of Samoa 1960*, our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independence

The Controller and Chief Auditor's independence is established by the *Constitution of the Independent State of Samoa 1960*. The Samoa Audit Office is not subject to direction by any person about the way in which its powers and responsibilities are exercised. In conducting the

audit, we complied with all applicable independence requirements of the local accounting profession and the International Federation of Accountants.

Opinion

In our opinion the financial report of Template Corporation is in accordance with the *Public Finance Management Act 2001*, *Public Bodies (Performance & Accountability) Act 2001* and the *Companies Act 2001*, including:

- (i) giving a true and fair view of the corporation's financial position as at 30 June 2009 and of the performance for the year ended on that date; and
- (ii) complying with International Financial Reporting Standards (including the Accounting Interpretations) and the *Public Bodies (Performance & Accountability) Regulations 2002*.

Apia, Samoa

15th September 2009

Tamaseu Leni Warren

CONTROLLER AND CHIEF AUDITOR

Template Corporation

Certification by Directors

We certify that the attached financial statements for Template Corporation for the year ended 30 June 2009 comprising the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes forming part of the financial report:

- (a) give a true and fair view of the matters to which they relate; and
- (b) have be prepared in accordance with International Financial Reporting Standards; and
- (c) comply with any applicable regulations, schedules or Treasury Instructions in relation to the form or content of financial statements made under the *Public Finance Management Act 2001*, *Public Bodies (Performance and Accountability) Act 2001* and the *Companies 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 authorize the attached financial report for issue on 15 September 2009 on behalf of the directors of (name of the public body).

(

Signature)

(name)
Chairperson
Template Corporation
Apia, Samoa
15 September 2009

(Signature)

(name)
Director
Template Corporation
Apia, Samoa
15 September 2009

Template Corporation

Income Statement⁵ for the year ended 30 June 2009

Reference		Note	2009 SAT \$	2008 SAT \$
	Continuing Operations			
IAS 1.82(a)	Revenue:			
GAR	Government Contribution			
GAR	Community Service Obligations			
GAR	Revenue from major business activities	4		
IAS 1.103	<i>Total revenue</i>			
IAS 1.103	Cost of Sales			
IAS 1.103	Gross Profit			
IAS 1.82(a), 103	Other Income	5		
IAS 1.103	Distribution Expenses	6		
IAS 1.103	Administrative Expenses	6		
IAS 1.103	Research and Development expenses			
IAS 1.104	Salaries and wages	8		
GAR	Communications			
GAR	Utilities			
IAS 1.104	Depreciation and Amortization	9		
IAS 1.104	Directors fees and expenses			
GAR	Motor vehicle & IT operating expenses			
GAR	Occupancy expenses			
GAR	Marketing and sales	6		
GAR	Audit			
GAR, IAS 1.103	Other expenses	10		
GAR	Results from operating activities			
GAR	Finance income	7B		
GAR, IAS 1.82(b)	Finance expenses	7A		
	Net Finance expenses			
	Net Profit Before Tax			
IAS 1.82(d)	Income Tax Expense	11		
IAS 1.82(h)	Share of net profits/(losses) of associates and joint ventures accounted for using the equity method			
IAS 1.82	Net result from continuing operations			
IAS 1.82(e)	Net result from discontinued operations			
IAS 1.82(f)	Net result for the period			

This financial statement is to be read in conjunction with the notes to and forming part of the financial statements.

⁵ For annual periods beginning on or after 1 January 2009, under International Accounting Standard IAS 1, the *Income Statement* will be renamed *Statement of Comprehensive Income*.

Guidance – Income Statement

Reference	<p>Form of the Income statement:</p> <p>IAS 1, <i>Presentation of Financial Statements</i> prescribes the format of the income statement. In addition, the GAR includes a recommended breakdown of income and expenses.</p> <p>For annual periods beginning on or after 1 January 2009, under International Accounting Standard IAS 1, the <i>Income Statement</i> will be renamed <i>Statement of Comprehensive Income</i>.</p>
IAS 1.102 to IAS1.105	<p>The analysis of expenses is based on functions within the entity. IAS 1 also offers the option of analyzing expenses based on its nature.</p>
IAS 1.87	<p>Disclosure of specific revenues and expenses</p> <p>When items of income and expense are material, their nature and amount shall be disclosed separately either on the face of the income statement or in the notes to the financial statements, but shall not be presented as extraordinary items.</p>
IAS 1. 32 -37	<p>Offsetting</p> <p>Income and expenses shall not be offset unless required or permitted by an ISA.</p>

