

ANNUAL REPORT

30 JUNE 2021



For more information
contact 26949/29916
Development Bank of
Samoa (DBS) Building,
Level 3 | www.utos.ws

TABLE OF CONTENTS

MANAGER'S REPORT	1
TRUSTEES REPORT.....	7
CERTIFICATION BY TRUSTEE AND MANAGER	8
INDEPENDENT AUDITOR REPORT	9
STATEMENT OF FINANCIAL POSITION.....	11
STATEMENT OF COMPREHENSIVE INCOME.....	12
STATEMENT OF CHANGES IN EQUITY	13
STATEMENT OF CASH FLOWS	14
NOTES TO THE FINANCIAL STATEMENTS	15
GENERAL INFORMATION	27

MANAGER'S REPORT

The 2021 financial year has been a period of uncertainty due to the impact of the COVID-19 pandemic on global economies. Despite this setting, we are delighted to report that the Trust continued to deliver top performance to unitholders having recorded an 11.70% total return at the end of the June 2021 represented by a capital growth of 5.68% plus a dividend yield of 6.02%.

As Manager for the Trust, we comply with all relevant regulatory requirements and ensure that the management of the Trust Fund is conducted with high integrity.

GOVERNANCE

The Board of Directors for the UTOS Management Ltd and Trustees of the UTOS Trust are effective in upholding the principles of good corporate governance and best practices and make certain that decisions made are always in the best interests of the unitholders.

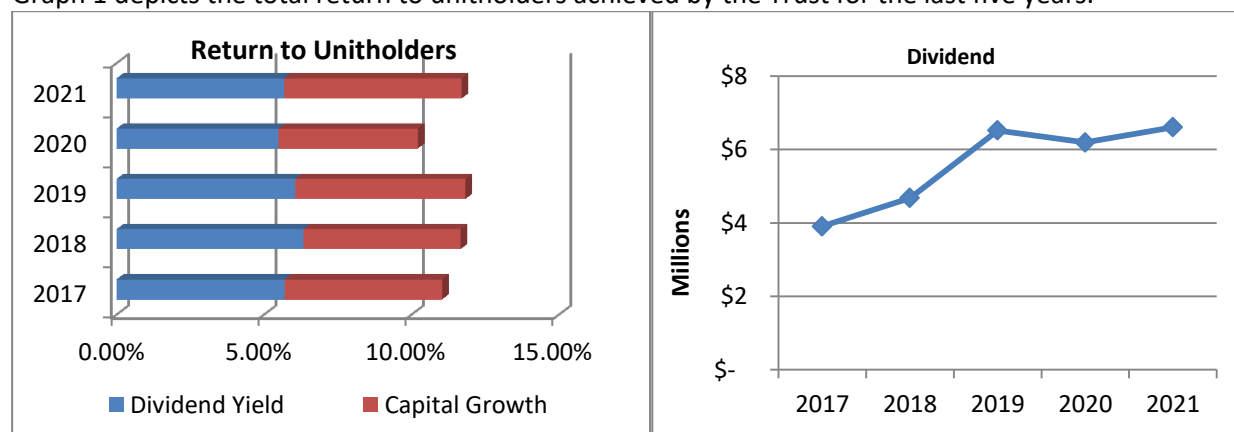
PERFORMANCE

During the year, the Trust delivered positive result to unitholders, with a total return of 11.70% despite the uncertainties and challenges posed by the pandemic. The Net Income from Operations, which is the basis for the dividend yield, resulted in \$8.97 million which is representative of a 43% increase compared to the previous year. The Total Comprehensive Income for the year remains at \$7.5 million when compared to FY2020.

Return to Unitholders

Despite the economic challenges caused by the effects of the COVID-19 pandemic, the return to unitholders remained above 10% which is a significant achievement. This positive performance was driven by maintaining a balanced portfolio coupled with informed decision making by the Board, Trustees and Management.

Graph 1 depicts the total return to unitholders achieved by the Trust for the last five years.



Graph 1: Historical Return to Unitholder

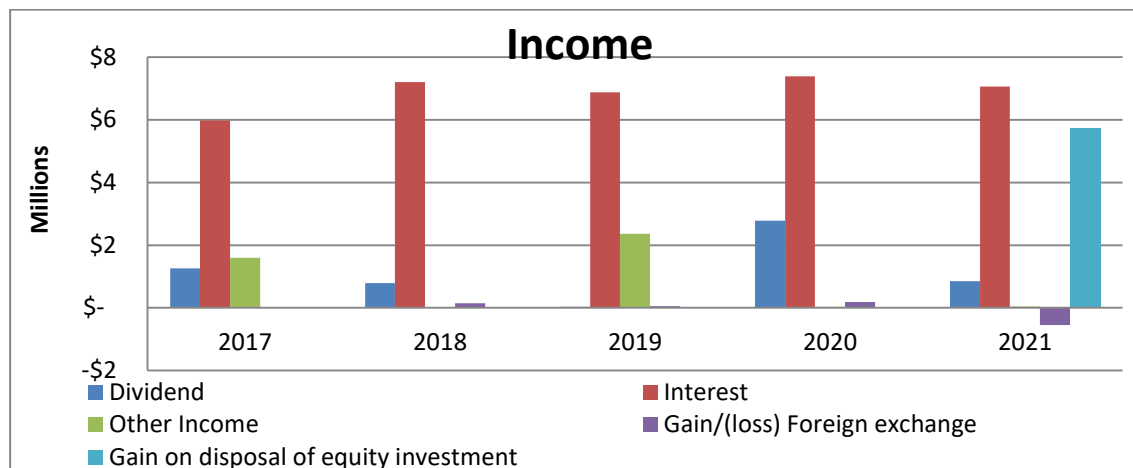
Graph 2 Historical Total Dividend trend in the last five years

A Total Dividend of \$6,609,589 was declared for FY2020/2021 compared to \$6,193,450 declared in the last financial year. The Dividend distribution of .08sene per unit remains the same as the prior year. The total return of 11.70% (5.68% dividend yeild plus 6.02% capital growth) is 1.49% higher compared to the total return of 10.21% in the last financial year. The high return was possible due to the gain on disposal of the shares held with Bluesky Pacific Holdings Ltd in the Cook Island.

