

# **UNIT TRUST OF SAMOA (MANAGEMENT) LTD**

## **ANNUAL REPORT**

**30 June 2019**

Please address all correspondence to:  
The Minister of Finance  
Private Bag  
Apia, Samoa



Government of Samoa

Telephone: (685) 34385  
(685) 33280  
Facsimile: (685) 31312

## OFFICE OF THE MINISTER OF FINANCE

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

# STATEMENT TO PARLIAMENT

18 October 2019

Afioga Leaupepe T. Toleafoa Fa'afisi  
Speaker  
Legislative Assembly of Samoa  
**MULINUU**

Afioga e,

In pursuant of Part VI Section 23 of the Public Bodies (Performance and Accountability) Act 2001, I present to the Legislative Assembly for discussion, The Unit Trust of Samoa (Management) Ltd's Annual Report for the financial year ended 30<sup>th</sup> June 2019.

This is the 9<sup>th</sup> Annual Report of the Unit Trust of Samoa (Management) Ltd (the "**Management Company**") since incorporation under the Companies Act 2001 on the 15<sup>th</sup> of February 2010. The Management Company was established to manage the Unit Trust of Samoa (the "**Trust**").

Our **VISION**: to be the leading fund manager of investments in Samoa that provides opportunities for a better future

And **MISSION**: to provide ordinary Samoans with an opportunity to invest in a diversified portfolio of assets

Yours sincerely,

Sili Epa Tuioti  
**Minister of Finance**

## Contents

Directors Report .....	3
Chief Executive Officer's Report.....	6
Financial Statements .....	10 - 22
Report of the Auditor .....	10
Certification by Directors .....	12
Statement of Financial Position .....	13
Statement of Financial Performance .....	14
Statement of Changes in Equity .....	15
Statement of Cash Flow .....	16
Notes to the Financial Statements .....	17 - 22

## DIRECTOR'S REPORT

The Unit Trust of Samoa (Management) Ltd ("UTOSM") has again shown exceptional performance in its ninth year of operations. As the Board of Directors, we are pleased to report on the performance of the Management Company for the year ending 30th June 2019. The UTOSM is the Manager of the Unit Trust of Samoa ("UTOS") under the Unit Trust Act 2008 (the "Act").

We continue to maintain good governance practices as Directors for UTOSM, to ensure that the unitholder funds are prudently managed in accordance with the necessary regulatory requirements, inclusive of, but not limited to the Act, Trust Deed and the Central Bank of Samoa Prudential Guidelines. The Board endeavours to uphold the principles of good corporate governance and best practices to ensure that the interests of its Unitholders are protected.

During the period, the Board of Directors of UTOSM comprised of the Chairman, Afoa Asiata Kolone Vaai with Magele Arthur Penn and Lavea Tupaimatuna Iulai Lavea as the Directors. The completion of Lavea Tupaimatuna Iulai Lavea's contract as the Chief Executive Officer for the Ministry of Finance also ceased his duties as a UTOSM director in December 2018. His successor, Leasiosiofaasisina Oscar Malielegaoi assumed his role as the Ministry of Finance representative on the board of UTOSM.

Tafailagi Trustee Company Limited remains as the Trustees for the Unit Trust of Samoa having taken over this core function in January 2018, following the resignation of Samoa Trustee Company Limited. The directors of Tafailagi Trustee Company Limited are Taito John Roache and Luana von-Reiche Roache. We commend them for their commitment and support during the financial year.

In October 2018, the former Chief Executive Officer, Sa'u Justina Sa'u Lam passed away suddenly. Sa'u was the first CEO for UTOSM and her contribution to the establishment of this organisation together with her service to the public sector is invaluable. We thank Sa'u, who was a great leader, for her commitment and dedication throughout her years of service. May her soul rest in peace and Lord's blessings be upon her family always.

The CEO position was advertised in December 2018 with a total of seven candidates submitting letters of application. Following a competitive recruitment process, Cabinet issued a directive, FK(1) Faapitooa, dated 22nd January 2019 confirming the appointment of Tevaga Viane Tagiilima as the new CEO for UTOSM. Tevaga holds a Master of Business Administration and a Bachelor of Arts in Economics and Management from the University of the South Pacific. He brings to UTOSM, fifteen years of work experience not only in the local public sector but also in neighbouring countries in the region. Tevaga commenced his role with UTOSM on the 4th March 2019.

Following a review of the UTOSM company structure, two new positions - Senior Accounts Officer and Senior Executive Assistant and Human Resources Officer - were created and filled during the financial year. The two new recruits brings the staff to a total of 13; all of whom possess skills, expertise and top quality service to prudently manage and maintain the generation of good returns for the unitholders.

