

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

## **ANNUAL REPORT**

**30 June 2020**

Please address all correspondence to:  
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Apia, Samoa



Government of Samoa

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## 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

30 October 2020

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

Afioga e,

Pursuant to 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 2020.

This is the 10<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**

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## DIRECTORS' REPORT

We are pleased to report on the performance of the Management Company for the year ending 30th June 2020, the tenth year since its establishment. The Unit Trust of Samoa (Management) Ltd ("UTOSM") has shown resilience through the delivery of positive financial results for the last ten years. The current financial year's result bottom line exceeds expectation despite the unprecedented health crises that continues to impact the economy both nationally and globally.

As the Board of Directors, we continue to uphold our fiduciary duty to the unitholders by maintaining good governance practices and working closely with Management to ensure that the unitholder funds are managed in accordance with the regulatory compliance requirements. Our priority is to maintain the best interests of the unitholders and to provide guidance to Management. During these times of heightened economic uncertainty, the cohesive relationship between Board and Management is crucial in ensuring business operated with minimum disruptions while delivering optimum service to the unitholders.

This year saw a shift in the governance of the Management Company with the change in Board composition from 3 members to 5 members following a review carried out by the Ministry of Public Enterprises (MPE). The Board at the start of the financial year comprised of – Afoa Asiata Kolone Vaai (Chairman), Magele Arthur Penn and Leasiosiofa'asisina Oscar Malielegaoi. The review carried out by MPE resulted in the cessation of having a MOF representative on the Board which saw the exit of Leasiosiofa'asisina in February 2020. Thereafter, three new members were welcomed on to the Board – Toleafoa Douglas Creevey, Lauano Lauina Grace and Lutuiloa Vaiula Solomona. The new directors bring to the table a wide range of skills and experience from their respective fields. This helps improve the quality of the Board in terms of industry and professional background as well as diversity in gender, personality, and opinion. This provides significant added value to the Management and the Trust. The Board is effective in upholding the principles of good corporate governance and best practices to ensure that decisions made are always in the best interests of the unitholders.

Tafailagi Trustee Company Limited the Trustees for the Unit Trust of Samoa remains committed to their role as guardians of the Trust Fund. Their support in reviewing the work carried out by the UTOSM during this financial year is commended.

UTOSM achieved a Return on Equity of 19% which is above the target set for the Government of Samoa State Owned Enterprises of 7%. UTOSM was able to pay out \$90,124 as interim dividend coupled with a final dividend of \$78,634 bringing the total dividend for FY2019/2020 to \$168,758 compared to \$139,274 for FY2018/2019. UTOSM paid its first dividend to its shareholder, the Government of Samoa, of \$468,651 in FY2013/2014, its fourth year since establishment. Since then, it has declared and paid a total of \$2,628,546.

Due to the rapid increase of the UTOS Trust net asset the Manager's Fee have increased significantly and therefore the Board of Director's, Trustee and Management have continue to monitor the Manager's Fee to ensure the UTOSM and the UTOS Trust are operating effectively and profitably. It is in the best interest that the UTOSM is not seen to be exploiting its position as the only Fund Manager in Samoa, and therefore the Manager's fee rate have decreased steadily from 4% in the first half of the FY2015/2016 to 1.4% in FY2019/2020.

UTOSM has met its performance targets in the management of UTOS despite the measles epidemic and the ongoing COVID19 pandemic. The total number of new unitholders for 2020 is 649 compared to 641 in 2019. The total number of unit holders on the register is 3,299 as at 30th June 2020 compared to 2,702 at 30 June 2019. In the first year of operation (FY2010/2011), there were only 200 unitholders recorded on the register and now we have exceeded three thousand in the tenth year. We endeavour to fulfil our social objective to include all people in rural and urban areas by opening up access to investing with UTOS.

The average annual return for the first five years of the Trust of 14.11% (2011 to 2015) and 12.70% for the ten years (2011 to 2020) for unit holders, has attracted new and existing investors to invest with the Fund thereby increasing the total Net Assets by \$29 million from \$106 million for the year ending 30 June 2019 to \$135 million at the end of June 2020. UTOS is now the largest private sector investment fund with local investors from all walks of life covering a wide cross section of the community.

As the global pandemic continues to hinder economic performance, we foresee a slower growth in the near future. However, Management remains vigilant and adaptable in its obligations to deliver optimum results possible for its unitholders. Being able to manage the Trust effectively and adapting to the constant changes and challenges in the current operating environment is crucial in meeting our fiduciary duty to the unitholders.

We are hopeful that new opportunities will open up for local investments in the midst of the current economic crisis. We continue to be vigilant in managing the investment risks generated from the Covid19 pandemic and the impacts of climate change in the region. Our internal controls and monitoring processes remain strong and continuously tested to maintain the integrity of our work as we increase our exposure on the digital front.

We would like to express our appreciation to the Directors of the Tafailagi Trustee Company, Ministry of Finance and Ministry of Public Enterprises for their leadership, support and guidance. A special thanks is extended to the UTOS Team for their hard work and dedication throughout the year.

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 a related corporation with the director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

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



**Afoa Asiata Kolone Vaai**  
**CHAIRMAN OF THE BOARD**



**Lutuiloa Vaiula Solomona**  
**DIRECTOR**

## CHIEF EXECUTIVE OFFICER'S REPORT

It is indeed a great pleasure for me to report on the tenth financial year performance of the Unit Trust of Samoa (Management) Ltd ("UTOSM") - ending 30 June 2020.

It is the duty of Management and Staff to carry out their roles and responsibilities in compliance with the relevant regulatory requirements coupled with following sound internal controls. In addition, a strong governance structure oversees the integrity of our work in achieving our foremost commitment to deliver high return on unitholders investments and to the stakeholders of the UTOSM.