Template Corporation

Statement of Financial Position as at 30 June 2009

Reference		Note	2009 SAT \$	2008 SAT \$
<i>GAR, IAS 1.60, 66</i>	Current Assets			
<i>GAR, IAS 1.54(i)</i>	Cash and cash equivalents	12		
<i>GAR, IAS 1.54(h)</i>	Trade and other receivables	13		
<i>IAS 1.54.(d), 66</i>	Other Financial assets	14		
<i>GAR, IAS 1.54(g)</i>	Inventories	15		
<i>GAR, IAS 1.66(c)</i>	VAGST Receivable	17		
<i>IAS 1.66</i>	Prepayments	16		
<i>IAS 1.54.(j), IFRS 5</i>	Assets Held for Sale	18		
	Total Current Assets			
<i>GAR, IAS 1.61, 66</i>	Non Current Assets			
<i>IAS 1.54.(d), 66</i>	Other Financial Assets	14		
<i>GAR, IAS 1.54(a)</i>	Property, Plant and Equipment	19		
<i>GAR, IAS 1.54(b)</i>	Investment Property	21		
<i>IAS 1.54(o)</i>	Deferred Tax Assets	11		
<i>IAS 1.54(f), 66</i>	Biological Assets	22		
<i>IAS 1.54(c)</i>	Intangible Assets	20		
	Total Non-Current Assets			
	Total Assets			
<i>IAS 1.69</i>	Current Liabilities			
<i>GAR, IAS 1.54(k)</i>	Trade and Other Payables	23		
<i>GAR</i>	Unearned Revenue	25		
<i>GAR, IAS 1.54(l)</i>	Provisions	26		
<i>IAS 1.54(m)</i>	Other Financial Liabilities	27		
<i>IAS 1.54(n)</i>	Tax Liabilities	11		
	Total Current Liabilities			
<i>IAS 1.69</i>	Non-Current Liabilities			
<i>IAS 1.54(m)</i>	Other Financial Liabilities	27		
<i>IAS 1.54(o)</i>	Deferred tax Liabilities	11		
<i>GAR, IAS 1.54(l)</i>	Provisions	26		
<i>IAS 1.54(n)</i>	Other			
<i>GAR</i>	Total Liabilities			
<i>GAR, IAS1.54(r)</i>	Equity			
	Capital	30		
	Reserves			
	Retained earnings			
	Total Equity			

This financial statement is to be read in conjunction with the notes to and forming part of the financial statements.

Guidance on Statement of Financial Position

<i>Reference</i>	
<i>IAS 1.54</i>	<p>Form of the Statement of Financial Position:</p> <p>IAS 1, <i>Presentation of Financial Statements</i> prescribes the minimum disclosures required in the Statement of Financial Position. Any additional disclosure of assets and liabilities to enhance the understanding of the financial statements is recommended.</p>
<i>IAS 1.55 to IAS 1.80A</i>	<p>Further requirements and guidance on classification and presentation of current and non assets and liabilities as well as disclosure requirements for equity are included at these paragraphs.</p>
<i>GAR</i>	<p>The GAR recommends inclusion of Budget as well as Actual assets, liabilities and equity at balance date. In addition, the GAR recommends detailed disclosure of the following components of Property, Plant and Equipment on the face of the balance sheet:</p> <ul style="list-style-type: none"> • land • buildings • plant and equipment • Office and computer equipment • motor vehicles and • Furniture and fittings. <p>IAS 1 specifies the minimum disclosures in the financial statements and any additional disclosure of the components of Property, Plant and Equipment will not result in non-compliance with IFRS.</p>
<i>IFRS 5</i>	<p>Presentation of a non-current asset or disposal group classified as held for sale</p> <p>An entity shall not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the balance sheets for prior periods to reflect the classification in the balance sheet for the latest period presented</p>
<i>IAS 1. 32 -37</i>	<p>Offsetting</p> <p>Assets and liabilities shall not be offset unless required or permitted by an ISA.</p>

Template Corporation
Statement of Changes in Equity

Reference		Note	2009 SAT \$	2008 SAT \$
IAS 1.106	Share Capital			
	Balance at the beginning of the financial period			
	Issue of capital			
	Government Contribution			
	Balance at the end of the financial period			
IAS 1.106	Reserves			
	Balance at the beginning of the financial period			
	Transfer to/<from> Retained Earnings			
	Revaluation of Property, Plant and Equipment			
	Balance at the end of the financial period			
IAS 1.106	Retained Earnings			
	Balance at the beginning of the financial period			
IAS 8	Adjustment for errors			
IAS 8	Adjustment for changes in accounting policies			
	Income and expenses recognised directly in equity			
	Net Profit/<Loss> for the period			
IAS 1.107	Dividends	29		
	Transfer to/<from> Reserves			
	Balance at the end of the financial period			

This financial statement is to be read in conjunction with the notes to and forming part of the financial statements.

Guidance on Statement of Changes in Equity

Reference	
IAS 1.106 to 111	<p>Form of the Statement of Changes in Equity:</p> <p>IAS 1, <i>Presentation of Financial Statements</i> prescribes the minimum disclosures required in the Statement of Changes in Equity.</p>
IAS 1.110 IAS 8	<p>IAS 1 requires separated disclosure of retrospective adjustments made under IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>.</p>
IAS 1.107 - 109	<p>IAS 1 requires separated disclosure of increases and decreases in net assets such as equity contributions and dividends paid during a financial period.</p>
IAS 109	<p>IAS 1 requires separated disclosure of income and expense recognized directly in equity. Examples of items of income and expense recognized directly in equity not Template in these illustrative financial statements include:</p> <ul style="list-style-type: none"> • gains/losses on a hedge of the net investment in a foreign operation • transfers to profit or loss on impairment of available-for-sale financial assets • transfers to profit or loss on sale of available-for-sale financial assets • share of increments in reserves attributable to associates • share of increments in reserves attributable to jointly controlled entities.