Income

This year resulted in a 26% (\$2.7M) increase in total income compared to the previous year. This was possible due to a significant gain of \$5.70 million from the disposition of UTOS shares held in the

Bluesky Pacific Holdings Ltd. Dividend income dropped by 69% compared to last year as our investee companies also faced significant challenges brought on by the pandemic. There was a slight drop in interest income of 4% as capital notes continue to reduce in balance with every monthly repayment and a reduced level of borrowing by Government Entities during the financial year. A net loss was recorded for the movements in foreign exchange compared to the net gain of the previous financial period as is the nature of fluctuating foreign exchange levels which impact our offshore investments.

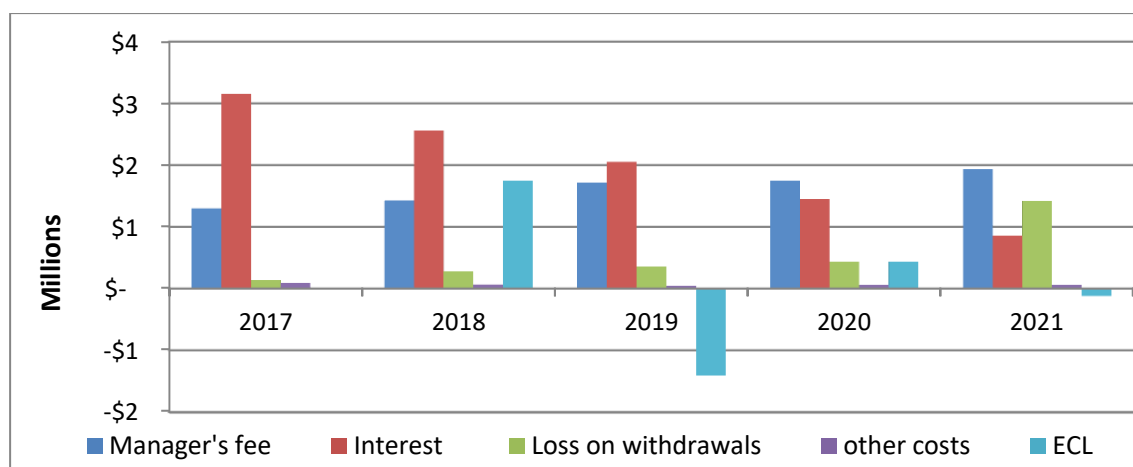


Graph 2: Historical Trend for Income Streams

Expenses

Total expenses remained constant relative to the prior year. However, there was a significant increase of 230% for the loss on units withdrawn compared to the prior year. This was due to a significant number of units withdrawn; a total of 11.5 million units during the period compared to 3.7 million units last year. The \$1 million increase in loss of units withdrawals was offset by a 41% (\$0.6 million) drop in interest paid on convertible and promissory notes as these borrowings are continuously paid out upon maturity plus a 127% (\$0.5 million) change in write back of expected credit loss.

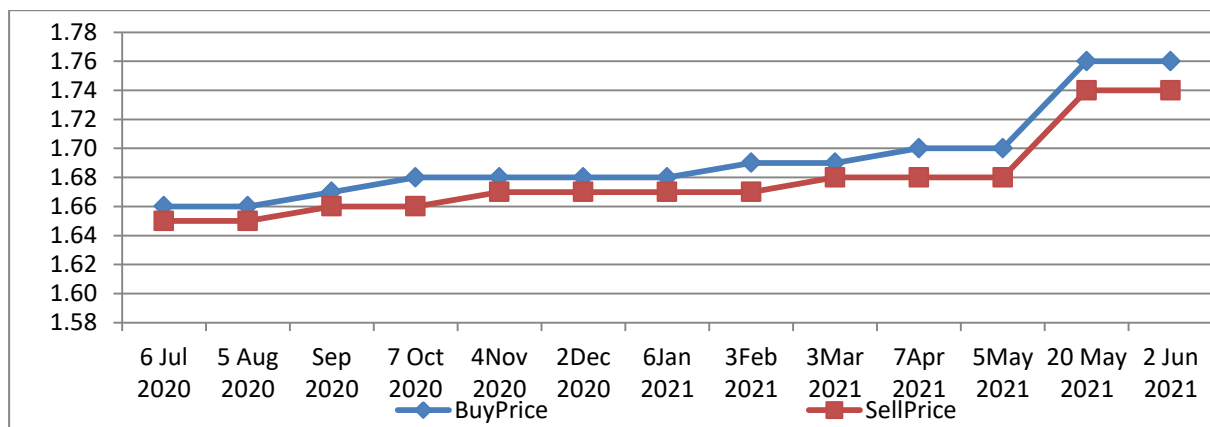
Graph 4 shows movements in expenses for the last 5 years which clearly shows the reduction of interest paid for convertibles and promissory notes when principal amounts are paid out as they mature. There is a steady increase in manager's fee which relates to the continued increase in the Trust's Net Assets.



Graph 3: Historical Trend of Expenses

UNIT PRICE

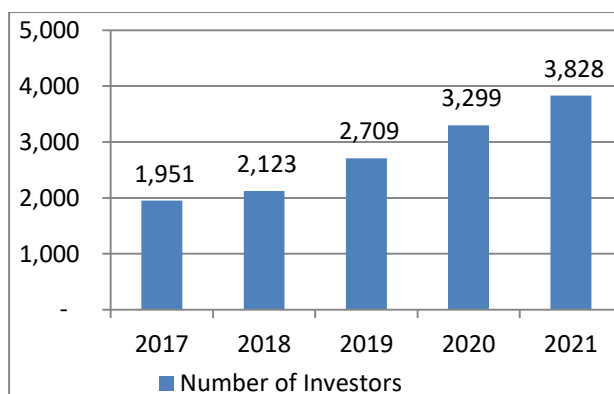
The value of the unit increased gradually over the year with the buying price recording a 10 sene increase over the period and the selling price also climbed by 0.09 sene.