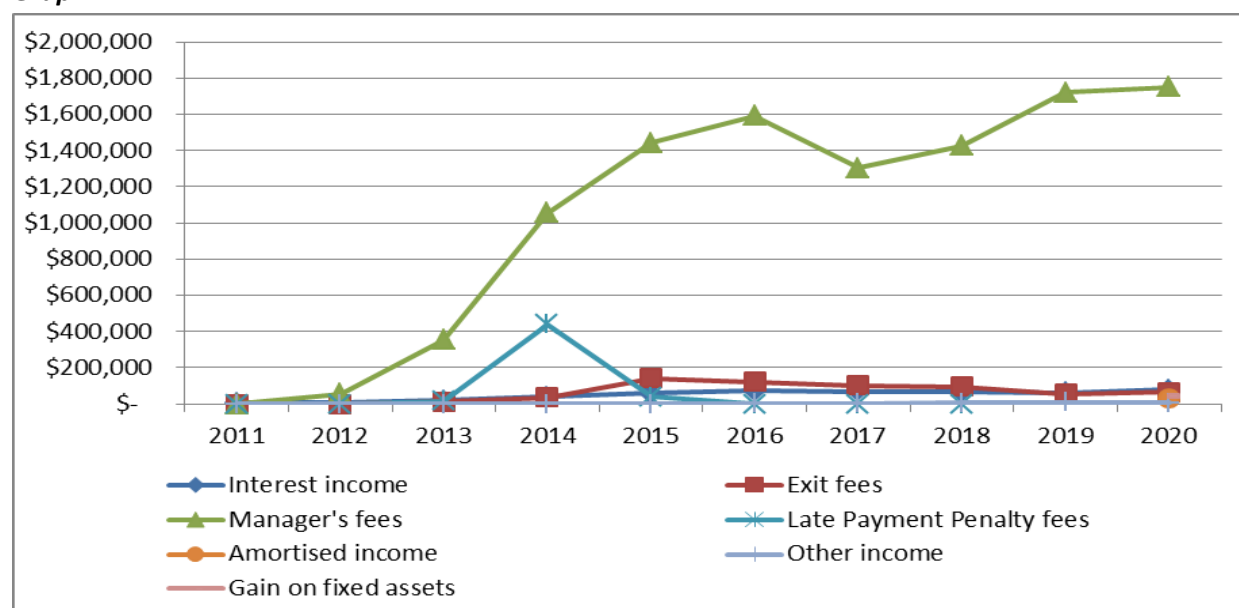
### FINANCIAL PERFORMANCE

#### Income

Total Income increased by 7% compared to the prior year results and also exceeded budget expectations by 9%. Graph 1 shows the composition of each revenue stream for the past ten years. This portrays the reliance of the UTOSM on its main income source, the Manager's Fee for growth and sustainability over the years. The Board approved to reduce the percentage rate of the Manager's Fee from 1.75% to 1.40% effective July 2019 to counter the significant increase of the UTOS Trust Net Asset by \$29 million relating to unit sales of over \$30 million during the year.

The following graph depicts the composition of revenue stream of the UTOSM during the last ten years.

**Graph 1**



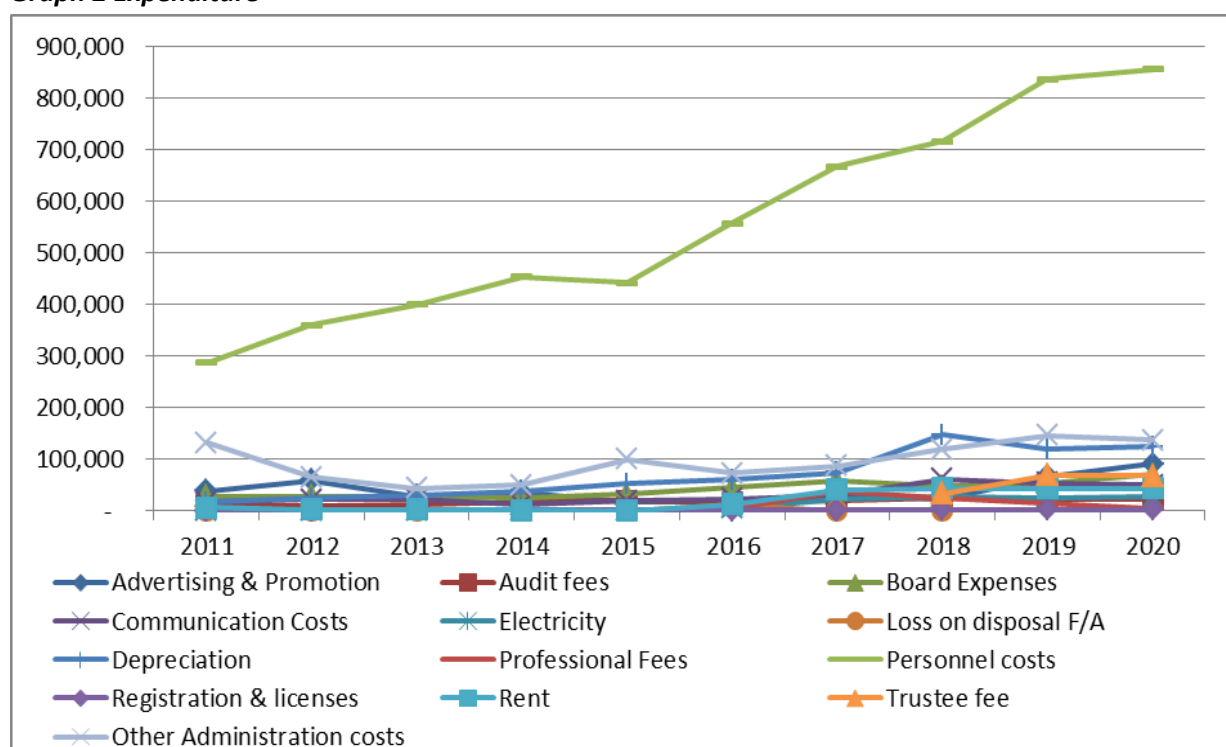
#### Expenditure

Total expenditure increased by 3% relative to the previous year, however a 4% drop is noted when compared to budget. All expenditure items were managed and controlled against approved budget; the drop against budget relates to travel costs unutilized due to the overseas travel cancellations resulting from the COVID19 pandemic. A drop was also noted for professional fees and stationeries during the year against budget.