Template Corporation
Statement of Cash Flows for the year ended 30 June 2009

Reference		Note	2009 SAT \$	2008 SAT \$
<i>GAR, IAS 7.13, 14, 18-20</i>	Operating Activities:			
	Cash receipts from customers			
	Cash receipts from government (grant or CSO)			
	Cash paid to suppliers and employees			
	<i>Cash generated from operations</i>			
<i>IAS 7.31 - 34</i>	Interest paid			
<i>IAS 7.31 – 34, 35-36</i>	Income taxes paid			
	Net cash from/<to> operating activities	34		
<i>GAR, IAS 7.16</i>	Investing Activities:			
	Proceeds from sale of fixed assets			
	Purchase of Property, Plant and Equipment			
	Other			
	Interest received			
	Dividends received			
	Net cash used in investing activities			
<i>GAR, IAS 7.17, 21</i>	Financing Activities:			
	Proceeds from term loan			
	Loan repayment & interest			
	Proceeds from issue of share capital			
	Finance lease repayments			
	Dividends Paid			
	Net cash used in financing activities			
<i>GAR</i>	Net increase/(decrease) in cash and cash equivalents			
<i>GAR</i>	Opening Balance (cash and cash equivalents)			
<i>GAR</i>	Balance at end of financial year	12		

This financial statement is to be read in conjunction with the notes to and forming part of the financial statements.

Guidance on Statement of Cash Flows

Reference	
IAS 7.10	<p>Form of the Statement of Cash Flows:</p> <p>IAS 7, <i>Statement of Cash Flows</i> states as follows:</p> <p><i>The statement of cash flows shall report cash flows during the period classified by operating, investing and financing activities.</i></p> <p>IAS 7 defines the three classifications of cash flows as follows:</p> <p><i>Operating activities</i> are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities.</p> <p><i>Investing activities</i> are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.</p> <p><i>Financing activities</i> are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.</p>
IAS 7.18 - 20	<p>Reporting of Cash Flows</p> <p>IAS 7 encourages entities to use the direct method to report cash flows from operating activities even though it provides two options - the direct or indirect methods.</p> <p>The main reason for this is that the direct method provides information which is useful in estimating future cash flows and which is not available under the indirect method.</p>
IAS 7.14	<p>IAS 7 provides examples of cash flows from operating activities:</p> <ul style="list-style-type: none"> (a) cash receipts from the sale of goods and the rendering of services; (b) cash receipts from royalties, fees, commissions and other revenue; (c) cash payments to suppliers for goods and services; (d) cash payments to and on behalf of employees; (e) cash receipts and cash payments of an insurance entity for premiums and claims, annuities and other policy benefits; (f) cash payments or refunds of income taxes unless they can be specifically identified with financing and investing activities; and (g) cash receipts and payments from contracts held for dealing or trading purposes.
IAS 7.17	<p>IAS 7 provides examples of cash flows arising from investing activities:</p> <ul style="list-style-type: none"> (a) cash payments to acquire property, plant and equipment, intangibles and other long-term assets. These payments include those relating to capitalised development costs and self-constructed property, plant and equipment; (b) cash receipts from sales of property, plant and equipment, intangibles and other long-term assets; (c) cash payments to acquire equity or debt instruments of other entities and interests in joint ventures (other than payments for those instruments considered to be cash equivalents or those held for dealing or trading purposes); (d) cash receipts from sales of equity or debt instruments of other entities and interests in joint ventures (other than receipts for those instruments considered to be cash equivalents and those held for dealing or trading purposes); (e) cash advances and loans made to other parties (other than advances and loans made by a

financial institution);

- (f) cash receipts from the repayment of advances and loans made to other parties (other than advances and loans of a financial institution);
- (g) cash payments for futures contracts, forward contracts, option contracts and swap contracts except when the contracts are held for dealing or trading purposes, or the payments are classified as financing activities; and
- (h) cash receipts from futures contracts, forward contracts, option contracts and swap contracts except when the contracts are held for dealing or trading purposes, or the receipts are classified as financing activities.

IAS 7.17

IAS 7 provides examples of cash flows arising from financing activities:

- (a) cash proceeds from issuing shares or other equity instruments;
- (b) cash payments to owners to acquire or redeem the entity's shares;
- (c) cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short or long-term borrowings;
- (d) cash repayments of amounts borrowed; and
- (e) cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease.

Template Corporation
Notes to and forming part of the financial statements
for the year ended 30 June 2009

Reference

IAS 1 **Note 1: Reporting Entity**

Template Corporation is a company incorporated under the *Companies Act 2001* and domiciled in Samoa. The principal activity of the company is the provision of energy service on the islands of Upolu and Savaii. The registered office is located at Apia. The company is fully owned by the Government of Samoa.

IAS 1 **Note 2: Basis of Preparation**

IAS 1 **a) Statement of Compliance**

PFMA CA The financial statements are general purpose financial statements which has been prepared in accordance with:

- PBPAA • International Financial Reporting Standards (IFRS), which includes the International Accounting Standards issued by the *International Accounting Standards Board (IASB)*, Interpretations and other mandatory professional requirements
- PBPAA • *Public Finance Management Act 2001*
- PBPAA • *Companies Act 2001*
- PBPAA • *Public Bodies (Performance and Accountability) Act 2001*
- PBPAA • *Public Bodies (Performance and Accountability) Regulations 2002*
- PBPAA • <<where applicable insert the name of the enabling legislation>>.

The financial statements also comply with relevant Treasury Instructions issued by the Ministry of Finance from time to time.