Regional partnerships continue to be enhanced through collaborative frameworks outlined within the existing Memorandum of Understandings (MOUs) with the Unit Trust of Fiji and Amalgamated Telecom Holdings Ltd (ATH). This helps to not only share experiences and knowledge together with resources, but to also gain access into high yielding investment options throughout the Pacific Region. Membership

of UTOSM in the Pacific Islands Investment Forum is seen as another opportunity to widen its regional network with other similar investment funds.

As a State Owned Enterprise, UTOSM has fully complied with all its statutory requirements in terms of reporting under the Unit Trust Act 2008 but also with its regulatory obligations to Central Bank of Samoa and the Ministry of Public Enterprises. UTOSM during 2018/2019 was able to achieve a Return on Equity of 18% which is above the target set for the Government of State Owned Enterprises of 7%. UTOSM was therefore able to declare and pay over a dividend of \$139,274 to the Government. The total income and total expenses increased by 15.59% and 15% respectively while net profit increased by 20% compared to prior year, resulting in an increase of 12% for capital and reserve. A reduction to both total assets and total liabilities by 23% and 66.79% respectively is noted as creditors are being paid off when they fall due.

UTOSM through its Manager's Fee remains responsible for the payment of the Trustee Fee which showcases the ability of the Manager to service its costs. The Manager's Fee continues to be reviewed annually as the Net Assets of the UTOS continues to grow. The most recent revision resulted in a reduction of the Fee rate from 2% to 1.75% of the UTOS's Net Assets. The reduction and monitoring is to ensure that both parties operate profitably and in a balanced manner.

UTOSM is pleased with its performance in the management of UTOS to become one of the most popular investment funds in Samoa with unit holders growing by 28% during the last 12 months to a total 2,702 at 30th June 2019; driven mainly by relatively high annual returns for unitholders averaging 13% per annum in the last nine years. The total Net Assets of UTOS closed at \$106million for the year ending 30 June 2019 relative to \$75million at the end of June 2018. UTOS is now the largest private sector investment fund with investors from all walks of life covering a wide cross section of the community.

UTOSM is never left complacent with increasing unitholders. The momentum to have on-going promotional and marketing campaigns is kept active throughout the year. Promotions include a voucher campaign launched in both Upolu and Savaii in an effort to keep attracting new unitholders. The vouchers allowed a limited number of unit holders to purchase unit bundles at a one-off discounted price for a specific time period. In collaboration with Samoa Airways, a draw was also carried out to reward our long standing unitholders who joined in the first two years of operation and continue to maintain their accounts to date. This was well received by those who were successful in the draw and this joint loyalty promotion with Samoa Airways is expected to continue for many years to come.

Our new mobile application (Mobile App) was launched in July 2018, allowing our unitholders to enjoy the convenience of checking their accounts from their devices. This enables them to access their account details without the hassle and added expense of coming in to our office. The App also allows the unitholder to make deposits into their accounts via their online banking facilities. We are mindful of the increasing threats to these new applications and we are pleased to note that the App meets the security requirements set out by UpGuard Cyber Security Company in the United States; keeping the App secure from any communication and data breaches and maintaining the integrity of the unitholders' information.

Our longstanding partnership with BlueSky Samoa allowed us to collaborate in developing an alternative to purchase units using their mobile phones through the M-Tala application. Phase 1 of this project was launched in April 2019 with positive uptake, with some unitholders now using this platform to top up

their accounts. This application differs from our Mobile App in that it does not require internet usage and can be accessed with any mobile device that has the ability to send text messages. We continue to work with Bluesky with the intention of launching Phase 2 in the 2019/2020 financial year which will allow for overseas remittances to be sent via MTala; this means our overseas unitholders will be able to send their deposits in a convenient, cost effective and efficient manner.

Our obligation to set a fruitful pathway for UTOS remains as we set our sights to the future. We remain vigilant in ensuring that the Trust is able to adapt to any changes that may impact its operating environment; to continue to deliver the results required to meet the ever increasing expectations of the Unitholders.

We have great confidence in the calibre of our employees and the resources available to them, that they possess the potential to build upon the current capacity of the fund and extend its services to manage new funds locally and abroad and also offer additional investment alternatives for Samoans.

The economic environment in which we operate continues to change and investment opportunities in a small market become far and few between. We however remain positive in our outlook for the 2019/2020 financial year. We are hopeful that opportunities will open up in the region with our first priority accorded to appraising local investments. We continue to be agile to overcome and manage the investment risks generated from natural disasters and the ever growing impacts of Climate Change in the region. Our internal controls and monitoring remain strong and continuously tested to maintain the integrity of our work.