Graph 2 outlines the expenditures for the last ten years which shows the continuous increase in personnel cost as the UTOSM increases the staff numbers to meet the demand of increasing number of unitholders on the Register while other costs remains steady.

Graph 2 shows the movement of expenditures during the last ten years.

**Graph 2 Expenditure**

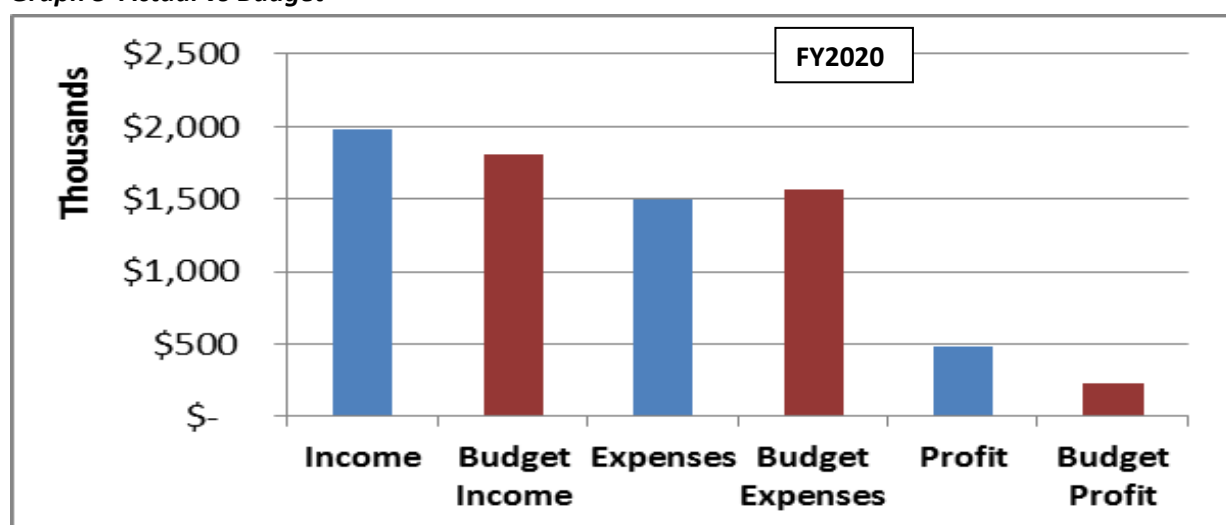


### Profit

Overall the UTOSM recorded a \$482,167 net profit for the year, an increase of 21% if compared to the prior year and a 101% increase if compared to budget. An interim dividend of \$90,124 was paid out in February 2020 with a final dividend payable of \$78,634 bringing the total dividend for this financial year to \$168,758. This is a 21% increase from the \$139,274 total dividend in 2019.

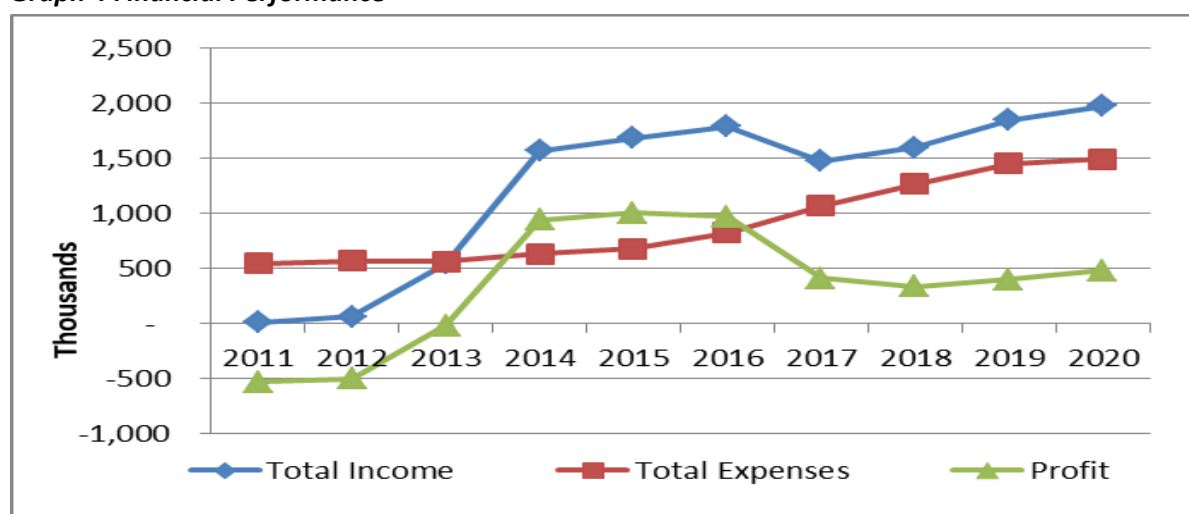
Graph 3 compares the financial performance (revenue, expenditure & profit) against the budget figures