IAS 1 **b) Basis of measurement**

The financial report is prepared on the accrual accounting basis and in accordance with the historical cost convention, except for certain financial assets and financial liabilities which are stated at their fair value.

IAS 21 **c) Functional and presentation currency**

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

IAS 1 **d) Going Concern**

The financial statements are prepared on the going concern basis in the belief that the company will continue trading in its current business activity for the foreseeable future and will not dispose of or realize any material part of its assets or operations.

IAS 1 **e) Significant accounting judgements and estimates**

GAR The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described below:

Impairment of intangible asset with indefinite useful life

The Corporation assesses whether the intangible asset with an indefinite useful life is impaired at least annually in accordance with the accounting policy below. These calculations involve an estimation of the recoverable amount of the intangible asset with an indefinite useful life.

Provision for long service leave

The method used in calculating the Provision for Long Service Leave is discussed below.

Valuation of financial instruments

The methods used in determining the fair values of financial instruments are discussed below.

IAS 21
GAR

f) Foreign currency

Transactions in foreign currencies have been converted to Tala at rates approximating those ruling at the date the transaction was incurred. Assets and liabilities in foreign currency have been converted to Tala at rates approximating those ruling at the balance sheet date. Exchange gains and losses are brought to account in determining the profit for the year.

IAS 1
GAR

Note 3: Statement of Significant Accounting Policies

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

IAS 18

a) Revenue

Government Contribution

Government grants are recognized as revenue when evidence exists to support the passing of control of the benefit and there is reasonable assurance that they will be received.

Community Service Obligations

Community Service Obligation (CSO) Contributions and subsidies are recognized as revenue when there is reasonable assurance that they will be received and the Corporation has complied with the conditions attached to them. CSOs are received from the Government for revenue foregone, plus agreed administration costs, from rebates and concessions to various exempt bodies and other fees and charges.

Major business activities

Revenue from the sale of goods is recognized when:

- The risks and rewards of ownership have been transferred to the buyer;
- The seller retains no managerial involvement nor effective control over the goods;
- The revenue and transaction costs incurred can be reliably measured; and
- It is probable that the economic benefits associated with the transaction will flow to the Entity.

Revenue from rendering of services is recognized by reference to the stage of completion of contracts at the reporting date. The revenue is recognized when:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits from the transaction will flow to the Entity.

Receivables for goods and services, which have 30 day terms, are recognized at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date.

Provisions are made when collectability of the debt is no longer probable.

Contribution of Assets

Contributions of assets at no cost of acquisition or for nominal consideration are recognized as gains at their fair value when the asset qualifies for recognition, unless received from another Government Agency or Authority as a consequence of a restructuring of administrative arrangements.

Other

Interest revenue is recognized using the effective interest method as set out in IAS 39 *Financial Instruments: Recognition and Measurement*.

Sale of Assets

Gains from disposal of non-current assets are recognized when control of the asset has passed to the buyer, usually when an unconditional contract of sale is signed.

IAS 20
GAR

b) Grants, aid and donations

Government grants, aid or donations are assistance by the government in the form of transfers of resources to the Corporation in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Government grants, aid or donations are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attaching to them and the grants will be received.

Government grants, aid or donations whose primary condition is that the Corporation should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the balance sheet and recognized as income on a systematic and rational basis over the useful lives of the related assets.

Other government grants, aid or donations are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Government grants, aid or donations that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognized as income of the period in which it becomes receivable.

Any caveats associated with the grants, aid or donations governing the use of the money are disclosed.

IAS 1

c) Expense classification

Operating expenses are classified in the income statement by the 'function of expense' (selling and advertising costs, administrative, occupancy and other costs) with the inclusion of additional information based on the 'nature of expenses', including depreciation and amortization expense and employee benefits expense.

IAS 19
GAR

d) Employee entitlements

Salaries and wages, annual leave and long service leave

Liabilities for employees' entitlements to salaries and wages, annual leave, long service leave and other current employee entitlements (that are expected to be paid within twelve months) are accrued at undiscounted amounts, and calculated at amounts expected to be paid as at reporting date.

Liabilities for other employee entitlements, which are not expected to be paid or settled within twelve months of reporting date, are accrued in respect of all employees at the present value of future amounts expected to be paid.

Superannuation contributions

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 recognized immediately in the income statement.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. Template Corporation recognizes a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Sick Leave

A provision is recognized for vesting sick leave for cash payable in lieu of 30% of *untaken sick leave* to employees who cease employment due to one of the following reasons:

(i) Retirement

(ii) Resignation

(iii) Becoming a Contract employee

(iv) Death

(v) Disability

(vi) Any other reason approved by the Public Service Commission.

No provision is made for non-vesting sick leave as the pattern of sick leave taken indicates that no additional liability will arise for non-vesting sick leave.

IAS 39
GAR

e) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All borrowing costs and interest payable are calculated to apply to the respective loans in the period of account and are charged as an expense item against profits for the period.

IFRIC 4

f) Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased non-current assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalized at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognized at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortized over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

IAS 18

g) Dividends

Dividends are recognized as a liability in the period in which they are due and payable pursuant to the *Public Bodies (Performance & Accountability) Regulations 2002*.

IAS 39

h) Cash and Cash Equivalents

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognized at its nominal amount.