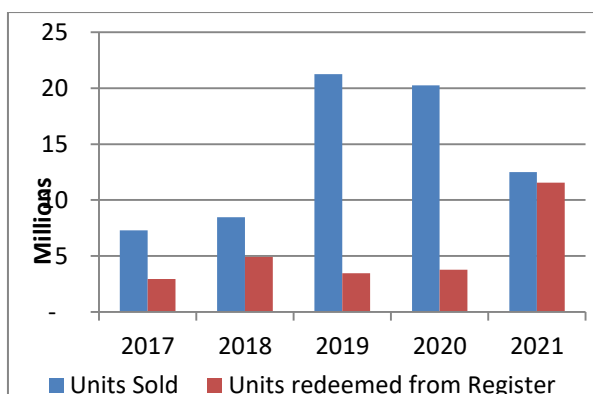
Graph 4: Unit Price Trend for FY20/21

UNITHOLDERS

During the year a total of 629 investors joined the Trust Fund compared to 649 in the previous year. A total of 100 investors left the Trust Fund due to family commitments compared to 59 in the last year.



Graph 5: Number of Unitholders



Graph 6: Units Sold & Redeemed

This year recorded a drop in units sold to 12.5 million units compared to over 20 million units sold in the last two years. FY2021 is the first year that unit redemptions surpassed 10 million as few long-term unitholders redeemed a portion of their investments to finance new projects. This significant increase in unit redemptions is also reflected as a major increase to loss on withdrawals as per financial statements of the Trust.

INVESTMENT PORTFOLIO

The local investment prospects remain scarce; however this did not deter the Fund Manager from continuing to scour the market and pursuing potential investment opportunities. The current investment portfolio is strategically balanced between defensive and growth assets to withstand the on-going volatile shocks to the market. This ensures that the Fund continues to deliver a strong long-term performance for unit holders while managing its risk profile.

The Trust's investment strategy of maximizing returns while nurturing a low risk portfolio is robust and adaptable to the ever changing investment environment in which we operate. The Fund Manager

continues to actively manage each unique risk profile and make the necessary adjustments and activate the mitigating factors to suit the market conditions.

Equity Investments

The Trust currently holds 27% of the investment portfolio in unlisted and listed equity investments. Unlisted equities are re-valued annually by management and every three years by an Independent Valuer. Listed equities are quoted on market price in active markets and are considered liquid.

During the year the Board approved the disposition of shares held with Bluesky Pacific Holdings Ltd Cook Islands to acquire new shares with ATH through the South Pacific Stock Exchange in Fiji. The resolution by the Board considered the current COVID-19 pandemic affecting the tourism industry in the Cook Islands as well as placing the investment in a listed market where the market price is readily available for decision making and is essentially a more liquid alternative where funds can be accessed quickly in unforeseen circumstances.

Capital Notes

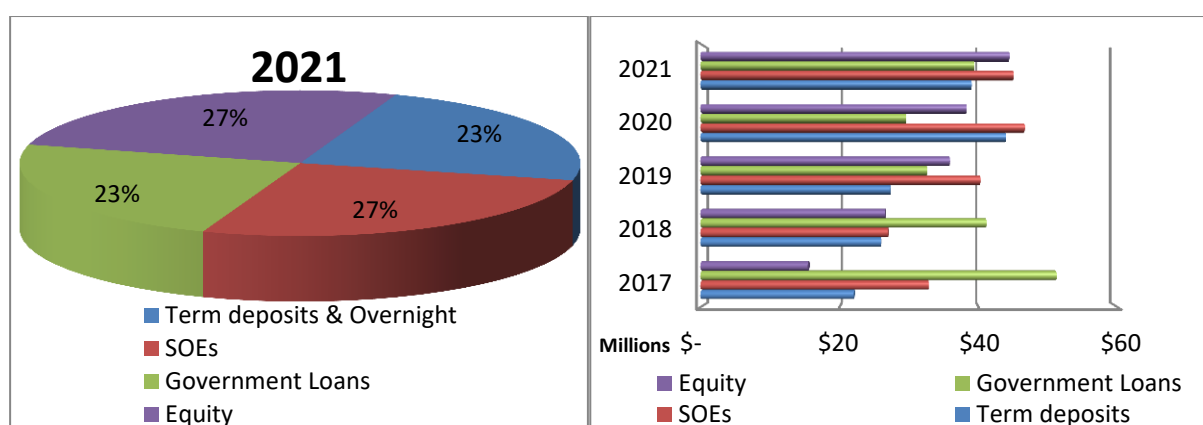
The majority of the investment portfolio (50%) is held in capital notes which are loans made to state owned enterprises or directly to Government for their intended projects. These lending facilities are secured with a Government Guarantee and are the most secured form of investment and it provided consistent and stable returns despite global economic uncertainties. During the year a total of \$14.40 million new investments were disbursed.

Cash & Cash Equivalents

Due to the continued increase of cash inflows from unit sales, excess funds are placed in term deposit facilities with commercial banks to await disbursement of investments in the pipeline. These funds are rolled over when they fall due.

Source of Funding for Investments

The Fund continues to grow and become self-funded through unit sales. Also, with the contraction on the economy due to the pandemic, borrowing rates for convertibles and promissory notes has declined significantly. These low rates are considered beneficial and the Trust will leverage off these as a relatively cheap source of funding for its investments when the need arises.



Graph 7: Investment Portfolio Allocation

Graph 8: Portfolio Allocation Trend

Total Assets increased by 3.70% or \$6.1 million compared to last year. The increase relates to the increasing number of units sold during the year.

Total Liabilities increased from \$28.8 million to \$30.8 million this financial year. The increase is driven by Dividends Payable and is offset by a decrease in Convertible and Promissory Notes.

Total Net Assets increased to \$139 million this year compared to \$135 million reported in the last financial year. The 3% increase is driven by an increase in unitholders funds.

INFORMATION TECHNOLOGY

There is a massive change in the digital space and landscape due to COVID19. Our services and communication processes were 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 via zoom, which were successfully practiced during the lockdown. We have also put in place procedures and processes to work remotely in case of mandatory lockdowns, to ensure the office continues to operate and serve our unitholders.