**Graph 3 Actual vs Budget**



Graph 4 below reflects the ten years Financial Performance of the UTOSM

**Graph 4 Financial Performance**



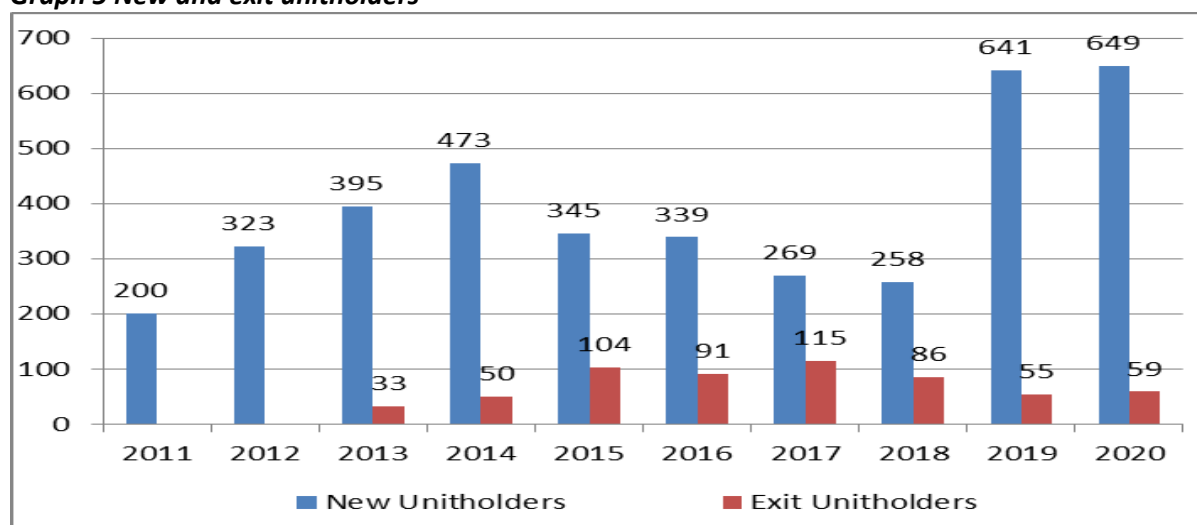
## MANAGING OF THE UNIT TRUST OF SAMOA

### Unit Registry

The Unit Trust is proving to be a popular choice for local investors to opt to for a higher reward while understanding the associated risks. In the last two years sales exceed \$30 million while repurchases remain below \$5 million. This contributed to a \$29 million increase in the Trusts Net Asset from 2019 to 2020. Likewise, the number of new unitholders increased steadily from 641 in 2019 to 649 in 2020. The number of unitholders leaving the Trust Fund increased slightly to 59 compared to 55 in 2019. The net effect of the movements resulted in a total number of active unitholders amounting to 3,299 as at 30<sup>th</sup> June 2020. The total value of units sold as at 30 June 2020 stands at \$33.7 million compared to \$34.3 million units sold in 2019, a slight decrease of \$0.6 million.

Graph 5 above depicts new unitholders and unitholders who have left the Trust Fund in the last ten years.

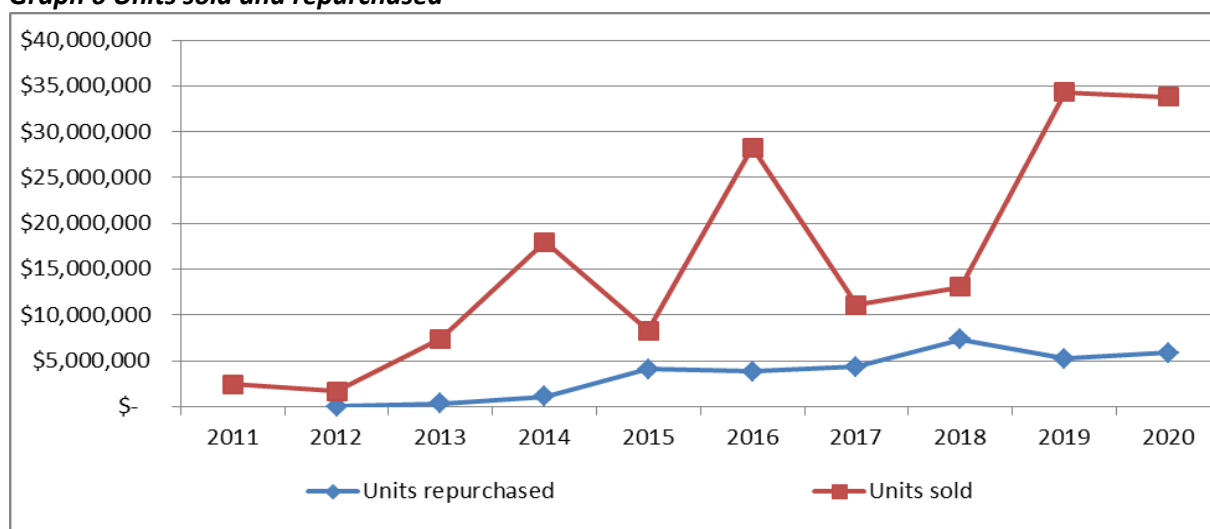
**Graph 5 New and exit unitholders**





Graph 6 below displays the total value of units sold and units repurchased in the last ten years.

**Graph 6 Units sold and repurchased**



### Return to Unitholders

Despite the pandemic we managed to achieve a 10.21% Return on Unitholders' Investment which is a slight drop from 11.83% in 2019. The return is still considered competitive to similar savings products offered by local financial institutions. The 10.21% total return for the current financial year is representative of 5.49% dividend return, coupled with a 4.72% appreciation in the unit value.

The Trust's investment portfolio increased by 16% with additional investment securities added to the portfolio during the year and continues to perform well, supported by annual dividends being declared and the unit price continuing its upward trend.

The Trust borrowings decreased by 30% as borrowed funds from setup of the Trust are being paid out as they fall due. Once these funds are fully paid the Trust will become self-funded from its unit sales. The Trust's Net Assets increased by \$29 million with the increasing number of units sold during the financial year, and being a core driver to this growth.

