

UNIT TRUST OF SAMOA (MANAGEMENT) LTD

ANNUAL REPORT

30 June 2021

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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

29 October 2021

Afioga Papalii Li'o Taeu Masepau
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 30th June 2021.

The Unit Trust of Samoa (Management) Ltd (the "**Management Company**") was incorporated under the Companies Act 2001 on the 15th of February 2010. The Management Company was established to manage the Unit Trust of Samoa (**the "Trust"**). The main objective is to manage the Trust Fund by pooling together unitholders funds and investing these funds in a diversified portfolio of assets to ensure unitholders receive dividend for their investments

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

The Minister responsible for the financial year reported is Hon. Sili Epa Tuioti.

Yours sincerely,

Hon. Mulipola Anarosa Ale Molioo
Minister of Finance

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DIRECTORS' REPORT

The uncertainty brought on by the COVID-19 pandemic has caused turbulent disruptions across the global economy. Despite this, we are pleased to report on another successful performance by the Unit Trust of Samoa (Management) Ltd ("UTOSM"), whose financial results have not been adversely impacted by the pandemic.

UTOSM achieved a Return on Equity ('ROE') of 14.89% which surpasses the 7% minimum ROE threshold stipulated for State Owned Enterprises. An interim dividend of \$97,036 was paid to the Government during the year with a final dividend payable of \$104,397 declared at year end, bringing the total dividend for FY2021 to \$201,433 compared to \$168,758 for FY2020.

The strong performance of UTOSM was driven by the growth of the Unit Trust of Samoa (Trust). The Trust recorded a Total Return of 11.70% for the unitholders comprising of a capital growth of 5.68% and a dividend yield of 6.02%. The number of unitholders also increased from 3,299 in FY2020 to 3,828 in FY2021 which is credited to the ongoing promotional programmes, coupled with the launching of the Gambling Control Authority ('GCA') and UTOS partnership where GCA is now an agent to provide UTOS services in Savaii.

The Board continues to work with the management team to not only achieve positive results and milestones, but to fulfil the UTOS social objective of inclusivity allowing for accessible and affordable investment for ordinary Samoans.

The Trustee "Tafailagi Trustee Company Ltd" remains committed to reviewing the work carried out by the UTOSM through its role as the custodian of the UTOS Fund. We commend them for their hard work during the year.

The Board endeavours to uphold the highest level of corporate governance to ensure the protection of the interests of UTOSM shareholders as well as the unitholders of the UTOS Fund.

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

UTOS (Management) Ltd



Magele Arthur Penn
Director

UTOS (Management) Ltd

CHIEF EXECUTIVE OFFICER'S REPORT

It is my pleasure to report on the financial performance of the Unit Trust of Samoa (Management) Ltd ("UTOSM") for the financial year ending 30th June 2021.

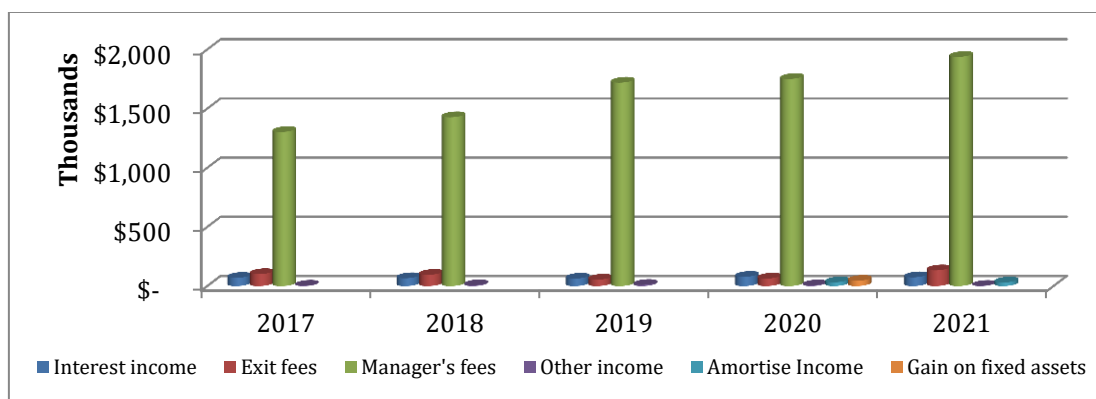
Our duty as the Manager of the Trust is to ensure that the operations of the Trust are carried out in compliance with the Public Finance Management Act 2001, Unit Trust Act 2008, Trust Deed, Central Bank Samoa Prudential Guidelines and internal policies and procedures in place.