We have utilized the use of information, communication, and technology (ICT) infrastructures to reach out to our target markets by launching 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 in Samoa using the MTala platform powered by Vodafone Samoa. For unitholders who are residing in New Zealand and Australia, they are also now able to top up their UTOS accounts online through our partnership with KlickEX and MTala.

These evolving technologies are beneficial to UTOS and also come with some challenges. One of the most challenging issues in the world of technology today is cyber-attacks. More people are going online which means they become targets for cyber-criminals. Therefore, security is an integral part of our system designs from computers, servers, and networks where critical information is stored or transmitted. We have just completed a replication and backup plan locally and into the cloud through a secure channel. The purpose of this new design is to safeguard valuable information and data with less recovery and restored time.

Our cyber security resilience platforms with UpGuard and ZEST IT service level agreements have been renewed for another 12 months. We have invested heavily in cyber security to ensure data are secured from any data tempering and malicious cyber-attacks.

FUTURE OUTLOOK

As the economic uncertainty continues with the on-going pandemic it is clear that the next financial year will bring its own set of unique challenges for the Trust. The Manager will remain proactive in its search and appraisal of lucrative investment opportunities. In addition to the existing product offering, the Manager is also in the process of developing an additional product catered for investors who have an appetite for long term infrastructural and more illiquid type of investments with a higher associated risk.

Moreover, the Manager will continue its investment in the digital space for ease of access by unitholders to the service that is provided by UTOS. The continuous up skilling of staff also remains a priority in order to deliver the unique level of service that UTOS has to offer.

ACKNOWLEDGEMENT

We acknowledge the support of the Unitholders, the Government of Samoa and SOEs who have supported the Trust over the years.

We are grateful to the Tafailagi Trustee Company and the management and staff of the Management Company for their dedication during the financial year.

Ma le fa'aaloalo tele,



Afoa Asiata Kolone Vaai
Chairman
Unit Trust of Samoa (Management) Ltd



Magele Arthur Penn
Director
Unit Trust of Samoa (Management) Ltd

TRUSTEES REPORT

It is with pleasure that we provide this report (in our role as Trustees of the Unit Trust of Samoa) to the Unit-holders as part of the 11th Annual Report covering the 2020/2021 financial year.

Under the Unit Trust Act 2008 (the “**Act**”) and Trust Deed, we are vested with the investments and other properties of the Unit Trust of Samoa, to hold in trust on behalf of the Unit-holders. This is the internal control mechanism which provides for a Trustee, acting on behalf of the Unit-holders, independently of the Management Company. This requirement is made to ensure that all relevant transactions and reports affecting Unit-holders’ funds are made in compliance with the provisions of the Master Trust Deed 2010, Amending Deed 2017 and the Act.

During the year we have worked closely with the Board of Directors, Chief Executive Officer and staff of the Management Company in accordance with the Trust Deed and the Act, and with policies we agreed to with the Management Company. We have ensured that the Management Company has followed the requirements for investing the Trust funds in compliance with the Central Bank of Samoa Prudential Guidelines for Unit Trusts.

We are satisfied that the Management Company is exercising the principles of accountability and transparency in its task of investing the Unit-holders' funds.

Acknowledgements:

We join the Management Company in acknowledging the support from the Government of Samoa in promoting the investment portfolio of the Unit Trust among State Owned Enterprises (SOEs).

We extend our appreciation to the Chairman of the Management Company, his Board of Directors, Chief Executive Officer and staff, for their hard work and dedication during a trying year.

Our sincere thanks to all Unit-holders for their trust and confidence placed in our role as Trustees of their investments.

Sincerely,



Taito John Roache

Director

TAFAILAGI TRUSTEE COMPANY LTD



Luana von Reiche Roache

Director

TAFAILAGI TRUSTEE COMPANY LTD

UNIT TRUST OF SAMOA (TRUST)
CERTIFICATION BY TRUSTEE AND MANAGER
FOR THE YEAR ENDED 30 JUNE 2021

We certify that the attached financial statements for the Unit Trust of Samoa (Trust) comprising of the Statement of Financial Position, Statement of Comprehensive Income, 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 results of the Trust for year ended;
- (b) have been prepared in accordance with International Financial Reporting Standards;
- (c) all related party transactions have been adequately recorded in the books of the Trust;
- (d) at the date of this statement there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due; and
- (e) Comply with the Public Finance Management Act 2001, Unit Trust Act 2008 and the Trust Deed.

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 financial statements for issue on 6th October 2021 on behalf of the Directors of the Trustee Company and Manager, Unit Trust of Samoa (Management) Ltd.



Afoa Asiata Kolone Vaai
Manager

UTOS Management Company Ltd
Apia, Samoa



Taito John Roache
Trustee

Unit Trust of Samoa (Trust)
Apia, Samoa

**INDEPENDENT AUDITOR'S REPORT
TO THE UNIT HOLDERS OF
UNIT TRUST OF SAMOA (TRUST)**

Opinion

We have audited the accompany financial statements of Unit Trust of Samoa (Trust), 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 flow for the year then ended, together with explanatory notes thereto which includes a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Unit Trust of Samoa (Trust) as at 30 June 2021 and of, its financial performance, changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with ethical requirements tghat 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 reasonable basis for our opinion.

Independence

We are independent of the Trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Samoa, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that in our professional judgement were of most significance in our audit of the financial statements of the current year that we consider should be reported, to enhance understanding of the financial statements. We consider that there are no key audit matters to be reported.

Responsibilities of the Manager and Trustee for the Financial Statements

The Manager and Trustee are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, Public Finance Management Act 2001, Unit Trust Act 2008 and the Trust Deed, and for such internal control as they 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 Manager and Trust are responsible for assessing the Trust'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 they either intend to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities 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 Standard of Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial statements, whether due 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 for 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 Trustee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of director'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 Trust's ability to continue as a going concern. If we conclude that a 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 Trust's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager and Trustee 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 Trust has kept proper accounting records, as far as appears from our examination of them and the financial statements of the Trust also complies with the Public Finance Management Act 2001, the Trust Act 2008 and the Trust Deed.