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

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

Dated this 19<sup>th</sup> day of September 2019



Afoa Asiata Kolone Vaai  
Chairman of the Board



Magele Arthur Penn  
Director

## **CHIEF EXECUTIVE OFFICER'S REPORT**

The financial operations of the Unit Trust of Samoa (Management) Ltd ("UTOSM") for the financial year ending 30 June 2019, continues to exceed expectations and build upon positive performance of prior years. In its ninth year of service, the commitment to deliver results to its stakeholders with priority accorded to the unitholders remains strong. The results for this year showcases our responsibility to reward our unitholders with a high return on their investment, while also enticing new unitholders and educating our people to invest for their future.

Management and Staff have continued to ensure that the company operates in line with all the necessary compliance requirements and adhere to all its supervisory agencies. The Trust Deed, the Central Bank of Samoa Prudential Guidelines, coupled with our internal policies and a strong governance structure provides guidelines within which we operate.

We pay tribute to the Late Sa'u Justina Sa'u-Lam, a pioneer and the inaugural Chief Executive Officer for this organisation whose untimely passing in October 2018 came as a shock not only to the company but the country as a whole. Her contribution was invaluable in steering this organisation to its current stable and reputable state. Her commitment to her staff was evident as they persevered for the next four and a half months without a CEO and rotating the role amongst the management team while all sharing the load to make sure that business as usual continues without disruption and to continue to deliver excellent results.

### **FINANCIAL PERFORMANCE**

The company profitability for this financial year outperformed the last by 20%. This was driven by various activities outlined in detail below.

Total Income increased by 15.59% compared to the prior year results; the results also exceeded budget expectations by 26%. The main driver for income is the Manager's Fee payable by the Trust. The Manager's Fee is calculated as a percentage of the Trust's Net Assets; and with the exponential growth of the Trust's Net Assets, the value of the Manager's Fee also increases. Later in the year, the Manager's Fee Rate was reduced from 2% to 1.75% of the Trust's Net Assets, being mindful of the excessive cost and effect this rate has on the profitability of the Trust. The rate is monitored closely by the Board and Management to ensure a balanced operation with both arms of the organisation operating efficiently and profitably.

Total Expenditure also increased by 15% relative to the expenses of the last financial year. The increase also went above budget by 1% and is a result of the following items:

- Advertising and Promotion increased by 215%; this trend was anticipated in this financial year's budget and business plan and the spending yielded the required results with 641 new unitholders joining the Trust.
- The executive management compensation increased by 20%; an unforeseen expenditure brought about as a result of the ex-gratia payment clause that the CEO is entitled to as stipulated in the contract should they pass away while the contract is valid.
- The recruitment of two new employees at senior level resulted in an 11% increase in personnel costs.
- Administrative Costs increased by 50% due to Printing costs related to the issuance of the revised Prospectus, which is reviewed every 3 years in accordance with the Trust Deed. A membership Fee

to be registered as a member of the Pacific Island Investment Forum was also paid for. Becoming a member provides the Management with an opportunity to be part of the regional investment network and gain access to more opportunities in the region.

- The Trustee Fee also increased by 87% as a direct result of the 12 months recorded in this financial year compared to the 6 months for previous financial year as the Management Company only started paying for this fee in January 2018. The Trustee Fee is calculated as a percentage of the Trust's Total Comprehensive Income.
- Repairs and Maintenance increased significantly from \$1,907 in 2018 to \$29,949 in 2019 due to the Unit Registry System's annual maintenance fee and upgrades during the year.

The increase in expenses noted above was offset by the below expense lines:

- A drop of 62% in travel and allowance costs was recorded with less overseas travel during this financial year.
- Depreciation expense also dropped by 19% due to the reduction of the depreciation rate approved by the board for computer software and systems from 33% to 10% which is consistent with the useful life of these assets.