FINANCIAL PERFORMANCE

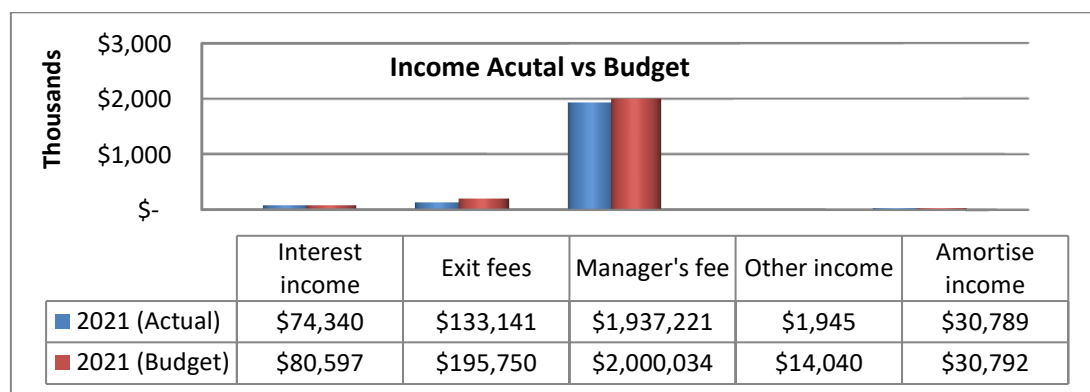
Income

The total income for the year increased by 10% compared to the results of the prior year. The positive result is driven by the increase in the Manager's fee. The Manager's fee is the main source of income for the UTOSM and is based on the UTOS Trust's Net Assets. The current fee remains at 1.40% of the Trust's Net Assets. The income generated increases in line with the growth of the Net Assets. However, the total income during the year was 7% below the company's approved budget which is due to over projection of Manager's fees.

The following graphs depict the composition of revenue streams for the UTOSM during the last five years and comparison of actual results against the budget figures during the year.



Graph 1 Income



Graph 2 Actual vs Budget

Expenditure

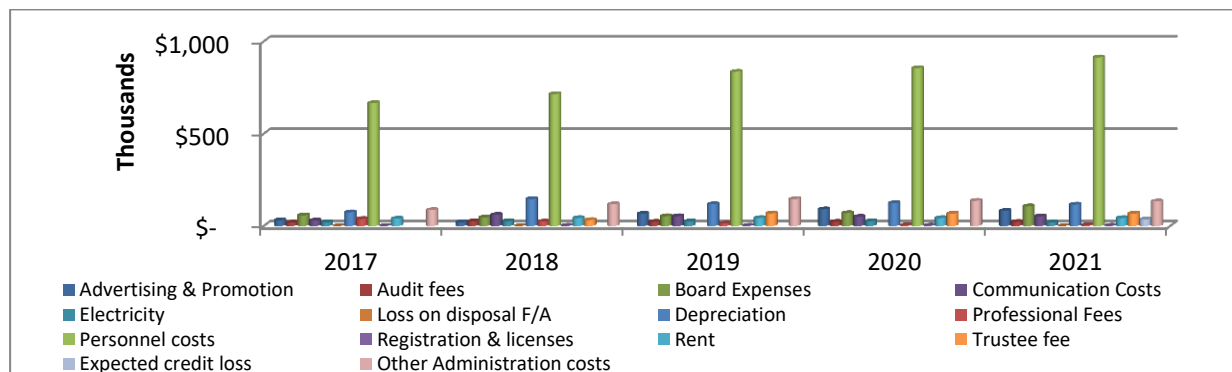
Total expenditure increased by 6% relative to the previous year and relates to the combined total of the following expenses:

- ❖ Board expenses increased by 52% due to three additional members of the Board of Directors in March 2020 (4 months in FY2020 vs. 12 months in FY2021)
- ❖ Executive management combined with personnel costs increased by 6% as a result of the final Government salary increment in January plus the additional 1% increase for NPF compulsory contributions in July 2020.
- ❖ Provision for SAW establishment fee receivable increased by 100% as there was no payment received for the FY2021.