Apia, Samoa
6th October 2021


Su'a R D Ah Chong (Principal)
Chartered Accountant
Ah Chong Public Accountants

UNIT TRUST OF SAMOA (TRUST)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021.

	Notes	2021 \$	2020 \$
EQUITY			
Unitholder's Fund			
82,619,857 units fully paid (2020: 81,670,883)		129,365,598	126,213,088
Reserves	3	5,694,428	9,091,203
Retained earnings		4,507,756	174,143
		139,567,782	135,478,434
<i>Represented by:</i>			
ASSETS			
Cash and cash equivalents	4	19,687,693	15,712,799
Financial assets at amortized cost	5	106,277,847	110,355,633
Financial assets held at fair value through Other Comprehensive Income	6	44,456,571	38,262,257
		170,422,112	164,330,689
LIABILITIES			
Payables & Accruals	7	749,601	375,422
Dividend payable	8	6,609,589	3,266,835
Due to Government	9	3,950,000	4,740,000
Convertible & Promissory Notes	10	19,545,140	20,470,000
		30,854,330	28,852,257
NET ASSETS		139,567,782	135,478,434


Afoa Asiata Kolone Vaai
Manager


Taito John Roache
Trustee

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

UNIT TRUST OF SAMOA (TRUST)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
INCOME			
Dividends		856,113	2,780,834
Interest		7,059,771	7,384,456
Gain/(Loss) on Foreign Exchange		(548,687)	189,992
Gain on disposal of equity investment	13	5,725,132	-
Other Income		40,166	34,474
Total Income		<u>13,132,495</u>	<u>10,389,755</u>
EXPENSES			
Audit fee		23,000	23,000
Bank fees & charges		258	847
Expected Credit Loss(write back)	5	(117,935)	430,657
Interest on convertible notes		854,162	1,447,462
Investment expense		38,891	33,267
Loss on unit withdrawals		1,425,637	431,410
Manager's fees	11	1,937,221	1,750,677
Total Expenses		<u>4,161,233</u>	<u>4,117,320</u>
Net Income from operation		<u>8,971,262</u>	<u>6,272,435</u>
Plus Other Comprehensive Income:			
Gain/(Loss) on Fair Value Equity Investments	6	(1,424,835)	1,272,735
Total Comprehensive Income for the Year		<u><u>7,546,427</u></u>	<u><u>7,545,170</u></u>

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

UNIT TRUST OF SAMOA (TRUST)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
Unitholders Fund		
Balance at beginning of the year	126,213,088	98,300,443
Subscriptions from Unitholders	21,178,064	33,794,822
Redemptions by Unitholders	(18,025,553)	(5,882,177)
Balance as at 30 June 2021	<u>129,365,598</u>	<u>126,213,088</u>
Retained Earnings		
Balance at beginning of the year	174,143	95,158
Add:		
Net profit for the year	8,971,262	6,272,435
Reserve Realised transferred from Reserves	1,971,940	
Less:		
Interim dividend paid (2020: .04 sene per unit)	-	(2,926,615)
Final Dividend payable (2020: .04 sene per unit)	-	(3,266,835)
Dividend declared .08 sene per unit (2020: .08 sene)	(6,609,589)	-
Balance as at 30 June 2021	<u>4,507,756</u>	<u>174,143</u>
Reserves		
Balance at beginning of the year	9,091,203	7,818,468
Plus (Minus):		
Other Comprehensive Income (Loss)	(1,424,835)	1,272,735
Less:		
Reserve Realised transferred to Retained Earnings	(1,971,940)	-
Balance as at 30 June 2021	<u>5,694,428</u>	<u>9,091,203</u>
Total Equity	<u><u>139,567,782</u></u>	<u><u>135,478,434</u></u>

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

UNIT TRUST OF SAMOA (TRUST)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was applied to:</i>			
Dividend paid		(3,266,837)	(9,445,925)
Operating expenses		(1,997,840)	(1,775,882)
<i>Net cash inflow/(outflow) from operating activities</i>		<u>(5,264,678)</u>	<u>(11,221,807)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from(applied to):</i>			
Interest		3,399,694	4,286,540
Dividends received		1,139,515	1,484,720
<i>Cash was applied to:</i>			
Movement in term deposits		6,262,241	(9,868,875)
Movement in Capital Notes		(528,038)	(1,633,641)
Investment in ATH			(620,391)
<i>Net cash (outflow)/inflow from investing activities</i>		<u>10,273,412</u>	<u>(6,351,647)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provide from(applied to):</i>			
Due to Government		(790,000)	(790,000)
Movement Convertible & Promissory Notes		(984,860)	(8,123,750)
Subscriptions from Unit Holders		21,334,634	33,322,335
Redemption to Unit Holders		(19,742,464)	(6,428,662)
Interest on notes		(851,151)	(1,465,484)
<i>Net cash (outflow) inflow from financing activities</i>		<u>(1,033,841)</u>	<u>16,514,439</u>
NET INCREASE/(DECREASE) IN CASH		3,974,894	(1,059,015)
Cash at Banks at beginning of year		15,712,799	16,771,813
Cash and cash equivalents	4	<u><u>19,687,693</u></u>	<u><u>15,712,799</u></u>

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

UNIT TRUST OF SAMOA (TRUST)
Notes to the financial statements
For the year ended 30 June 2021

1. GENERAL INFORMATION

Date of Formation

The Trust was established on the 9th July 2010

Unit Trust of Samoa ("Trust") is a unit trust incorporated and domiciled in Samoa. The address of its registered office and principal place of business is Level 3, Development Bank of Samoa Building, Apia.

Principal activity

The trust is an investment vehicle that allows investors monies to be pooled with other unitholders' 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 manual.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, and required by the Unit Trust Act 2008 and Trust Deed.

(b) Basis of preparation

The financial statements have been presented in Samoan tala, which is the Trust's functional currency, rounded to the nearest tala. The financial statements are prepared on the basis of fair value measurement of assets and measurement at amortized cost for liabilities except where otherwise stated.