### Online Services

We aim to keep up with the current trends in the world of new technology to ensure our unitholders are not left behind. With the introduction of new technology our services will become more affordable, efficient, and easily accessible to our unitholders in Samoa and across the globe. The COVID19 pandemic further encouraged the need to go digital so that unitholders can transact (deposit/withdraw) without physically coming to the UTOS office.

The use of the M-Tala platform to link with the UTOS Mobile App for unitholders to transact is currently in progress. This will ensure that unitholders have access at their fingertips, using their phone to withdraw and deposit funds into their investment account.

We are aware that new technology may increase the risk of cyber-attacks. We take pride in the level of security installed in our system which is comparable to those used by top global financial institutions. Our current agreement with Upguard US and Australia allows us the use of their Cyber Security Platform to monitor and protect our systems from security attacks. We also house our backup server offsite at Moto'otua using the Samoa Broadband Highway facility for our data as a part of our disaster recovery contingency plan.

## OUTLOOK

With the current pandemic affecting the world and the local economy it is a very challenging time and as the Manager of the Trust Fund we need to vigilantly manage and monitor the investment of funds entrusted to us by the unitholders. Our primary focus now is to seek local investment to minimize the risk with foreign exchange fluctuations; however we will keep an open mind towards the Pacific Region for lucrative opportunities that may arise in the midst of this pandemic.

We continue to ensure stable governance and remaining compliant with all legalities to make sure it does not hinder our level of service. We endeavour to promote the benefits of investing with UTOS through workshops and consultations with the community.

Our potential partnership with the Gambling Control Authority to be launched soon and the online access by all unitholders with internet connectivity to internet bank transfers are now available, and therefore, our unitholder numbers will definitely continue to rise. Plans are underway to finalise the M-Tala app which will allow access through mobile phones for local and international unitholders; to top-up their investments with minimal cost. A new product is in the pipeline for investors who are willing to take high risk high reward type of investment that will be made available in the near future.

Our staff training and capacity building is also vital in ensuring that we have the skills and experience required to provide optimum service to the unitholders.

To end this report, we would like to extend our sincere appreciation to the Government through our Minister, Hon. Sili Epa Tuioti for their continued support and cooperation.

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

Fa'afetai Tele Lava,



Tevaga Viane Tagiilima  
**CHIEF EXECUTIVE OFFICER**

Please address all correspondences  
to the Controller and Auditor General



## AUDIT OFFICE

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### REPORT OF THE AUDIT OFFICE

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

##### Audit Opinion

We have audited the accompanying Financial Statements of the Unit Trust of Samoa (Management) Ltd for the year ended 30 June 2020 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 2020, 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.



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



**AUDIT OFFICE**

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- 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> August 2020 and our opinion is expressed as at that date.

Apia, Samoa  
09 October 2020

Jaslyn T Mariner-Leota  
ASSISTANT CONTROLLER AND AUDITOR GENERAL

UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
CERTIFICATION BY DIRECTORS  
FOR THE YEAR ENDED 30 JUNE 2020

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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 2020:

- a) Give a true and fair view of the matters to which they take;
- 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 the 19/08/2020 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**



**Lutuiloa Vaiula Solomona**  
**DIRECTOR**  
**Unit Trust of Samoa (Management) Ltd**  
**Apia, Samoa**

UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
Statement of Financial Position  
As at 30 June 2020

| ASSETS   | Notes | 2020<br>\$       | 2019<br>\$       |
|--|-------|------------------|------------------|
| <b>Non current assets</b>                      |       |                  |                  |
| Investment in UTOS                             |       | 270              | 239              |
| Samoa Airways Establishment Fee Receivable     | 10    | 237,303          | 126,250          |
| Property and equipment                         | 11    | 501,733          | 424,434          |
| Term Deposit – SCB                             | 8     | 129,246          | 123,267          |
| <b>Total non current assets</b>                |       | <b>868,552</b>   | <b>674,190</b>   |
| <b>Current assets</b>                          |       |                  |                  |
| Cash and cash equivalents                      | 7     | 2,593,457        | 1,810,895        |
| Trade debtors                                  | 9     | 243,055          | 365,826          |
| Other debtors                                  |       | 62,354           | 30,850           |
| <b>Total current assets</b>                    |       | <b>2,898,866</b> | <b>2,207,571</b> |
| <b>Total Assets</b>                            |       | <b>3,767,418</b> | <b>2,881,761</b> |
| <b>LIABILITIES, CAPITAL AND RESERVES</b>       |       |                  |                  |
| <b>Current liabilities</b>                     |       |                  |                  |
| Trade creditors                                | 12(a) | 662,945          | 190,428          |
| Other creditors and accruals                   | 12(b) | 86,542           | 111,900          |
| Provision for government dividend              |       | 78,634           | 74,802           |
| Provision for employee benefits                |       | 70,048           | 49,580           |
| <b>Total current liabilities</b>               |       | <b>898,169</b>   | <b>426,710</b>   |
| <b>Long Term Liabilities</b>                   |       |                  |                  |
| Deferred Income                                | 13    | 227,039          | 126,250          |
| <b>Total Long Term Liabilities</b>             |       | <b>227,039</b>   | <b>126,250</b>   |
| <b>Total Liabilities</b>                       |       | <b>1,125,208</b> | <b>552,960</b>   |
| <b>Capital and reserves</b>                    |       |                  |                  |
| Share Capital                                  | 14    | 1,800,000        | 1,800,000        |
| Retained earnings/(losses)                     |       | 842,210          | 528,801          |
|  |       | <b>2,642,210</b> | <b>2,328,801</b> |
| <b>Total liabilities, capital and reserves</b> |       | <b>3,767,418</b> | <b>2,881,761</b> |

On behalf of the Board of Directors



Director

19 / 8 / 20



Director

19 / 8 / 20

The accompanying notes on pages 16 to 22 form an integral part of the above financial statements.

UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
Statement of Financial Performance  
For the year ended 30 June 2020

|   | Notes  | 2020<br>\$       | 2019<br>\$       |
|---|--------|------------------|------------------|
| <b>Income</b>                             |        |                  |                  |
| Interest income                           |        | 78,616           | 63,323           |
| Exit fees                                 |        | 64,217           | 54,903           |
| Manager's fees                            | 17     | 1,750,677        | 1,719,454        |
| Amortise Income                           | 13     | 32,105           | 8,750            |
| Gain on sale of Fixed Asset               |        | 45,000           | -                |
| Other income                              |        | 6,440            | 1,459            |
| <b>Total Income</b>                       |        | <b>1,977,055</b> | <b>1,847,889</b> |
| <b>Expenses</b>                           |        |                  |                  |
| Advertising & Promotion                   |        | 90,784           | 66,572           |
| Audit fees                                |        | 23,080           | 23,080           |
| Bank fees & Charges                       |        | 2,149            | 1,981            |
| Board expenses                            | 6(ii)  | 70,096           | 53,551           |
| Communication costs                       |        | 49,902           | 53,413           |
| Depreciation                              | 11     | 124,368          | 118,144          |
| Electricity                               |        | 26,305           | 25,401           |
| Executive management compensation         | 6(iii) | 531,534          | 502,829          |
| Other administration expenses             | 4      | 81,494           | 94,311           |
| Personnel costs                           | 5      | 323,761          | 333,302          |
| Professional fees                         |        | 4,223            | 13,385           |
| Registration & Licenses                   |        | 2,476            | 1,856            |
| Rent                                      | 18     | 43,508           | 43,508           |
| Repairs & Maintenance                     |        | 48,571           | 29,949           |
| Travel & Allowances                       |        | 4,912            | 19,853           |
| Trustee fee                               | 17     | 67,726           | 68,829           |
| <b>Total expenses</b>                     |        | <b>1,494,888</b> | <b>1,449,964</b> |
| <b>Profit/(Loss) before Income tax</b>    |        | <b>482,167</b>   | <b>397,925</b>   |
| Income tax (Expense)/Benefit              |        | -                | -                |
| Under provision of prior years tax        |        | -                | -                |
| <b>Net profit/(loss) after Income tax</b> |        | <b>482,167</b>   | <b>397,925</b>   |

*The accompanying notes on pages 16 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 2020

|   | <b>Government<br/>of Samoa<br/>Contribution</b> | <b>Earnings/<br/>(Losses)</b> | <b>Total</b>     |
|---|---|-------------------------------|------------------|
| <b>Opening Balance as at 30 June 2019</b> | 1,800,000                                       | 528,801                       | 2,328,801        |
| Net Profit/(Loss)                         |   | 482,167                       | 482,167          |
| Interim Dividend paid                     |   | (90,124)                      | (90,124)         |
| Final Dividend payable                    |   | (78,634)                      | (78,634)         |
| <b>Closing Balance as at 30 June 2020</b> | <b>1,800,000</b>                                | <b>842,210</b>                | <b>2,642,210</b> |

*The accompanying notes on pages 16 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 2020

|   | Notes | 2020<br>\$              | 2019<br>\$              |
|---|-------|-------------------------|-------------------------|
| <b>Cash Flows from operating activities</b>                 |       |                         |                         |
| Cash received from Unit Holders and Trust                   |       | 33,500,543              | 34,326,066              |
| Cash received from interest on current account              |       | 7,832                   | 7,124                   |
| Cash received from fees income                              |       | 1,785,636               | 1,706,479               |
| Cash paid to and for the Trust                              |       | (32,886,614)            | (35,003,501)            |
| Cash paid for expenses and employees                        |       | (1,367,823)             | (1,315,182)             |
| <b>Net cash inflow/(outflow) from operating activities</b>  |       | <b><u>1,039,574</u></b> | <b><u>(279,014)</u></b> |
| <b>Cash flows from investment activities</b>                |       |                         |                         |
| Cash from interest on term deposits                         |       | 70,558                  | 48,796                  |
| Payment for property, plant and equipment                   |       | (156,665)               | (32,881)                |
| <b>Net cash inflow/(outflow) from investment activities</b> |       | <b><u>(86,107)</u></b>  | <b><u>15,915</u></b>    |
| <b>Cash flows from financing activities</b>                 |       |                         |                         |
| Dividend to Government of Samoa                             |       | (164,926)               | (314,472)               |
| <b>Net cash inflow/(outflow) from financing activities</b>  |       | <b><u>(164,926)</u></b> | <b><u>(314,472)</u></b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       | <b>788,541</b>          | <b>(577,571)</b>        |
| Cash and cash equivalents at beginning of year              |       | <u>1,964,162</u>        | <u>2,511,733</u>        |
|   |       | 2,722,703               | 1,934,162               |
| Deduct: Non-current cash in SCB Bond Term Deposit           | 8     | (129,246)               | (123,267)               |
| <b>Cash and cash equivalents at end of year</b>             |       | <b><u>2,593,457</u></b> | <b><u>1,810,895</u></b> |
| <b>Current Cash and Cash equivalents</b>                    | 7     | <b><u>2,593,457</u></b> | <b><u>1,810,895</u></b> |

*The accompanying notes on pages 16 to 22 form an integral part of the above financial statement*

UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 2020

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**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 unitholders. 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 Manager was established under the Unit Trusts Act 2008. It is governed by five members of the board of directors (the Board) chaired by Afioga Afoa Asiata Kolone Vaai. The Board comprises of representatives from the Private Sector and Commerce.

The main office is located on the 3<sup>rd</sup> 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 on-going 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 been rounded to the nearest tala.