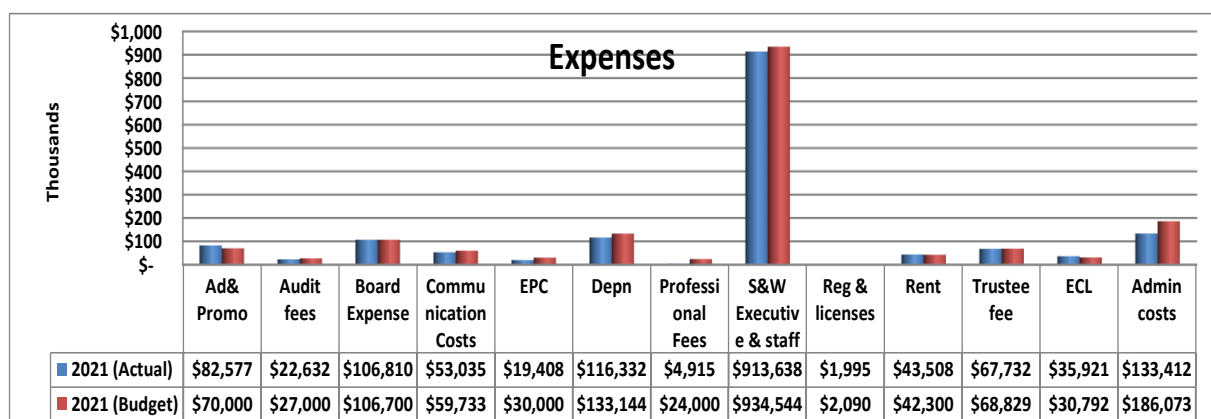
Total expenditure compared to budget dropped by 7%, mainly relating to unutilized travel with no overseas travel and training plus less professional fees paid during the year compared to prior year. All expenditure items were managed and controlled against approved budget.

Graph 3 & 4 shows the expenditures for the last five years which highlight a continuing increase in personnel cost as the UTOSM increases the staff numbers to meet the demand of increasing number of unitholders on the register. Other costs remain steady.

Graph 4 shows the movement of expenditures during the last financial year against budget.



Graph 3 Expenditure

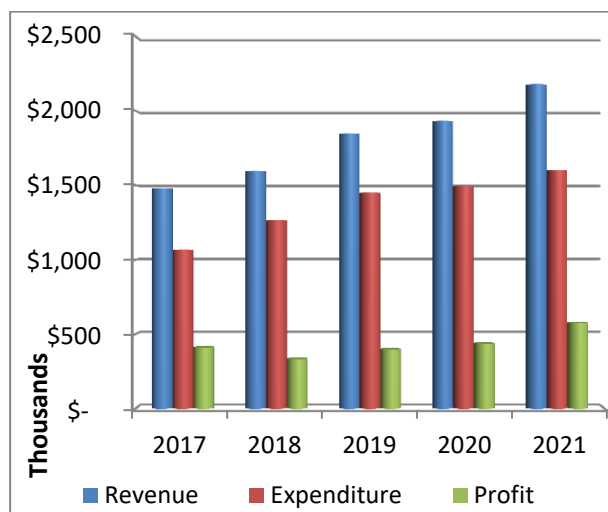


Graph 4 Actual vs Budget

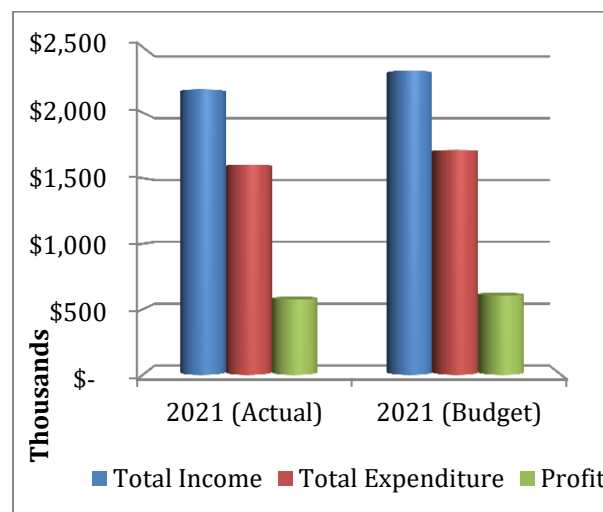
Profit

Overall the UTOSM recorded a Net Profit of \$575,522 for the year; an increase of 19% when compared to the previous year and a 4% decrease against budget.