(c) Basis of Accounting - Going Concern

Notwithstanding recent novel coronavirus (COVID-19) global outbreak and significant economic uncertainties resulting there from, the financial statements of the Trust 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 Trust, the Trust will generate and maintain required funding to meet its liabilities and commitments as and when they fall due over the next twelve months. Accordingly, directors believe that the classification and carrying amounts of the assets and liabilities as stated in the financial statements to be appropriate.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager and Trustee to exercise judgment in the process of applying the Trust's accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgments and assumptions made in applying the accounting policies of the Trust have been disclosed under notes 2(g) and 6.

(e) Financial assets

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Trust becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment or FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Trust changes its business model for managing financial assets in which case all affected financial assets are reclassified on first day of the reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL;

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;

On initial recognition of an equity investment that is not held for trading, the Trust may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis;

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivatives financial assets. On initial recognition, the Trust may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Trust makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level which best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Trust's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

(e) Financial assets (continued)

(ii) Classification and subsequent measurement

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Trust's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Trust considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Trust considers:

- contingent events that would change the amount or timing of cashflows;
- terms that may adjust the contractual rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Trust's claim to cash flow from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of the principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets: Reclassifications

Financial assets are not reclassified subsequent to their recognition, except in the period after the Trust changes its business model for managing financial assets.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchanges gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investment at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Derecognition

Financial Assets

The Trust derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Trust neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(e) Financial assets (continued)
(iii) Derecognition

Financial Assets

The Trust enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Trust derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Trust also derecognises a financial liability when its terms are modified and the cash flow of the modified liability are substantially different, in which case a new financial liability based on the modified terms are recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Modifications of financial assets

If the cash flows of the modified asset carried at amortised cost are not substantially different then the modification does not result in derecognition of the financial asset. In this case, the Trust recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties to the borrower, then the gain or loss is presented together with impairment losses.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(f) Impairment of Financial Instruments

Financial instruments

The Trust recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. No impairment loss is recognised on equity investment as these are measured at fair value.

The Trust measure loss allowances at an amount equal to lifetime ECL as well as 12 months ECL as follows:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Trust considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Trust's historical experience and informed credit assessment and including forward-looking information.

The Trust assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Trust considers a financial asset to be in default when:

- Trust to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Trust considers a debt security to have low credit risk when its credit risk rating is equivalent to the generally understood definition of "investment grade".

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12 months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Trust is exposed to credit risk.

(f) Impairment of Financial Instruments (continued)

Measurement of ECLs

ECLs are measured on either of the following basis:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies

Measurement of ECLs

Loss allowances for trade receivables, other receivables and investment securities are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Trust's historical credit loss experience, adjusted for factors that are specific to the debtors such as the collateral or security for the asset.

Credit-impaired financial assets

At each reporting date, the Trust assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Trust on terms that the Trust would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Trust determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Trust's procedures for recovery of amounts due.

(g) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants or, in its absence the most advantageous market to which the fund has access at that date. Consistent with established practice, listed equity investments are measured at the closing share price or unit price on the market.

When available, the Trust measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liabilities take place with sufficient frequency and volume to provide pricing information on an on-going basis. The fair value of other unlisted equities is estimated with the assistance of Independent valuers approved by the Manager and Trustee as per the investment policy. In line with the investment policy, the valuation of unlisted equities are performed by management annually and by an independent valuer every three years.

Where possible, the valuations use applicable price earnings ratios for similar listed companies, adjusted to reflect the specific circumstances of the issuer and may be based on following methodologies:

1. Discount Cashflow Model (DCF)
2. Net Tangible Asset Approach (NTA)
3. Future Maintainable Earnings Method (FME)
4. Capitalization of Dividends Method (CoD)

(g) Fair Value Measurement (continued)

If there is no quoted price in an active market, then the Trust uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique seeks to incorporate all of the factors that market participants would take into account in pricing a transaction. The Trust recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the changes have occurred.

(h) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is possible that the economic benefits will flow to the Trust and the revenue can be reliably measured. Interest income is recognised on an accrual basis using the effective interest method. Dividend income for listed or quoted securities is recognised when a market announcement is made, for unlisted and private equity holdings, dividend is recognised when it is formally notified that dividend is declared and the right to receive dividends is established.

(i) Manager's remuneration

Management fees are standard fees stated under the terms of the Trust Deed and based on 1.4% of the value of the Trust's Net Asset. This is payable after month end and is calculated on the net asset value of the unit trust at month end.

(j) Trustee's fee

A review of the Trustee fee was done by Management and the Board approved on the 31 January 2018 for the Trustee fee to be paid by the Management Company. The Trustee currently receives a fee of \$30,000 per annum plus 0.5% of the Trust comprehensive profit.

(k) Income tax

Under the Income Tax Amendment Act 2013, Part A (1)(v) the income of the Unit Trust of Samoa, the Unit Trust (Management) Limited or any other subsidiary of the Unit Trust of Samoa; is not subject to income tax.

(l) Vagst

The Trust main activity relates to financial services which is exempt supply. Where applicable expenses are recognised inclusive of vagst, and revenue such as interest and dividend are exempt from vagst.

(m) Cash and cash equivalents

Cash and cash equivalents comprises of cash balances at bank and excludes any term deposits regardless of maturity period.

(n) Other receivables and accrued income

Other receivables include receivable amounts for sale of units by the "Management Ltd" plus dividend receivables, and accrued interest on term deposits.

(o) Payables

Payables are recognised for amounts to be paid in the future for goods and services recorded, whether or not billed to the Trust and include outstanding settlements on the purchase of investment. Payables are stated at cost as they are expected to be settled within the next twelve months.

(p) Borrowings

As per Trust deed, borrowing by the Trust shall not exceed 75% of the value of its assets. Currently, total borrowing is 14% of the value of its assets.

(q) Unitholder's Funds

Unitholders' funds are classified as equity instruments.