**e. Foreign currency transactions**

Transactions in foreign currencies are translated into Samoan Tala at exchange rates ruling at the date to 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 translations 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.

UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
NOTES TO THE FINANCIAL STATEMENTS  
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**2. Statement of significant accounting policies (continued)**

**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 or a credit 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, and the company has met its contractual obligations for the services provided.

**k. Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. The costs of the day to day servicing of the PPE are recognised in the statement of financial performance as incurred.

***Depreciation***

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

|                                 |      |
|---------------------------------|------|
| - Office furniture and fittings | 20%  |
| - Office equipment              | 20%  |
| - Motor vehicles                | 20%  |
| - 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 amounts.

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

UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
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**2. Statement of significant accounting policies (continued)**

**n. Employee benefits**

The Company contributes towards the Samoa National Provident Fund, a defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of contribution. Obligations for contributions to the defined contribution plan are recognised immediately in the statement of financial performance. Liabilities for annual and sick leave are accrued and recognised in the balance sheet. Annual leave are recorded at the undiscounted amount expected to be paid for the entitlement earned. Sick leave is calculated at 1/3 of the total days. Short Term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

**o. Borrowing costs**

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

**p. Leases**

A new IFRS 16-Leases, becomes effective for reporting periods beginning on or after 1 January 2019. IFRS 16 requires a lessee to account for all leases on the balance sheet, be recognising a lease liability reflecting future lease payments and a "right-of-use asset" valued at the present value of all lease payments over the term of the lease using an interest rate inherent in the lease or the incremental borrowing rate. The lease payments are allocated between the interests on the lease term. The optional exemptions are where the lease term is 12 months or less, or when the values of assets involved are small. Since, the remaining term of the current lease is less than 12 months, and the impact of the change is not material, the company has adopted the exemption, and continued to recognise the lease payments on a straight line basis.

**3. Critical accounting estimates and judgements**

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

**4. Other Administration expenses**

*Details of administration expenses are specified as follows:*

|                                      | <b>2020</b>   | <b>2019</b>   |
|--------------------------------------|---------------|---------------|
|                                      | <b>\$</b>     | <b>\$</b>     |
| Catering & refreshments              | 8,406         | 2,919         |
| General supplies & services          | 5,161         | 4,848         |
| Insurance                            | 5,005         | 2,506         |
| Membership & subscriptions           | 10,690        | 14,676        |
| Motor vehicle expenses               | 7,438         | 10,982        |
| Other                                | 820           | 1,930         |
| Printing & Publications              | 26,625        | 25,528        |
| Samoa Post fee                       | 1,025         | 760           |
| Staff training & development         | 100           | 16,170        |
| Stationaries                         | 16,224        | 13,993        |
| <b>Total administration expenses</b> | <b>81,494</b> | <b>94,311</b> |

**5. Personal costs**

*Details of personnel costs are specified as follows:*

|                              |                |                |
|------------------------------|----------------|----------------|
| Salaries & Wages             | 287,326        | 273,470        |
| NPF contribution             | 26,974         | 49,021         |
| ACC levy                     | 2,716          | 7,179          |
| Staff amenities              | 6,745          | 3,632          |
| <b>Total personnel costs</b> | <b>323,761</b> | <b>333,302</b> |

UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
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**6. Directors and executive management compensation**

**i. Directors**

The directors of the company during the period comprised of:

|                             |   |
|-----------------------------|---|
| Afoa Asiata Kolone Vaai     | - Chairperson                               |
| Magele Arthur Penn          | - Independent member                        |
| Leasiosio Oscar Malielegaoi | - CEO, MOF(end February 2020)               |
| Toleafoa Douglas Creevey    | - Independent member (commenced March 2020) |
| Lauano Lauina Grace         | - Independent member (commenced March 2020) |
| Lutuiloa Vaiula Solomona    | - Independent member (commenced March 2020) |

Director's fee, benefits and Board expenses of \$70,096 were paid during the year including sitting allowances. Director's appointed from Government corporations and Ministries do not receive a director's fee or sitting allowance.

**ii. Board**

*Board of Directors expenses are as follows:*

|  | <b>2020</b>   | <b>2019</b>   |
|--|---------------|---------------|
|  | <b>\$</b>     | <b>\$</b>     |
| Directors fees and allowances            | 58,500        | 46,380        |
| Membership fees                          | 7,200         | 3,000         |
| Meeting expenses                         | 4,396         | 4,171         |
| <b>Total Board of Directors expenses</b> | <b>70,096</b> | <b>53,551</b> |

**iii. Executive Management**

|  |                |                |
|--|----------------|----------------|
| CEO – EX-Gratia payment for the late CEO | -              | 60,410         |
| Executive Management Compensation        | 531,534        | 442,419        |
| <b>Total Executive Management</b>        | <b>531,534</b> | <b>502,829</b> |

**7. Cash and cash equivalents**

|  |                  |                  |
|--|------------------|------------------|
| BSP account                            | 1,096,044        | 328,553          |
| ANZ account                            | 133,985          | 144,878          |
| SCB account                            | 35,517           | 85,928           |
| NBS account                            | 12,738           | 946              |
| Petty cash                             | 250              | 250              |
| SCB Term Deposit                       | 996,432          | 950,340          |
| NBS Term Deposit                       | 318,491          | 300,000          |
| <b>Total cash and cash equivalents</b> | <b>2,593,457</b> | <b>1,810,895</b> |

The term deposits are surplus company funds earning interest at 4.85% and 5.10% p.a. respectively and both matures on February 2021.