IAS 39

i) Accounts and other receivables

Accounts and other receivables are recorded at expected realization value after providing for bad and doubtful debts. 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 recognized immediately in the statement of financial performance.

IAS 2,
GAR

j) Stock on hand

Stocks are valued at the lower of cost and estimated net realizable value after accounting for any provision due to obsolescence. Costs have been assigned to stock quantities on hand at balance sheet date using the first in first out basis. Stocks comprise materials for self constructed network assets. Consumables and Stamps are not included in stocks. The stocks of stamps for definitive and commemorative issues are excluded on the basis that they are destroyed every five years with only a nominal quantity retained for archive purposes.

IAS 39

k) Financial Assets

Investments are recognized and derecognized on trade date where the purchase or sale of an investment is

under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value. Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

IAS 16
GAR

I) Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognized initially at cost in the Balance Sheet, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Valuation

Following initial recognition at cost, property plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. Any decision to calculate and include revalued property costs in the financial statements is fully documented in note 19 and has only been made after full consultation with experts and shareholders.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognized through operating result. Revaluation decrements for a class of assets are recognized directly through operating result except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

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

Buildings and (e.g. wharves etc)	2.5% - 5%
Plant & Machinery	10% - 20%
Office Furniture and Fixtures	10% - 20%
Office Equipment	25%
Motor Vehicles	20%

Profits and losses on disposals of property, plant and equipment are taken into account in determining the

results for the period.

Impairment

All assets were assessed for impairment at 30 June 2009. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if Template Corporation were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

GAR

m) Leased assets

Assets acquired under finance leases are capitalized. The initial amount of the leased asset and corresponding lease liability are recorded at the present value of minimum lease payments. Leased assets are amortized over the life of the relevant lease or, where it is likely the company will obtain ownership of the asset on expiration of the lease, the expected useful life of the asset. Lease liabilities are reduced by the principal component of lease payments. The interest component is charged against operating profit.

Operating leases are not capitalized and rental payments are charged against operating profit in the period in which they are incurred.

IAS 41

n) Biological assets

Commercial nature forests

Commercial nature forests are measured at fair value less estimated point-of-sale costs. These assets are revalued at 30 June each year using the recent value of the expected net cash flows discounted based on a commercial rate of return commensurate with similar organizations in the industry. Where there is no separate market for biological assets that are attached to the land, but an active market may exist for the combined assets, the fair value of raw land and land improvements maybe deducted from the fair value of the combined assets to arrive at the fair value of the biological assets.

An increase/decrease in the net market value from the previous valuation is recognized as revenue/expense in the income statement.

Cattle, Sheep and Pigs

Livestock are measured at their fair value less costs to sell. The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

IFRS 5

o) Assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

IAS 38

p) Intangibles

Internally generated

Template Corporation's intangibles comprise in-house developed software for internal use. These assets are carried at cost less accumulated amortization and accumulated impairment losses.

Software is amortized on a straight-line basis over its anticipated useful life. The useful lives of Template Corporation's software are 7 to 10 years (2007-08: 7 to 10 years).

Acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortization and impairment. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

q) Transactions with the Government as owner

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) are recognized directly in Contributed Equity in that year.

r) Distributions to the Government as owner

Distributions to owners will be debited to contributed equity unless the amounts are dividends declared by the Corporation.

s) Taxation

Income tax has been brought to account using the liability method of tax effect accounting.

Income tax on profit comprises current and deferred tax and is recognized in the profit statement.

Provision for current tax is the expected tax payable on the earnings for the current year, using tax rates enacted at the balance sheet date, plus any adjustment to tax payable in respect of prior years.

Deferred tax provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

t) Comparative figures

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

u) Segment Reporting

Template Corporation is operates predominantly in the energy sector in Samoa.

v) Changes in accounting policies on initial application of Accounting Standards

When initial application of an International Accounting Standard has an effect on the current period or any prior period, or would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:

- (a) the title of the International Accounting Standard;
- (b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions;
- (c) the nature of the change in accounting policy;
- (d) when applicable, a description of the transitional provisions;
- (e) when applicable, the transitional provisions that might have an effect on future periods;
- (f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected;
- (g) the amount of the adjustment relating to periods before those presented, to the extent practicable; and
- (h) if retrospective application required by IAS 8 is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

Note:

Financial reports of subsequent periods need not repeat these disclosures.

The above information would likely be disclosed in the accounting policy note of the relevant item and the relevant note for the item, or a change in accounting policy note.

IAS 12
GAR

IFRS 1
GAR

IFRS 8

IAS 8

		2009	2008
		SAT \$	SAT \$
	Note 7B: Finance Income		
	Interest on Receivables		
IFRS 7	Financial assets and liabilities at fair value through profit and loss		
	Note 8: Salaries and Wages		
	Salaries and Wages		
IAS 1.93	Samoa National Provident Fund contributions		
	Accident Compensation Levy		
	Note 9: Depreciation and Amortization		
	Depreciation:		
	Plant and equipment		
IAS 16, IAS 36	Buildings		
	Total depreciation		
	Amortization:		
	Intangibles:		
	Computer software		
	Total amortization		
	Total depreciation and amortization		
	Note 10: Other Expenses		
IAS 2	Inventory:		
	Write-down of inventory to net realizable value		
	Reversal of write-down of inventory		
IAS 7	Impairment of trade receivables		
	Note 11: Income Tax		
	(a) <i>Current income tax:</i>		
	Current income tax charge @ 27%		
IAS 12	Adjustment – income tax prior year		
	Deferred income tax:		
	Relating to origin & reversal of temporary differences		
	Income tax expense in the income statement		