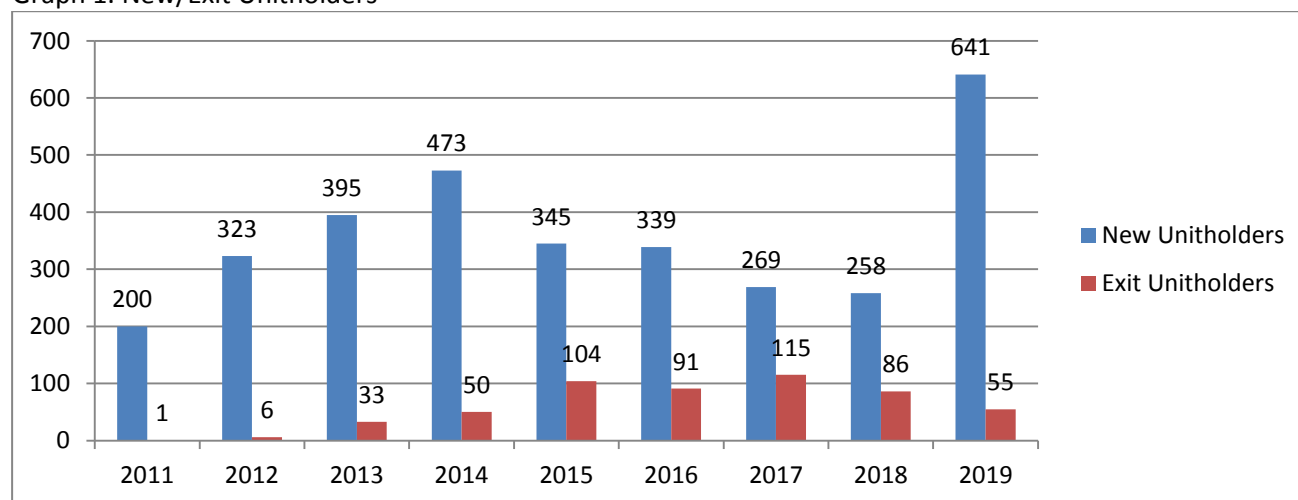
## MANAGING OF THE TRUST

### Unitholders

The unitholder base continues to grow and is remarkable in hindsight, with only 200 unitholders joining in the first year. Fast forward nine years and we are just short of the 3000 mark with a total of 2,702 unitholders recorded as at 30 June 2019. The continuous marketing and promotional activities carried out by Management played a huge part in driving the increase in numbers. We carried out the annual Savaii road show, so they too can reap the benefits of UTOS.

The following graph depicts the number of new unitholders and those that exit the register (redeem all units) per annum.

Graph 1. New/Exit Unitholders



### Unit Sales and Repurchases

A total of 21,239,548 million units which translates to a value of approximately \$34 million tala, were sold during the year compared to 8,481,506 in 2018. This high volume of sales becomes yet another milestone being the highest number of units sold per annum since the establishment of the Trust. The

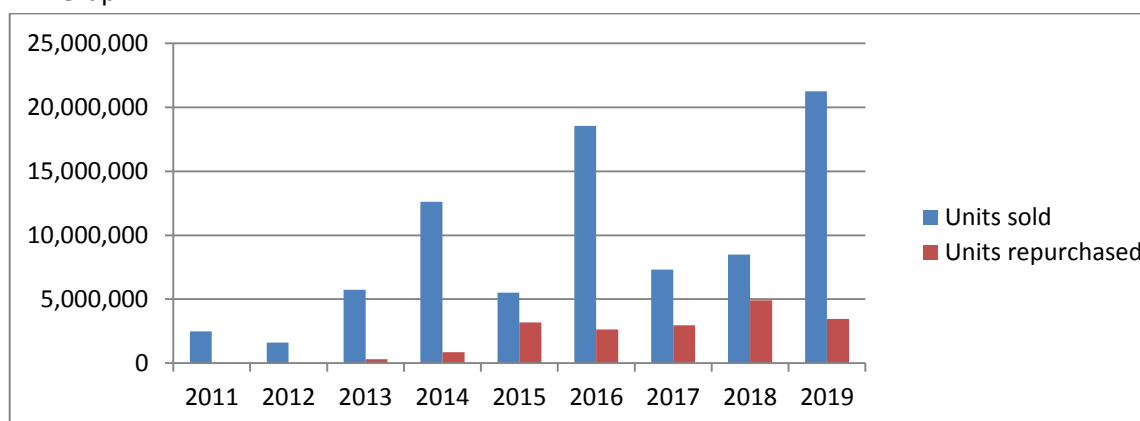


significant increase of 150% is a testament to on-going promotional campaigns and is evident of the growing confidence that people have in investing their funds with UTOS.

Fewer people also carried out withdrawal of their units during the year, a 29% drop compared to last year. This indicates that people are becoming familiar with the concept of long term investment. Total units repurchased at year end stands at 3,459,804 compared to 4,919,997 in the prior year.

The following graph shows the historical annual movements of units sold and repurchased.