**8 Term Deposits - SCB**

|                        |                |                |
|------------------------|----------------|----------------|
| SCB – Bond (long term) | 129,246        | 123,267        |
|                        | <b>129,246</b> | <b>123,267</b> |

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

**9. Trade Debtors**

|   |                |                |
|---|----------------|----------------|
| Unit Redemptions paid receivable to Trust | 54,501         | 179,479        |
| Manager's fee recivable from Trust        | 156,027        | 167,893        |
| Samoa Airways establishment fee - current | 32,105         | 16,250         |
| Exit fee receivable from Trust            | 422            | 2,204          |
|   | <b>243,055</b> | <b>365,826</b> |

UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
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| 10. Long Term Debtor                 | 2020           | 2019           |
|--------------------------------------|----------------|----------------|
|                                      | \$             | \$             |
| Samoa Airways Loan Establishment Fee | 237,303        | 126,250        |
|                                      | <b>237,303</b> | <b>126,250</b> |

A joint agreement was signed by Samoa Airways and UTOS on the 24<sup>th</sup> January 2019 for the \$150,000 with an additional \$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 in the agreement.

**11. Property and equipment**

|   | Leasehold<br>Building | Office<br>Furniture<br>& Fixture | Office<br>Equipment | Computers<br>&<br>Softwares | Motor<br>Vehicle | Total          |
|---|-----------------------|----------------------------------|---------------------|-----------------------------|------------------|----------------|
| <b>Gross carrying amount</b>                |                       |                                  |                     |                             |                  |                |
| Balance as at 1 July 2019                   | 91,500                | 96,110                           | 83,579              | 441,111                     | 205,990          | 918,290        |
| Additions                                   |                       |                                  | 5,389               | 88,277                      | 108,000          | 201,666        |
| Disposals                                   |                       |                                  |                     |                             | (86,990)         | (86,990)       |
| Balance as at 30 June 2020                  | 91,500                | 96,110                           | 88,968              | 529,388                     | 227,000          | 1,032,966      |
| <b>Accumulated depreciation</b>             |                       |                                  |                     |                             |                  |                |
| Opening balance 1 July 2019                 | 7,434                 | 73,882                           | 53,435              | 188,815                     | 170,290          | 493,856        |
| Disposals                                   |                       |                                  |                     |                             | (86,990)         | (86,990)       |
| Depreciation charge for the year            | 2,288                 | 10,437                           | 10,688              | 59,757                      | 41,198           | 124,368        |
| Balance as at 30 June 2020                  | 9,722                 | 84,319                           | 64,123              | 248,572                     | 124,498          | 531,234        |
| <b>Net Carrying amount<br/>30 June 2019</b> | <b>84,066</b>         | <b>22,228</b>                    | <b>30,144</b>       | <b>252,296</b>              | <b>35,700</b>    | <b>424,434</b> |
| <b>Net Carrying amount<br/>30 June 2020</b> | <b>81,778</b>         | <b>11,791</b>                    | <b>24,845</b>       | <b>280,816</b>              | <b>102,502</b>   | <b>501,733</b> |

**12. Liabilities**

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

**(a) Trade Creditors**

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| Unitholders' funds payable to Trust | 662,945        | 190,428        |
|                                     | <b>662,945</b> | <b>190,428</b> |

**(b) Other Creditors & Accruals:**

|  |               |                |
|--|---------------|----------------|
| Payroll Liabilities  | 6,505         | 31,257         |
| Provision for Audit fee (inclusive VAGST)                    | 23,080        | 23,080         |
| Provision for Trustee fee                                    | 14,635        | 33,417         |
| Deferred Income – current portion (see narrative in note 13) | 32,105        | 15,000         |
| Others   | 10,217        | 9,146          |
|  | <b>86,542</b> | <b>111,900</b> |

**13. Long Term Liabilities**

|                 |                |                |
|-----------------|----------------|----------------|
| Deferred Income | 227,039        | 126,250        |
|                 | <b>227,039</b> | <b>126,250</b> |

The income side of the arrangement in note 10 is deferred and amortised equally over 10 years from January 2019. A mortgage income for the year is \$32,105 leaving a balance of \$227,039 for deferred income. Current portion of \$32,105 is included in other creditors & accruals (2019:\$8,750).

UNIT TRUST OF SAMOA (MANAGEMENT) LTD  
NOTES TO THE FINANCIAL STATEMENTS  
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|  |                  |                  |
|--|------------------|------------------|
| <b>14. Authorised and paid-up capital</b>                                  | <b>2020</b>      | <b>2019</b>      |
| <i>Details of authorised and paid-up capital are specified as follows:</i> | <b>\$</b>        | <b>\$</b>        |
| 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                           | <b>1,800,000</b> | <b>1,800,000</b> |

**15. Contingent liabilities**

As at 30 June 2020, the Company had no contingent liabilities or assets.

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

There are no material events after balance date that requires adjustment or disclosure in these financial statements.

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

|                                   |           |           |
|-----------------------------------|-----------|-----------|
| Trustee fee expense for the year  | (67,726)  | (68,829)  |
| Manager's fee income for year end | 1,750,677 | 1,719,454 |

**Trustee's fee**

A review of the Trustee fee was done by Management and the Board approved on the 31 January 2018 for the fee to be paid Management Company. The Trustee receives a fixed fee of \$30,000 per annum plus .5% of the Trust total comprehensive income for the year.

**Manager's fee**

Under the terms of the Trust Deed, the Manager is entitled to receive manager's remuneration set by the Manager and can be change by agreement between the Manager and the Trustee. According to the joint resolutions by the Trustees and the Manager's Board of Directors the following rates of remuneration were approved 2020:1.4% (2019:1.75%) of the UTOS Trust Net Asset. The Manager's fee income is charged by the UTOS Management Ltd to UTOS Trust for managing the Trust.

**18. Leases**

The existing lease for the company's space at DBS building is \$3,625.70 per month. The lease expires in March 2021 and therefore, treated under the optional exemption available under IFRS 16, since the remaining term of the lease is less than 12 months. The impact also on the financial statements of the lease is immaterial. Accordingly, the lease rentals continues to be treated as rental expense on the straight line basis.