2009	2008
SAT \$	SAT \$

(b) Statement of Changes in Equity

Deferred income tax related to items charged or credited directly to equity during the year:

Net (gain) on revaluation of land and buildings

Income tax (expense)/income reported in equity

(c) Deferred income tax

Deferred income tax at 30 June relates to the following:

Deferred tax liability

Accelerated depreciation for tax purposes

Revaluations of investment properties to fair value

Revaluations of land and buildings to fair value

Revaluations of available-for-sale investments to fair value

Deferred tax assets

Post-employment medical benefits

Deferred revenue

Losses available for offset against future taxable income

Deferred income tax expense/(income)

Deferred tax liabilities net

Reflected in the balance sheet as follows:

Deferred tax assets

Deferred tax liabilities - continuing operations

Deferred tax liabilities (net)

Reflected in the Statement of Financial Position as follows:

Deferred tax assets

Deferred tax liabilities

Deferred tax liabilities (net)

IAS 1.68

Note 12: Cash & Cash Equivalents

Cash at bank

Cash on deposit (in USD)

Term Deposits

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Corporation, and earn interest at the respective short-term deposit rates.

		2009 SAT \$	2008 SAT \$
IAS 7	For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at 30 June: Cash at bank Cash on deposit (in USD) Term Deposits Bank Overdraft		
IAS 1	Note 13: Trade and Other Receivables Trade receivables Receivables from associate Receivables from other related parties		
IFRS 7	Trade receivables are non-interest bearing and are generally on 30-90 day terms. As at 30 June 2009, trade receivables at initial value of \$XXXXX (2008: \$XXXXX) were impaired and fully provided for. See below for the movements in the provision for impairment of receivables. Reconciliation of the allowance for doubtful debts: Movements in relation to 2009: Opening balance Amounts written off Amounts recovered and reversed Increase/decrease recognized in net surplus Closing balance		
IFRS 7.37	As at 30 June, the ageing analysis of trade receivables is as follows: Neither past due nor impaired Past due but not impaired: < 30 days 30–60 days 60–90 days 90–120 days > 120 days Total		

		2009	2008
		SAT \$	SAT \$
IFRS 7	Note 14: Other Financial assets		
	Loan to associate		
	Loan to Directors		
	Financial assets at fair value through profit or loss		
IAS 2	Note 15: Inventory		
	Raw materials (at cost)		
	Work in progress (at cost)		
	Finished goods (at cost or net realisable value)		
	Total inventories at the lower of cost and net realisable value		
	The amount of write-down of inventories recognized as an expense is \$xxxx (2007: \$XXX) which is recognized in cost of sales.		
	Note 16: Prepayments		
	Insurance		
	Service costs		
	Note 17: VAGST Receivable		
	Amounts Paid		
	Amounts Collected		
IFRS 5	Note 18: Assets Held for Sale		
	Surplus Land		
	Unused Building		

IAS 16	Note 19: Property, Plant & Equipment	SAT \$	SAT \$	SAT \$
IAS 16		Freehold Land & Buildings	Plant & Equipment	Total
	<i>Cost or Valuation</i>	<hr/>		
	At 1 July 2006			
	Additions			
	Disposals			
	Balance at 30 June 2008	<hr/>		
	Additions			
	Disposals			
	Revaluation			
	Balance at 30 June 2009	<hr/>		
	<i>Depreciation and Impairment:</i>	<hr/>		
	At 1 July 2006			
	Depreciation charge			
	Impairment			
	Disposals			
	Balance at 30 June 2008	<hr/>		
	Depreciation charge			
	Impairment			
	Disposals			
	Balance at 30 June 2009	<hr/>		
	<i>Net Book Value:</i>	<hr/>		
	At 30 June 2009	<hr/>		
	At 30 June 2008	<hr/>		

		SAT \$	SAT \$
IAS 36	<p>Note 20: Intangibles</p> <p>Computer software at cost:</p> <p>Internally developed – in progress</p> <p>Internally developed – in use</p> <p>Total computer software</p> <p>Accumulated amortization</p> <p>Accumulated impairment write-down</p> <p>Total intangibles (non-current)</p> <p>No indicators of impairment were found for infrastructure, plant and equipment.</p>		
IAS 40	<p>Note 21: Investment Property</p> <p>Opening Balance at 1 July</p> <p>Additions</p> <p>Net adjustment for impairment</p> <p>Closing Balance at 30 June</p>		
	<p>Note 22: Biological Assets</p> <p>Timber in cubic metres</p> <p>Movements in the carrying amount of commercial nature forests:</p> <p>Balance at 1 July 2008</p> <p>Gains – price changes</p> <p>Gains – Natural Growth</p> <p>Decrease due to harvest</p>		
IFRS 7	<p>Note 23: Trade and Other payables</p> <p>Trade Payables</p> <p>Other Payables</p> <p>Interest Payable</p> <p>Other related parties</p> <p>Balance at 30 June 2009</p>		
IAS 24	<p>Note 24: Related Party disclosures</p> <p>The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year (for information regarding outstanding balances at 30 June 2009 and 2008:</p> <p>Loans to/from related parties:</p> <p>Oceanic Corporation</p> <p>Solar Corporation</p> <p>Central Bank</p>		