Graph 2



### Return to Unitholders

The Return on Unitholders' Investment of 11.83% for this financial year builds upon the 11.66% return announced for 2018; this is relatively high in comparison with similar savings products offered by local financial institutions. Maintaining a balanced portfolio that is also of minimal risk and still be able to generate favourable returns is of high priority for Management. The Trusts investment portfolio increased by 12% with additional investment securities added to the portfolio during the year. The investments in the portfolio continue to perform well and are supported by annual dividends being declared and the unit price continuing its upward trend.

The Trust saw a drop in borrowings by 35% as borrowed funds from setup are being paid out as they fall due and the Trust continues to become self-funded from its unit sales. The Trust's Net Assets increased by \$31million with the increasing number of units sold during the financial year, and being a core driver to this growth.

### On-line Services

The Trust's Mobile Application (UTOS App) was launched in July 2018, allowing our unitholders to access their account details and also to transact from their mobile devices from anywhere in the world.

In addition to the App, phase 1 of the MTala platform was launched in April 2019, in partnership with one of our major investee companies, Bluesky Samoa. This allows the local unitholders to top up their accounts from the convenience of their mobil phones anywhere in Samoa.

### OUTLOOK

To prudently manage and invest the funds entrusted to us by the unitholders holds key to our outlook of the future. To ensure stable governance and remaining compliant with all legalities to make sure it does not hinder our level of service is very important. We will continue to seek out opportunities that provide the necessary returns with low risk and at the same time educate our people and build awareness on the significance of investing. Our staff training and capacity building is also vital for us as it not only

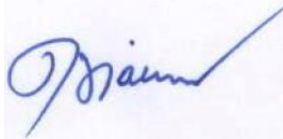
enhances the service we provide but also gives confidence to the unitholders that their funds are being managed by qualified experts.

We extend our sincere gratitude to the Government through our Minister, Sili Epa Tuioti for their continued support and cooperation.

We acknowledge the continuous support and dedication of the Chairman and the Board of Directors whose leadership and guidance provides an anchor to sustaining our operations.

We would also like to acknowledge our Management Team and Staff members for their commitment during the past financial year.

Fa'afetai Tele Lava,

A handwritten signature in blue ink, appearing to read 'Tevaga Viane Tagiilima', with a long, sweeping flourish extending to the right.

Tevaga Viane Tagiilima  
**CHIEF EXECUTIVE OFFICER**

Please address all correspondences  
to the Controller and Auditor General



## AUDIT OFFICE

### REPORT OF THE AUDIT OFFICE

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

##### Audit Opinion

We have audited the accompanying Financial Statements of the Unit Trust of Samoa (Management) Ltd for the year ended 30 June 2019 consisting of the statement of financial position, statement of financial performance, statement of changes in equity and statement of cash flows for the year ended, together with explanatory notes thereto which include a summary of significant accounting policies. The Accounting Firm of AH CHONG Public Accountants, Chartered Accountants, assisted in this audit.

In our opinion, the financial statements give a true and fair view of the financial position of the Unit Trust of Samoa (Management) Ltd as at 30 June 2019, and of its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

##### Basis for Opinion

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

##### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Directors and Management are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the directors and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

##### Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

Telephone: 27751  
Fax: 24167  
Email: [info@audit.gov.ws](mailto:info@audit.gov.ws)  
Website: [www.audit.gov.ws](http://www.audit.gov.ws)

P.O Box 13  
APIA, SAMOA

*Please address all correspondences  
to the Controller and Auditor General*



## AUDIT OFFICE

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors and management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### Report on Other Legal and Regulatory Requirements

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

Our audit was completed on 19<sup>th</sup> September 2019 and our opinion is expressed as at that date.

Apia, Samoa  
27 September 2019

Jaslyn T Mariner-Leota  
ASSISTANT CONTROLLER AND AUDITOR GENERAL

UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
CERTIFICATION BY DIRECTORS  
FOR THE YEAR ENDED 30 JUNE 2019

---

We certify that the attached financial statements for the Unit Trust of Samoa (Management) Ltd comprising of the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements for the financial year ended 30 June 2019:

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

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

We authorise the attached financial statements for issue on 19 September 2019 on behalf of the directors of the Unit Trust of Samoa (Management) Ltd.