Total dividend for the financial year 2021 according to the 35% dividend policy is \$201,437 with \$97,036 of the interim dividend paid during the year. There is a 19% increase in total dividend compared to \$168,758 dividend in the previous year.



Graph 5 Financial performances in the last five years



Graph 6 Actual vs Budget

Graph 5 compares the financial performance of the Company for the last five years. Graph 6 shows a comparison between Budgeted and Actual Financials of UTOSM for the financial year 2021.

MANAGING OF THE UNIT TRUST OF SAMOA

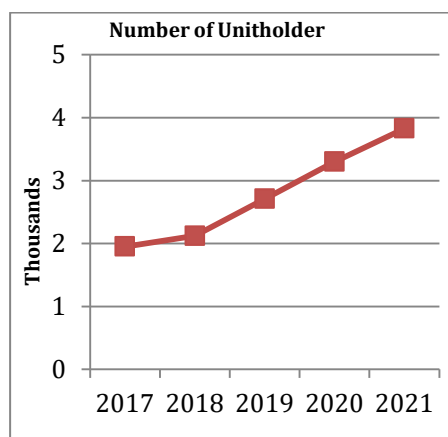
Unit Registry

The register for unit holders continues to increase steadily as more local investors choose the Unit Trust of Samoa to invest money. There are 3,828 active unitholders as of 30 June 2021 compared to 3,299 in the previous year. The signing of a new partnership agreement with the Gambling Control Authority on the 8th August 2020 for our Savaii investors, has contributed to this increase. This arrangement now allows investors to purchase units at any agent of the Gambling Control Authority in Savaii.

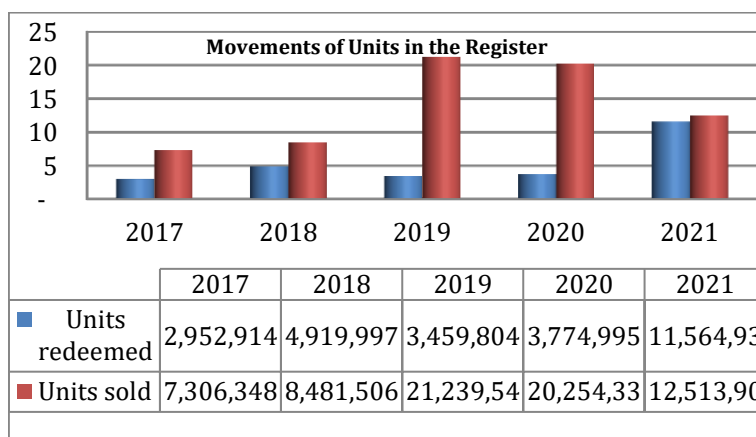
A total of 100 investors left the Trust Fund due to family commitments compared to 59 in the prior year.

Units sold during the financial year 2021 decreased from 20.2 million units in prior year to 12.5 million units, however total number of units redeemed increased from 3.7 million units to 11.5 million units. The significant increase in the number of units redeemed is due to few of our long-term major unitholders opting to redeem their units for business operations. The high number of units redeemed, has reduced the margin between units sold and units redeemed which was quite significant in previous years.

Graph 7 shows the movement in number of investors (unitholders) in the register and graph 8 depicts the movements of units in the last five years.



Graph 7 Investors (unitholders)