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2009, the Corporation has not recorded any impairment of receivables relating to amounts owed by related parties (2008: SAT Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

2009	2008
SAT \$	SAT \$

Note 25: Unearned Revenue

At 1 July

Deferred during the year

Released to the income statement

At 30 June 2009

Current

Non-current

IAS 19

Note 26: Provision for Employee Benefits and On-costs

Annual leave entitlement

Long service leave entitlements

On-costs on both annual and long service leave

Total Provision for Employee Benefits and on-costs

Current

Non-current

Note 27: Other Financial liabilities

Bank overdraft

Bank Loan - secured

Finance Lease

Current

Non-current

Note 28: Finance Leases*Minimum future lease
payments**Present value of minimum
future lease payments*

2009

2008

2009

2008

SAT\$

SAT\$

SAT\$

SAT\$

Not longer than one year

Longer than one year but not greater
than 5 years

Longer than 5 years

_____	_____
_____	_____

Minimum future lease payments		
Less future finance charges		
Present Value of future lease payments		
	2009	2008
	SAT \$	SAT \$
Included in the financial statement as: Interest Bearing Loan (note 27):		
Current		
Non-current		
Total		

IAS 1

Note 29: Dividends

The *Public Bodies (Performance and Accountability) Regulations 2002* Schedule 6 paragraph 6.2.1(d) specifies that the annual report shall include "the dividend payable by the Public Body to the State for the financial year to which the report relates".

Furthermore, Schedule 7 (paragraph 25.2) requires "a company to pay dividend in accordance with Government's dividend policy as advised by the Financial Secretary from time to time". In May 2005, the Chief Executive Officer, Ministry of Finance advised that Public Trading Bodies would be accountable for a dividend of 50% of Net profit after tax. Consequently as at 30 June 2009 the Corporation has a liability for dividend payable at 50% of Net Profit After Tax, less dividend payments made.

	2009	2008
	SAT \$	SAT \$
Balance of Dividends payable – prior years		
2008		
2007		
Current year dividend payable		
Deduct Payments made during the year		
Balance of Dividends payable at 30 June		

Note 30: Capital

Authorised shares

Ordinary Shares of SAT\$1

IAS 1

Issued and Fully Paid Shares

IAS 1

Reserves – nature and purpose

(a) Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognized in equity. The reserve can only be used to pay dividends in limited circumstances.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

2009	2008
SAT \$	SAT \$

Note 31: Commitments

Operating lease commitments

IAS 17

The Corporation has entered into commercial property leases on its investment property portfolio, consisting of the Corporation's surplus office and manufacturing buildings. These non-cancellable leases have remaining terms of between five and 20 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

- Within one year
- After one year but not more than five years
- More than five year

IAS 31

Note 32: Contingencies

Capital commitments

At 30 June 2009, the Corporation had commitments of \$XXXX (2008: \$XXXX) relating to the completion of the Special facility.

Note 33: Financial risk management, objectives and policies

IFRS 7

The Corporation's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Corporation's operations. The Corporation has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Corporation also holds available-for sale investments.

The Corporation is exposed to market risk, credit risk and liquidity risk.

The Corporation's senior management oversees the management of these risks. The Corporation's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Corporation. The financial risk committee provides assurance to the Corporation's senior management that the Corporation's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Corporation policies and Corporation risk appetite. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Corporation's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments, and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 30 June 2009 and 2008. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to float interest rates of the debt and derivatives and the proportion of financial instruments

in foreign currencies are all constant and on the basis of the hedge designations in place at 30 June 2009. The analyses exclude the impact of movements in market variables on the carrying value of pension and other post-retirement obligations, provisions and on the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

- The balance sheet sensitivity relates only to derivatives and available-for-sale debt instruments.
- The sensitivity of the income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 30 June 2009, including the effect of hedging instruments.
- The sensitivity of equity is calculated by revaluing fixed rate available-for-sale financial assets, including the effect of any associated hedges, and swaps designated as cash flow hedges, at 30 June 2009 for the effects of the assumed changes in interest rates. The sensitivity of equity is analysed by maturity of the asset or swap. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve, while the analysis by maturity band displays the sensitivity to non-parallel changes.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's exposure to the risk of changes in market interest rates relates primarily to the Corporation's long-term debt obligations with floating interest rates.

The Corporation manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Corporation's policy is to keep between ___% and ___% of its borrowings at fixed rates of interest and excluding borrowings that relate to discontinued operations. To manage this, the Corporation enters into interest rate swaps, in which the Corporation agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations. At 30 June 2009, after taking into account the effect of interest rate swaps, approximately ___% of the Corporation's borrowings are at a fixed rate of interest (2008: ___%).

IFRS 7

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation's exposure to the risk of changes in foreign exchange rates relates primarily to the Corporation's operating activities (when revenue or expense are denominated in a different currency from the Corporation's functional currency) and the Corporation's net investments in foreign subsidiaries.

IFRS 7

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Corporation is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Credit risks related to receivables: Customer credit risk is managed by each business unit subject to the Corporation's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance.