  
*Afoa Asiata Kolone Vaai*

**CHAIRMAN**

Unit Trust of Samoa (Management) Ltd  
Apia, Samoa

  
*Magelē Arthur Penn*

**DIRECTOR**

Unit Trust of Samoa (Management) Ltd  
Apia, Samoa

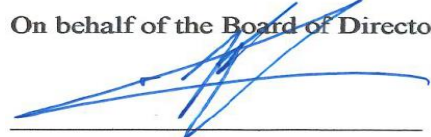


UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
Statement of Financial Position  
As at 30 June 2019

	Notes	\$ 2019	\$ 2018
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Investment in UTOS		239	223
SAW Est Fee receivable	10	126,250	-
Property and equipment	7	424,434	509,697
Term Deposit - SCB	9	123,267	117,565
<b>Total Non Current Assets</b>		<b>674,190</b>	<b>627,485</b>
<b>Current Assets</b>			
Cash and cash equivalents	8	1,810,895	2,394,168
Trade receivables	10	365,826	690,817
Other receivables		30,850	22,715
<b>Total Current Assets</b>		<b>2,207,571</b>	<b>3,107,700</b>
<b>Total Assets</b>		<b>2,881,761</b>	<b>3,735,185</b>
<b>LIABILITIES, CAPITAL AND RESERVES</b>			
<b>Current Liabilities</b>			
Trade creditors	11	190,428	1,277,334
Other creditors and accruals	11	111,900	93,946
Provision for government dividend		74,802	250,000
Provision for employee benefits		49,580	43,755
<b>Total Current Liabilities</b>		<b>426,710</b>	<b>1,665,035</b>
<b>Long Term Liabilities</b>			
Deferred liabilities		126,250	-
<b>Total Long Term Liabilities</b>		<b>126,250</b>	<b>-</b>
<b>Total Liabilities</b>		<b>552,960</b>	<b>1,665,035</b>
<b>Capital and Reserves</b>			
Share Capital	12	1,800,000	1,800,000
Retained earnings/(losses)		528,801	270,150
<b>Total Capital and Reserves</b>		<b>2,328,801</b>	<b>2,070,150</b>
<b>Total Liabilities, Capitals and Reserves</b>		<b>2,881,761</b>	<b>3,735,185</b>

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

On behalf of the Board of Directors



Chairman

19 / 09 / 2019



Director

19 / 09 / 2019

UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
Statement of Financial Performance  
For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
<b>Income</b>			
Interest income		63,323	66,644
Exit fees		54,903	95,561
Manager's fees		1,719,454	1,429,081
Amortised income		8,750	-
Other income		1,459	7,348
<b>Total Income</b>		<b>1,847,889</b>	<b>1,598,634</b>
<b>Expenses</b>			
Advertising & Promotion		66,572	21,132
Audit fees		23,080	25,380
Bank fees & Charges		1,981	1,829
Board expenses	6(ii)	53,551	46,812
Board & executive management compensation	6 (iii)	502,829	416,157
Communication costs		53,413	60,763
Electricity		25,401	25,961
Depreciation	7	118,144	146,600
Professional fees		13,385	24,026
Personnel costs	5	333,302	299,133
Registration & Licenses		1,856	1,819
Rent		43,508	43,508
Repairs & Maintenance		29,949	1,907
Other administration expenses	4	94,311	62,557
Trustee fee		68,829	36,644
Travel & Allowances		19,853	52,022
<b>Total expenses</b>		<b>1,449,964</b>	<b>1,266,251</b>
<b>Net profit/(loss) for the year</b>		<b>397,925</b>	<b>332,383</b>

*The accompanying notes on pages 17 to 22 form an integral part of the above financial statements.*

UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
Statement of Changes in Equity  
For the year ended 30 June 2019

	Note		Total	
		Government of Samoa Contribution	Earnings/ (Losses)	
Opening Balance as at 30 June 2018		1,800,000	270,150	2,070,150
Net Profit/(Loss)			397,925	397,925
Interim Dividend 2019 paid			(64,472)	(64,472)
Final Dividend 2019 provided			(74,802)	(74,802)
Balance as at 30 June 2019		1,800,000	528,801	2,328,801

*The accompanying notes on pages 17 to 22 form an integral part of the above financial statements*



UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
NOTES TO THE STATEMENT OF CASH FLOWS  
For the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>Cash Flows from operating activities</b>			
Cash received from Unit Holders and Trust		34,326,066	13,013,993
Cash received from interest on current account		7,124	6,964
Cash received from fees income		1,706,479	1,415,464
Cash paid to and for the Trust		(35,003,501)	(12,157,437)
Cash paid for expenses and employees		(1,315,182)	(1,074,499)
<b>Net cash inflow/(outflow) from operating activities</b>		<u>(279,014)</u>	<u>1,204,485</u>
<b>Cash flows from investment activities</b>			
Cash from interest on term deposits		48,796	71,557
Payment for property, plant and equipment		(32,881)	(185,369)
<b>Net cash inflow/(outflow) from investment activities</b>		<u>15,915</u>	<u>(113,812)</u>
<b>Cash flows from financing activities</b>			
Dividend to Government of Samoa		(314,472)	(500,000)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>(314,472)</u>	<u>(500,000)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		(577,571)	590,673
Cash and cash equivalents at beginning of year		2,511,733	1,921,060
		1,934,162	2,511,733
Deduct: Non-current cash in SCB Bond Term Deposit	9	(123,267)	(117,565)
<b>Cash and cash equivalents at end of year</b>		<u><u>1,810,895</u></u>	<u><u>2,394,168</u></u>
<b>Current Cash and Cash equivalents</b>	8	<u><u>1,810,895</u></u>	<u><u>2,394,168</u></u>