UNIT TRUST OF SAMOA (TRUST)
Notes to the financial statements
For the year ended 30 June 2021

(r) Translation of Foreign Currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

(s) Comparative information

Comparative information has been restated where necessary to achieve consistency in disclosure with current financial year amounts, and facilitate appropriate comparison.

3. RESERVES

Reserves consists of the movements in fair value of equity investments classified as fair value through comprehensive income that are not available for distribution to unit holders until realized. Movement in reserves are shown in statement of changes in equity. Dividend income on these equity investments are recognized as revenue in the profit and loss.

4. CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
<i>Cash at bank</i>		
Bank of South Pacific	5,654,662	1,737,836
National Bank Samoa	76	43
National Bank Samoa (overnight)	14,032,956	13,974,920
Total cash and cash equivalents	19,687,693	15,712,799

5. FINANCIAL ASSETS AT AMORTIZED COST

Term Deposits	25,000,000	30,000,000
Loans and receivables:		
Other receivables	1,106,375	4,314,891
Interest receivables	47,260	552,599
State Owned Enterprises (SOEs)	45,060,456	46,659,982
Government of Samoa	35,397,439	29,605,621
Deduct Provision Expected Credit Loss	(333,684)	(777,460)
Total financial assets at amortized cost	106,277,847	110,355,633
Current	32,143,442	42,503,262
Non-current	74,468,088	68,629,831
	106,611,530	111,133,093
Movement per Provision Expected Credit Loss		
Opening balance	(777,460)	(346,803)
Write back on ECL / (Addition on ECL)	117,935	(430,657)
Bad debts written off against provision	325,841	
Closing balance	(333,684)	(777,460)
Total financial assets at amortized cost	106,277,847	110,355,633

UNIT TRUST OF SAMOA (TRUST)
Notes to the financial statements
For the year ended 30 June 2021

6. Financial Assets Held at Fair Value through Other Comprehensive Income

	2021	2020
	\$	\$
(a) Listed Equities		
Unit Trust of Fiji (3,199,407 units)	8,928,882	8,868,873
ATH (6,928,710 units)	15,376,481	613,542
(b) Unlisted Equities		
Vodafone Samoa - 25% shareholding	14,695,138	14,339,611
Bluesky Pacific Holdings Ltd - 30% shareholding	-	8,741,226
Samoa Submarine Cable Company 20%	5,456,068	5,699,005
Financial Assets Held at Fair Value through Other Comprehensive Income	44,456,571	38,262,257

Determining Fair Values

The trust measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in active market for an identical instrument.

Level 2: Valuation technique based on observable inputs, either directly (i.e. as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active market for similar instrument; quoted prices for identical or similar instrument in the market that are considered less than active; or other valuation techniques where all significant inputs are directly observable in the market, and are derived from market prices or rates or are estimated based on assumptions.

Level 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted price for similar instruments where significant unobservable adjustments or assumption are required to reflect differences between the instruments. Fair values of financial assets that are traded in active markets are based on quoted prices or dealer price quotations. For unlisted equity investments, the Trust determines fair values using valuation techniques. Some or all of the significant inputs these valuations use may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions.

Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used and any key assumptions used in those valuation models such as appropriate price/earnings ratio. The Trust uses price/earnings ratios and other key assumptions based on observable inputs and adjusts these to reflect risks specific to the underlying investment and the Samoa environment such as size risk, country risk, liquidity risk etc.

J. Vila Holdings (CAANZ) conducted the independent valuation for FY2021.

The table below analyses financial assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Level 1	Level 3	Total	Total
Opening balance	9,482,416	28,779,841	38,262,257	35,879,873
Additional investments	16,455,345	-	16,455,345	919,658
Disposal		(8,224,249)	(8,224,249)	-
Gain/(Loss) on FV revaluation	(1,780,362)	355,528	(1,424,835)	1,272,735
Foreign exchange gain	147,965	(759,913)	(611,948)	189,991
Balance at year end	<u>24,305,364</u>	<u>20,151,207</u>	<u>44,456,571</u>	<u>38,262,257</u>

UNIT TRUST OF SAMOA (TRUST)
Notes to the financial statements
For the year ended 30 June 2021

7. PAYABLES & ACCRUALS	2021	2020
	\$	\$
Audit fee	16,100	13,800
Interest on Convertible Notes	93,684	150,673
Other payables & accruals	639,817	210,949
Total payables and accruals	749,601	375,422

8. DIVIDEND PAYABLE		
Dividend payable	6,609,589	3,266,835
Final dividend was declared for unitholders as per Trust board meeting on the 30th June 2021 for the financial year ended 30 June 2021.		

9. DUE TO GOVERNMENT		
Current	790,000	790,000
Non - Current	3,160,000	3,950,000
	3,950,000	4,740,000

The balance is owed to Government for the 25% of Vodafone Samoa shares. The repayment commenced on the 1st July 2016 until it is fully paid. Repayment is \$65,833 per month.

10. CONVERTIBLE AND PROMISSORY NOTES		
Convertible Notes	10,000,000	13,000,000
Promissory Notes	9,545,140	7,470,000
Total Convertible & Promissory notes	19,545,140	20,470,000

These represents a major source of funding for the Trust and are in effect a form of loan, with fixed term and interest rate. The convertible notes includes an equity conversion feature for the note holder to convert into units.

11. RELATED PARTY DISCLOSURES

Manager

The Manager of the Trust is the Unit Trust of Samoa (Management) Limited.

The directors of the management company are:

- a) Afoa Asiata Kolone Vaai
- b) Magele Arthur Penn
- c) Toleafoa Douglas Creevey
- d) Lauano Lauina Grace
- e) Lutuiloa Vaiula Solomona

Manager's fees

Under the terms of the Trust Deed, the Manager is entitled to receive manager's remuneration approved by both the Trustee and the Manager. The approved managers fee is 1.4% of the Trust's net asset value. This is payable at month end and is calculated on the Trust Net Asset at month end.

Trustee

The current Trustee of the Trust is "Tafailagi Trustee Company Ltd".