At 30 June 2009, the Corporation had approximately ___ customers (2008: ___ customers) that owed the Corporation more than \$_____ each and accounted for approximately ___% of all receivables owing. There were 2 customers (2008: ___ customers) with balances greater than \$1 million

accounting for just over __% (2008: __%) of total amounts receivable. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Corporation does not hold collateral as security.

Credit risk related to financial instruments and cash deposits: credit risk from balances with banks and financial institutions is managed by Treasury. Counterparty credit limits are reviewed by the Corporation's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Corporation's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The Corporation's maximum exposure to credit risk for the components of the balance sheet at 30 June 2009 and 2008 is the carrying amounts. The Corporation's maximum exposure for financial guarantees and financial derivative instruments are noted in Notes 31 and 32 Commitments and Contingencies and in the liquidity table below, respectively.

Liquidity risk

The Corporation monitors its risk to a shortage of funds. The Corporation's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, finance leases and hire purchase contracts. The Corporation's policy is that not more than __% of borrowings should mature in the next 12 month period. __% of the Corporation's debt will mature in less than one year at 30 June 2009 (2008: __%) based on the carrying value of borrowings reflected in the financial statements, excluding discontinued operations.

The table below summarizes the maturity profile of the Corporation financial liabilities at 30 June 2009 based on contractual undiscounted payments.

Year ended 30 June 2009	<i>On demand</i>	<i>Less than 3 months</i>	<i>3 to 12 month</i>	<i>1 to 5 years</i>	<i>>5 years</i>	<i>Total</i>
	SAT \$	SAT \$	SAT \$	SAT \$	SAT \$	SAT \$
Interest-bearing Loans						
Other Liabilities						
Trade and Other Payables						
Year ended 30 June 2008	<i>On demand</i>	<i>Less than 3 months</i>	<i>3 to 12 month</i>	<i>1 to 5 years</i>	<i>>5 years</i>	<i>Total</i>
	SAT \$	SAT \$	SAT \$	SAT \$	SAT \$	SAT \$
Interest-bearing Loans						
Other Liabilities						
Trade and Other Payables						

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net.

Credit Management

The primary objective of the Corporation's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Corporation manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years end 30 June 2009 and 30 June 2008.

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2009	2008
SAT \$	SAT \$

Note 34: Reconciliation of Net result to cash to/<from> operating activities

Net result for the period

Non-cash movements:

<Gain>/Loss on disposal of assets

<Gain>/Loss on revaluation of investment property

Impairment of non-current assets

Depreciation and amortization

Movements included in investing & financing activities

<Gain>/Loss on disposal of business

Movements in assets and liabilities

<Increase>/Decrease in current receivables

<Increase>/Decrease in inventories

<Increase>/Decrease in other current assets

<Increase>/Decrease in non-current receivables

<Decrease>/Increase in current payables

<Decrease>/Increase in current provisions

<Decrease>/Increase in non-current payables

<Decrease>/Increase in non-current provisions

Net cash flows from/<to> operating activities

Note 35: Events after Balance date

IAS 10

On 14 July 2009, a building with a net book value of \$_____ was severely damaged by Hurricanes and inventories with a net book value of \$_____ were lost. It is expected that insurance proceeds will fall short of the costs of rebuilding and loss of inventories by \$_____.

APPENDIX 4: INTERNAL FINANCIAL REPORTING STANDARDS

Summaries of the following publications by the international Accounting Standards Board can be obtained from www.iasb.org

- **Framework** - Technical Summary

IFRSs:

- **IFRS 1** First-time Adoption of International Financial Reporting Standards
- **IFRS 2** Share-based Payment
- **IFRS 3** Business Combinations
- **IFRS 4** Insurance Contracts
- **IFRS 5** Non-current Assets Held for Sale and Discontinued Operations
- **IFRS 6** Exploration for and evaluation of Mineral Resources
- **IFRS 7** Financial Instruments: Disclosures
- **IFRS 8** Operating Segments

IASs:

- **IAS 1** Presentation of Financial Statements
- **IAS 2** Inventories
- **IAS 7** Statement of Cash Flows
- **IAS 8** Accounting Policies, Changes in Accounting Estimates and Errors
- **IAS 10** Events After the Balance Sheet Date
- **IAS 11** Construction Contracts
- **IAS 12** Income Taxes
- **IAS 16** Property, Plant and Equipment
- **IAS 17** Leases
- **IAS 18** Revenue
- **IAS 19** Employee Benefits
- **IAS 20** Accounting for Government Grants and Disclosure of Government Assistance
- **IAS 21** The Effects of Changes in Foreign Exchange Rates
- **IAS 23** Borrowing Costs
- **IAS 24** Related Party Disclosures
- **IAS 26** Accounting and Reporting by Retirement Benefit Plans
- **IAS 27** Consolidated and Separate Financial Statements
- **IAS 28** Investments in Associates
- **IAS 29** Financial Reporting in Hyperinflationary Economies
- **IAS 31** Interests in Joint Ventures
- **IAS 32** Financial Instruments: Presentation
- **IAS 33** Earnings per Share
- **IAS 34** Interim Financial Reporting
- **IAS 36** Impairment of Assets
- **IAS 37** Provisions, Contingent Liabilities and Contingent Assets
- **IAS 38** Intangible Assets
- **IAS 39** Financial Instruments: Recognition and Measurement
- **IAS 40** Investment Property
- **IAS 41** Agriculture