*The accompanying notes on pages 17 to 22 form an integral part of the above financial statements*

**UNIT TRUST OF SAMOA (MANAGEMENT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2019

---

**1 General information**

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

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

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

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

**2 Statement of significant accounting policies**

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

**a. Statement of compliance**

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

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

**b. Basis of preparation**

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

**c. Comparative Information**

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

**d. Functional and presentation currency**

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

UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2019

---

**2 Statement of significant accounting policies (contd)**

**e. Foreign currency transactions**

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

**f. Cash and cash equivalents**

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

**g. Accounts and Other Receivables**

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

**h. Accounts and other payables**

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

**i. Provisions**

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

**j. Revenue recognition**

***Interest income***

Interest income on investments are recognised as they accrue.

***Fees and charges***

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

**k. Property and equipment**

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

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

***Depreciation***

Depreciation is charged to the statement of financial performance on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The following rates are used for the depreciation of property, plant and equipment:

- Office furniture and fittings	20%
- Office equipments	20%
- Motor vehicles	20%

UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2019

---

**2 Statement of significant accounting policies (contd)**

**k. Property and equipment**

**Depreciation**

- Computers	33%
- Systems and software	10%
- Leasehold Building	2.5%

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income/expense in the statement of financial performance.

**l. Value added goods and services tax (VAGST)**

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

**m. Income tax**

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

**n. Employee benefits**

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

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

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

**o. Borrowing costs**

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

**p. Leases**

The company accounts for leases in accordance with IAS 17. Under IAS 17, a lessee is required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). Effective from 1 January 2019 a new IFRS 16 - Leases, will replace IAS 17. The IFRS 16 will require a lessee to account for all leases as on balance sheet, ie to recognise a lease liability reflecting future lease payments and a "right-of-use asset". The company will adopt IFRS 16 from next year, however an early adoption would not have any material impact on the company's financial results given that the current operating lease with the DBS expires within 2 years.

**3 Critical accounting estimates and judgments**

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

**UNIT TRUST OF SAMOA (MANAGEMENT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2019

<b>4 Other Administration expenses</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<i>Details of administration expenses are specified as follows:</i>		
Catering & refreshments	2,919	6,094
Motor vehicle expenses	10,982	15,148
General supplies & services	4,848	6,526
Memberships & subscriptions	14,676	3,205
Postage/Courier	-	15
Printing & Publications	25,528	4,481
Samoa Post & M-tala fees	760	750
Stationeries	13,993	16,596
Insurance - Motor Vehicle	2,506	3,844
Staff training & development	16,170	5,898
Other	1,930	-
<b>Total administration expenses</b>	<b>94,311</b>	<b>62,557</b>

**5 Personnel costs**

*Details of personnel costs are specified as follows:*

Salaries & Wages	273,470	244,957
NPF contribution	49,021	46,966
ACC levy	7,179	6,720
Staff amenities	3,632	490
<b>Total personnel costs</b>	<b>333,302</b>	<b>299,133</b>

**6 Directors and executive management compensation**

**i. Directors**

*The Directors of the company during the period comprised of:*

Afoa Asiata Kolone Vaai	- Chairperson
Lavea Tupaimatuna Iulai Lavea	- CEO, Ministry of Finance (Contract end December 2018)
Magele Arthur Penn	- Independent member
Leasiosio Oscar Malielegaoi	-CEO, Ministry of Finance (Current)

Director's fees, benefits and Board expenses of \$53,551 were paid during the year including allowances.

Directors appointed from Government corporations and Ministries do not receive a director's fee or allowance.