The present directors of the Trustee Company are:

- a) Taito John Roache
- b) Luana Roache

All transactions with related parties are conducted on normal commercial terms and conditions.

UNIT TRUST OF SAMOA (TRUST)
Notes to the financial statements
For the year ended 30 June 2021

11. RELATED PARTY DISCLOSURES (continued)

	2021	2020
	\$	\$
Major Transactions with related parties		
Managers fees	1,937,221	1,750,677
Board, Management & Staff - Unit balances	1,480,326	100,780
Owing by Related Parties		
Net amount due from/(to)Managers	(133,442)	451,996

12. FINANCIAL RISK MANAGEMENT

The Trust's activities expose it to a variety of financial risks: market risk (including interest rate risk, credit risk, performance risk and price risk), liquidity risk and operational risk. The Trust's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Trust's focus on the unpredictability of financial markets financial performance. The Manager has the overall responsibility for the establishment and oversight of the Trust's risk management framework. The Trust's risk management policies are established to identify and analyse the risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities.

Market risk

i) Interest rate

This is the risk borne by interest bearing assets such as term deposits and capital notes due to the changes in interest rates. Through its investment policy the Trust aims to balance its portfolio through short term deposits, capital notes and medium to long term Government bonds. At the reporting date the interest rate profile of the Trust's interest-bearing financial instruments was:

Capital Notes	45,060,456	46,659,982
Government of Samoa loan	35,397,439	29,605,621
Term deposits	25,000,000	30,000,000
	<u>105,457,895</u>	<u>106,265,603</u>

ii) Credit risk

This refers to the risk of losing investment funds due to companies, banks and financial institutions the Trust has deposits with and providing short term capital notes defaulting on their repayments of interest and principal. For deposits with banks and financial institutions, only reputable parties with known sound financial standing are accepted. The Trust minimizes credit risk by conducting thorough due diligence on any investments it makes, using the Government General Guarantee capped at 50 million SAT.

The total expenditure of credit risk in the Trust's portfolio is as follows:

Capital Notes	45,060,456	46,659,982
Government of Samoa loan	35,397,439	29,605,621
Cash and term deposits at bank	45,841,328	45,712,799
Listed and unlisted equities	44,456,571	38,262,257
Total Gross	<u>170,755,794</u>	<u>160,240,659</u>

The Trust only issues Capital Notes to State Owned Enterprises.

iii) Performance risk

This risk relates to the performance of the investment in which the Trust has invested. The return on a particular investment such as a share is affected by the performance of the issuer of the investment. Different investments tend to perform differently under the same operating environment. Therefore the Trust at all times will try to have different types of investments in its portfolio.

UNIT TRUST OF SAMOA (TRUST)
Notes to the financial statements
For the year ended 30 June 2021

12. FINANCIAL RISK MANAGEMENT (continued)

(iv) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust aims to maintain a buffer fund in liquid assets at all times to meet expected normal redemptions. Under the Trust Deed, the manager, with the concurrence of the Trustee, may suspend the redemption of units for such time as may be necessary to realise sufficient liquid funds to meet any unusual redemption requests. The table below analyses the Trust's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	No Specific Maturity	Less than 6 months	Between 6 months & 1 year	Total
As at 30 June 2021				
Cash & Cash equivalents		19,687,693		19,687,693
Term Deposits		25,000,000	-	25,000,000
Investment Securities	74,468,088	2,994,903	4,148,539	81,611,530
Listed & Unlisted equities	44,456,571	-		44,456,571
	118,924,659	47,682,596	4,148,539	170,755,794
	No Specific Maturity	Less than 6 months	Between 6 months & 1 year	Total
As at 30 June 2020				
Cash & Cash equivalents		15,712,799		15,712,799
Term Deposits		18,000,000	12,000,000	30,000,000
Investment Securities	29,605,621		46,659,982	76,265,603
Listed & Unlisted equities	38,262,257	-	-	38,262,257
	67,867,878	33,712,799	58,659,982	160,240,659

(v) Operational risk

i) Data risk

This is the risk of losing information including unit holder account details even though there is dual system storage of a hard copy filing system and electronic database. The Manager ensures confidentiality and security of all unit holders information. The Trust has developed a Unit Registry System to store information. Daily backups of electronic information are being done by the Management and Staff.

ii) Legal risk

Legal risks refer to the risk of being legally non compliant due to changes in Government and Regulators current policies and regulations. All processes and applications are endorsed by the Attorney General's Office including Prospectus and the Trust Deed.

iii) Operational risk

Operational risk is defined as the risk arising from the Trust and its related entities business functions and from the practical implementation of the Manager's strategy for growing the Trust. The Manager has developed a three year strategic plan and annual key performance indicators to ensure performance of the Trust. The Manager also conducts third party due diligence on new investments before recommending any investment to Trustees.

13. GAIN ON DISPOSAL OF EQUITY INVESTMENT

This relate to the disposal of shares in Bluesky Pacific Holdings Limited and transferring the consideration to acquiring shares in Amalgamated Telecom Holdings Limited in Fiji.

14. CONTINGENT LIABILITIES

The Trustee and the Manager are not aware of any contingent liabilities at year end. (2020:SAT\$Nil)

15. CAPITAL COMMITMENTS

Cabinet as per FK (17)25 dated 12 July 2017 approved the construction of a new office building for the Samoa High Commission Office Wellington New Zealand estimated \$25m and the funding of this project to be provided by UTOS. As at 30 June 2021, 65% of the project remains undrawn.

Cabinet as per FK (20)45 dated 11 November 2020 approved an additional \$15m loan for Samoa Airways. As at 30 June 2021, \$12.5m remains undrawn.

GENERAL INFORMATION

Head Office Location

Level 3 Development Bank Building
Savalalo, Apia
SAMOA

Contact

Telephone: +685 29916 / 26949

Email: info@utos.ws

For more information

Website: www.utos.ws

Facebook: Unit Trust of Samoa

Auditor

Ah Chong Public Accountants
P.O. Box 535
Apia
Samoa

Trustee

Tafailagi Trustee Company Ltd
Poinsettia Building,
Motootua, Apia
Samoa