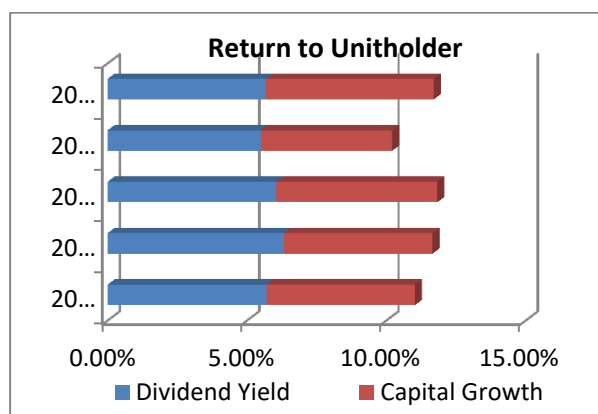


Graph 8 Movements of Units in the last five years

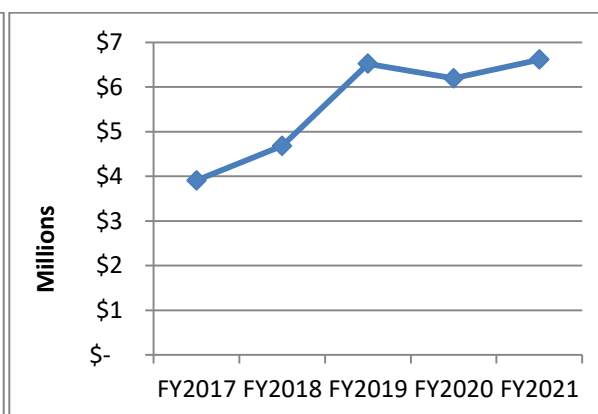
Return to Unitholders

Notwithstanding the COVID-19 pandemic, the Trust achieved a total return of 11.70% which is an increase from 10.21% in the previous year. For the past five years the Trust managed to achieve over 10% return to unitholders from the combination of dividend return and appreciation in the value of units. Total dividend declared for FY2021 is \$6.6 million compared to \$6.2 million in the previous year. Total dividend declared since the establishment of the Trust is \$36.9 million tala.

The graphs below shows the total return comprised of dividend return and appreciation of the value of units and the trend of dividend declared and paid out in the last five years.



Graph 9 Return to Unitholder in the last five years



Graph 10 shows dividend declared & paid out in the last five years

The Trust's investment portfolio increased by 2.8% with one investment security settled during the year and a couple of additional investments on hold, due to the political impasse. The disbursement of these additional investments will happen in the next financial year. Despite the delay, the investment portfolio continues to perform well as shown by annual dividends being declared and the unit price continuing its upward trend.

The Trust borrowings decreased by 7% 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 \$4 million with the increasing number of units sold plus gain on disposal of equity investment during the financial year, being a core driver to this growth.

ONLINE SERVICES

There is a massive change in the digital space and landscape due to COVID-19. Our services and communication successfully migrated to digital platforms to provide access to our unitholders locally and overseas. The Management and Board now have the option to conduct online meetings regularly which were successfully practiced during the lockdown. We are in the process of implementing the necessary logistics to allow us to operate from home in the event of a lockdown, so that our service to unitholders is not disrupted.

We have utilized the use of Information, Communication, and Technology (ICT) infrastructures to reach out to our target markets by providing the UTOS Mobile App to access statements and make top-up payments through the MTala platform. Our local unitholders now have the ability to top up their accounts from anywhere using the MTala platform powered by Vodafone Samoa.

OUTLOOK

Challenging times relating to the COVID-19 pandemic continues from last year, with restriction on international travels. We continue to focus on investing locally and at the same time looking at our neighbouring Pacific Islands for more opportunities arising from the pandemic.

The Investment team continues with the due diligence process of new investments in the pipeline. We are confident that investments approved in this financial year but were on hold due to the prolonged political impasse will be disbursed early in the next financial year.

Our Information Technology team is working towards improving our Registry System, M-tala & Mobile App systems to cater for the need of our unitholders in the event of a lockdown. We are hopeful that this improvement will not only allow unitholders access to their funds but also permit staff to work from home during a lockdown. Furthermore, unitholders from New Zealand and Australia will soon be able to deposit money at a minimum cost of less than \$1 tala into their UTOS Accounts, through our partnership with Vodafone Mtala through KlickEx next year.

Plans are still in the pipeline for a new product that is tailored for investors that have an appetite for high yielding long term investments such as property developments and infrastructural projects. These investments are illiquid in nature and will be for those unitholders who are interested in this investment type.

UTOSM continues to provide quality service to our unitholders by continuously upgrading our systems and procedures to meet their needs and promote the benefit of investing with UTOS through workshops, talk shows and community consultations.

The Management continues to provide staff training and capacity building to ensure the staff maintains the standard and levels of experience required to provide optimum service to the unitholders.

ACKNOWLEDGEMENT

I would 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.

Finally, on behalf of the Chairman and the Board of Directors, Management and Staff of UTOSM, I extend our sincere appreciation to the Government through our former Minister, Honorable Sili Epa Tuioti and our new Minister of Finance Honorable Mulipola Anarosa Ale-Molio'o, for their continued support and cooperation.

Fa'afetai Tele Lava,

A handwritten signature in blue ink, appearing to read 'Tevaga Viane Tagiilima', with a stylized flourish at the end.