**ii. Board costs**

*Board of Directors expenses are as follows:*

Directors fees and allowances	46,380	42,018
Membership fees	3,000	3,000
Meeting expenses	4,171	1,794
<b>Total Board of Directors expenses</b>	<b>53,551</b>	<b>46,812</b>

**iii. Executive Management Costs**

*Executive Management expenses as follows:*

Executive Management compensation	442,419	416,157
Executive Management grant payment CEO Ex-Gratia payment	60,410	-
<b>Total executive management compensation</b>	<b>502,829</b>	<b>416,157</b>

UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2019

**7 Property and equipment**

	Leasehold Building	Office furniture & fittings	Office equipment	Computers & software	Motor Vehicles	Total
<b>Gross carrying amount</b>						
Balance as at 1 July 2018	91,500	89,436	80,777	417,706	205,990	885,409
Additions		6,674	2,802	23,405		32,881
Disposals						
Balance as at 30 June 2019	91,500	96,110	83,579	441,111	205,990	918,290
<b>Accumulated depreciation</b>						
Opening balance 1 July 2018	5,147	59,051	48,035	129,478	134,001	375,712
Disposals						
Depreciation charge for the year	2,288	10,315	9,986	59,267	36,288	118,144
Balance as at 30 June 2019	7,435	69,366	58,021	188,745	170,289	493,856
<b>Net Carrying amount 30 June 2018</b>	<b>86,353</b>	<b>30,385</b>	<b>32,742</b>	<b>288,228</b>	<b>71,989</b>	<b>509,697</b>
<b>Net Carrying amount 30 June 2019</b>	<b>84,065</b>	<b>26,744</b>	<b>25,558</b>	<b>252,366</b>	<b>35,701</b>	<b>424,434</b>

**8 Cash and cash equivalents**

*Details of cash and cash equivalents are as follows:*

BSP account	328,553	1,375,735
ANZ account	144,878	13,663
SCB account	85,928	97,273
NBS account	946	-
Petty cash	250	250
	<b>560,555</b>	<b>1,486,921</b>
SCB Term Deposit	950,340	907,247
NBS Term Deposit	300,000	-
	<b>1,250,340</b>	<b>907,247</b>
<b>Total cash and cash equivalents</b>	<b>1,810,895</b>	<b>2,394,168</b>

The term deposits are surplus Company funds earning interest at 4.75% and 6.10% p.a. respectively and both matures in Feb 2020

**9 Term Deposits - SCB**

*Details of term deposits are specified below:*

SCB - Bond	123,267	117,565
	<b>123,267</b>	<b>117,565</b>

This term deposit with SCB is the Bond as stipulated under section 5(2) of the Unit Trusts Act 2008. It will not be withdrawn.

**10. Trade debtors**

*Details of other receivables are specified as follows:*

Unit Redemptions paid receivable from Trust	179,479	558,287
Manager's fee receivable from Trust	167,893	126,284
Samoa Airways Loan Establishment Fee - Current	16,250	-
Exit fees receivable from Trust	2,204	6,246
	<b>365,826</b>	<b>690,817</b>

UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2019

**10. Trade debtors (continued)**

**Long Term Debtor**

Samoa Airways Loan Establishment Fee

126,250

**126,250**

-

A joint agreement was signed by Samoa Airways and UTOS on the 24th January 2019 for the \$150,000 loan establishment fee to be paid quarterly for a term of ten years. Proceeds from the loan fee will go directly to a joint promotion campaign stipulated in the agreement.

The income side of the arrangement is deferred and amortised equally over 10 years from January 2019.

Amortise income for the year is \$8,750 leaving a balance of \$141,250 for deferred income. Current portion is \$15,000 and long term portion is \$126,250.

**11. Creditors**

*Details of Other creditors & accruals and Trade creditors are specified as follows:*

**Other creditors & accruals:**

Payroll Liabilities

31,257

36,897

Provision for Audit fee (inclusive Vagst)

23,080

23,080

Provision for Trustee fee

33,417

22,249

Deferred Income - current portion (see narrative in note 10)

15,000

Others

9,146

11,720

**111,900**

**93,946**

**Trade Creditors**

Unitholders' funds payable to Trust

190,428

1,277,334

**190,428**

**1,277,334**

**12. Authorised and paid-up capital**

*Details of authorised and paid-up capital are specified as follows:*

Authorised capital 100 ordinary shares

1,800,000

1,800,000

Issued and paid up capital

1,800,000

1,800,000

Additional issued and paid capital

-

-

Issued and paid up capital end of financial year

**1,800,000**

**1,800,000**

**13. Contingent liabilities**

As at 30 June 2019, the Company had no contingent liabilities or assets.

**14. Events occurring after balance sheet date**

There are no material events after balance date that require adjustment or disclosure in these financial statements as at 30 June 2019.

**15. Trustee fee and Manager's fee**

**2019**

**2018**

\$

\$

Trustee fee expense for the year

**68,829**

**36,644**

Manager's fee income for year end

**1,719,454**

**1,429,081**

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

The Manager's fee income is charged by the company to UTOS Trust for its managing of the Trust.