Tevaga Viane Tagiilima
CHIEF EXECUTIVE OFFICE

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 2021 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 Sua ma Pauga and Associates, Chartered Accountants, assisted in this audit. The Engagement Partner on the audit resulting in this Independent Auditor's Report is Pauga Seiuli Fata Talalelei Pauga.

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 2021, 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.

Emphasis of Matter

We draw attention to Note 1(c) to the financial statements, which describes the effect of covid19 pandemic worldwide and its impact on the Unit Trust of Samoa (Management) Ltd (UTOS) and the Going Concern basis on the Company. Despite the uncertainty over this prolong pandemic, UTOS is with the belief that there is no point of concern over the operation of the company now and in the foreseeable future. Our opinion is not modified in respect of this matter.

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.

Please address all correspondences
to the Controller and Auditor General



AUDIT OFFICE

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.
- 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

Report on other legal and regulatory requirement Under Section 104 of the Public Finance Management Act 2001 a public body shall submit to the Minister for Finance and the Responsible Minister the audited financial statements within four months after the end of the public body financial year. The Unit Trust of Samoa (Management) Ltd will comply with Section 104 of the Public Finance Management Act 2001 if its audited financial statements for the year ended 30 June 2021 were submitted before the deadline of 31 October 2021.

Our audit was completed on 25th October 2021 and our opinion is expressed as at that date.

Apia, Samoa
27 October 2021

Mua'ausā Marshall Maua
ASSISTANT CONTROLLER AND AUDITOR GENERAL

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
CERTIFICATION BY DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2021

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 2021:

- 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 25th October 2021 on behalf of the directors of the Unit Trust of Samoa (Management) Ltd.



Afoa Asiata Kolone Vaai
Chairman of the Board

Unit Trust of Samoa (Management) Ltd
Apia, Samoa



Magele 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 2021

		2021	2020
ASSETS	Notes	\$	\$
Non current assets			
Investment in UTOS		280	270
Samoa Airways Establishment Fee Receivable	10	207,829	237,303
Property and equipment	11	445,929	501,733
Term Deposit - SCB	8	135,514	129,246
Total non current assets		789,552	868,552
Current assets			
Cash and cash equivalents	7	2,473,639	2,593,457
Trade debtors	9	665,474	243,055
Other debtors		33,722	62,354
Total current assets		3,172,836	2,898,866
Total Assets		3,962,388	3,767,418
LIABILITIES, CAPITAL AND RESERVES			
Current liabilities			
Trade creditors	12 (a)	506,375	662,945
Other creditors and accruals	12 (b)	75,144	86,542
Provision for government dividend		104,397	78,634
Provision for employee benefits		62,607	70,048
Total current liabilities		748,523	898,169
Long Term Liabilities			
Deferred Income	13	197,566	227,039
Total Long Term Liabilities		197,566	227,039
Total Liabilities		946,089	1,125,208
Capital and reserves			
Share Capital	14	1,800,000	1,800,000
Retained earnings/(losses)		1,216,299	842,210
		3,016,299	2,642,210
Total liabilities, capital and reserves		3,962,388	3,767,418

On behalf of the Board of Directors


Afoa Asiata Kolone Vaai
Chairman of the Board


Magele Arthur Penn
Director

The accompanying notes on pages 17 to 23 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 2021

		2021	2020
	Notes	\$	\$
Income			
Interest income		74,340	78,616
Exit fees		133,141	64,217
Manager's fees	16	1,937,221	1,750,677
Amortise Income	13	30,789	32,105
Gain on sale of Fixed Asset		-	45,000
Other income		1,945	6,440
Total Income		<u>2,177,437</u>	<u>1,977,056</u>
Expenses			
Advertising & Promotion		82,577	90,784
Audit fees		22,632	23,080
Bank fees & Charges		3,342	2,149
Board expenses	6(ii)	106,810	70,096
Communication costs		53,035	49,902
Depreciation	11	116,332	124,368
Electricity		19,408	26,305
Executive management compensation	6(iii)	554,077	531,534
Other administration expenses	4	75,467	81,494
Personnel costs	5	359,561	323,761
Professional fees		4,915	4,223
Provision		35,921	-
Registration & Licenses		1,995	2,476
Rent	15	43,508	43,508
Repairs & Maintenance		43,333	48,571
Travel & Allowances		11,270	4,912
Trustee fee	16	67,732	67,726
Total expenses		<u>1,601,915</u>	<u>1,494,888</u>
Profit/(Loss) before Income tax		575,522	482,167
Income tax (Expense)/Benefit	2(n)	-	-
Net profit/(loss) after Income tax		<u>575,522</u>	<u>482,167</u>

The accompanying notes on pages 17 to 23 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 2021

	Government of Samoa Contribution	Earnings/ (Losses)	Total
Opening Balance as at 30 June 2020	1,800,000	842,210	2,642,210
Net Profit/(Loss)		575,522	575,522
Interim Dividend paid		(97,036)	(97,036)
Final Dividend payable		(104,397)	(104,397)
Closing Balance as at 30 June 2021	1,800,000	1,216,299	3,016,299

The accompanying notes on pages 17 to 23 form an integral part of the above financial statements

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
STATEMENT OF CASH FLOWS
For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash Flows from operating activities			
Cash received from Unit Holders and Trust		21,034,657	33,500,543
Cash received from interest on current account		6,974	7,832
Cash received from other income		41,048	
Cash received from fees income		1,916,352	1,785,636
Cash paid to and for the Trust		(21,474,725)	(32,886,614)
Cash paid for expenses and employees		(1,472,458)	(1,367,823)
Net cash inflow/(outflow) from operating activities		<u>51,848</u>	<u>1,039,574</u>
Cash flows from investment activities			
Cash from interest on term deposits		70,801	70,558
Cash from Sale of Fixed Assets		-	-
Payment for property, plant and equipment		(60,529)	(156,665)
Net cash inflow/(outflow) from investment activities		<u>10,272</u>	<u>(86,107)</u>
Cash flows from financing activities			
Dividend to Government of Samoa		(175,670)	(164,926)
Net cash inflow/(outflow) from financing activities		<u>(175,670)</u>	<u>(164,926)</u>
Net increase/(decrease) in cash and cash equivalents		(113,550)	788,541
Cash and cash equivalents at beginning of year		2,722,703	1,934,162
Total Cash and cash equivalents at end of year		2,609,153	2,722,703
Deduct;			
Non - Current cash in SCB Bond term deposit	8	(135,514)	(129,246)
Current cash and cash equivalents at end of year		<u>2,473,639</u>	<u>2,593,458</u>
Represented by;			
Current Cash and Cash equivalents	7	2,473,639	2,593,457
		<u>2,473,639</u>	<u>2,593,457</u>

The accompanying notes on pages 17 to 23 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 2021

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 Commercial Services.

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 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. Basis of Accounting – Going Concern

Notwithstanding recent novel corona virus (COVID-19) global outbreak and significant economic uncertainties resulting there from, the financial statements of the Management Ltd have been prepared on a going concern basis. The directors consider the application of the going concern principle to be appropriate in the preparation of these financial statements as they believe with the plans and strategies put in place by the Management Ltd will generate and maintain required funding to meet its liabilities and commitments as and when they fall due over the next twelve months.

d. Comparative Information

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

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
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For the year ended 30 June 2021

e. 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.

f. 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.

g. 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.

h. 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.

i. 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.

j. 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.

k. 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.

l. 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%

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2021

l. Property, plant and equipment (continued)

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.

m. Value added goods and services tax (VAGST)

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

n. Income Tax

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

o. 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.

p. Borrowing costs

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

q. 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, by 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.

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
NOTES TO THE FINANCIAL STATEMENTS
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4. Other Administration expenses	2021	2020
<i>Details of administration expenses are specified as follows:</i>	\$	\$
Catering & refreshments	10,678	8,406
General supplies & services	3,762	5,161
Insurance	5,697	5,005
Memberships & subscriptions	8,924	10,690
Motor vehicle expenses	9,134	7,438
Other	1,260	820
Printing & Publications	11,282	26,625
Agent fee	893	1,025
Staff training & development	11,135	100
Stationeries	12,702	16,224
Total administration expenses	75,467	81,494

5. Personnel costs		
<i>Details of personnel costs are specified as follows:</i>		
Salaries & Wages	329,851	287,326
NPF contribution	20,162	26,974
ACC levy	3,361	2,716
Staff amenities	6,187	6,745
Total personnel costs	359,561	323,761

6. Directors and executive management compensation

i. Directors

The Directors of the company during the period comprised of:

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

Director's fees, benefits and Board expenses of \$106,810 were paid during the year including sitting allowances. Directors 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:

Directors fees and allowances	94,500	58,500
Membership fees	7,200	7,200
Meeting expenses	5,110	4,396
Total Board of Directors expenses	106,810	70,096

iii. Executive Management

Executive Management Compensation	554,077	531,534
Total Executive Management	554,077	531,534

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2021

7. Cash and cash equivalents

Details of cash and cash equivalents are as follows:

BSP account	717,031	1,096,044
ANZ account	46,083	133,985
SCB account	39,024	35,517
NBS account	91,796	12,738
Petty cash	250	250
	894,183	1,278,534
SCB Term Deposit	1,244,759	996,432
NBS Term Deposit	334,697	318,491
Total cash and cash equivalents	2,473,639	2,593,457

The term deposits are surplus company funds earning interest at 3% and 3.5% p.a. respectively and both matures on February 2022.

8. Term Deposits - SCB

Details of term deposits are specified below:

SCB - Bond (long term)	135,514	129,246
	135,514	129,246

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.

9. Trade debtors

Details of other receivables are specified as follows:

Unit Redemptions paid receivable from Trust	477,535	54,501
Manager's fee receivable from Trust	155,256	156,027
Samoa Airways Loan Establishment Fee - Current	61,579	32,105
Exit fees receivable from Trust	7,025	422
	701,396	243,055
Less: Provision	(35,921)	-
	665,474	243,055

10. Long Term Debtor

Samoa Airways Loan Establishment Fee	207,829	237,303
	207,829	237,303

A joint agreement was signed by Samoa Airways and UTOS on the 24th 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.

UNIT TRUST OF SAMOA (MANAGEMENT) LTD
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11. Property and equipment

	Leasehold Building	Office Furniture & Fixture	Office Equipment	Computers & Softwares	Motor Vehicle	Total
Cost carrying amount						
Balance as at 1 July 2020	91,500	96,110	88,968	529,388	227,000	1,032,966
Additions	-	-	26,985	33,544	-	60,529
Disposals						
Balance as at 30 June 2021	91,500	96,110	115,953	562,932	227,000	1,093,495
Accumulated depreciation						
Balance 1 July 2020	9,722	84,319	64,123	248,572	124,498	531,234
Disposals						-
Depreciation	2,288	5,881	14,578	60,086	33,500	116,332
Balance as at 30 June 2021	12,010	90,200	78,701	308,658	157,998	647,566
Net Carrying amount						
30 June 2020	81,778	11,791	24,845	280,816	102,502	501,733
Net Carrying amount						
30 June 2021	79,491	5,910	37,253	254,273	69,002	445,929

12. Liabilities

Details of Trade creditors and Other are specified as follows:

(a) Trade Creditors

	2021	2020
	\$	\$
Unitholders' funds payable to Trust	506,375	662,945
	506,375	662,945

(b) Other Creditors & Accruals:

Payroll Liabilities	9,953	6,505
Provision for Audit fee (inclusive Vagst)	22,632	23,080
Provision for Trustee fee	3,584	14,635
Deferred Income - current portion (see narrative in note 13)	30,789	32,105
Others	8,185	10,217
	75,144	86,542

13 Long Term Liabilities

Deferred Income	197,566	227,039
	197,566	227,039

The income side of the arrangement in note 10 is deferred and amortised equally over 10 years from January 2019. Amortise income for the year is \$30,789 leaving a balance of \$197,566 for deferred income. Current portion of \$30,789 is included in other creditors & accruals (2020:\$32,105).

14. 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

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15. Leases

The existing lease for the company's space at DBS building is \$3,625.70 per month. The lease was extended to expire in June 2021 and therefore treated under the optional exemption available under IFRS 16. The impact also on the financial statements of the lease is immaterial. Accordingly, the lease rentals will be treated in accordance with IFRS 16 in the next financial year (2022).

16. Trustee fee and Manager's fee

	2021	2020
	\$	\$
Trustee fee expense for the year	(67,732)	(67,726)
Manager's fee income for year end	1,937,221	1,750,677

Trustee's fee

The Trustee receives a fixed fee of \$30,000 per annum plus .5% of the Trust's 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 resolution by the Trustees and the Manager's Board of Directors the Manager receives 1.4% of the UTOS Trust Net Asset. The Manager's fee income is charged by the UTOS Management Ltd to the UTOS Trust on a monthly basis for managing the Trust.

17. Contingent liabilities

As at 30 June 2021, the Company had no contingent liabilities or assets.

18. Events occurring after balance sheet date

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