



# ANNUAL REPORT JUNE 2023

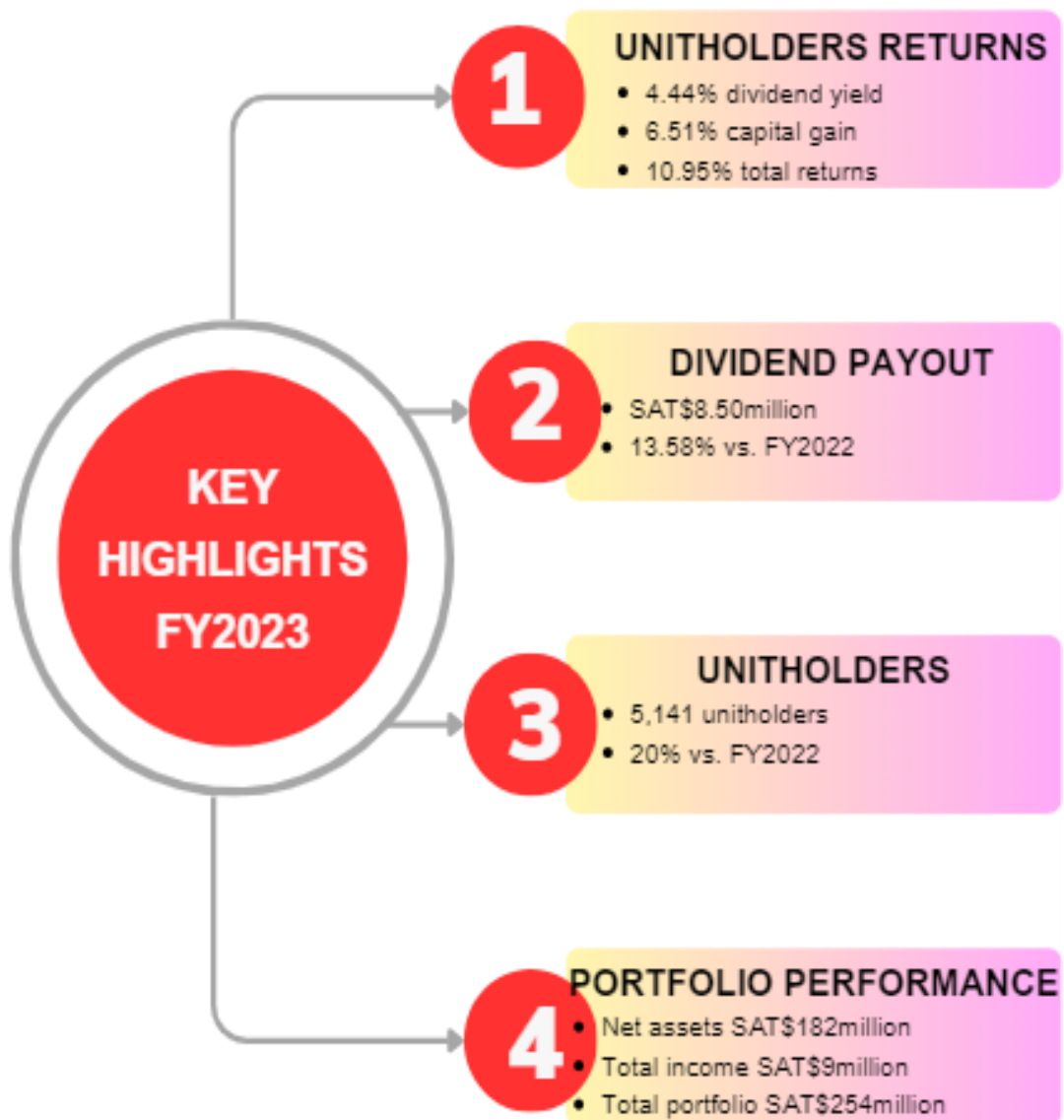


## Table of Contents

MANAGER'S REPORT .....	3
TRUSTEES' REPORT .....	11
CERTIFICATION BY TRUSTEE AND MANAGER .....	12
INDEPENDENT AUDIT REPORT .....	13
STATEMENT OF FINANCIAL POSITION .....	15
STATEMENT OF COMPREHENSIVE INCOME .....	16
STATEMENT OF CHANGES IN EQUITY .....	17
STATEMENT OF CASH FLOWS .....	18
NOTES TO THE FINANCIAL STATEMENTS .....	19

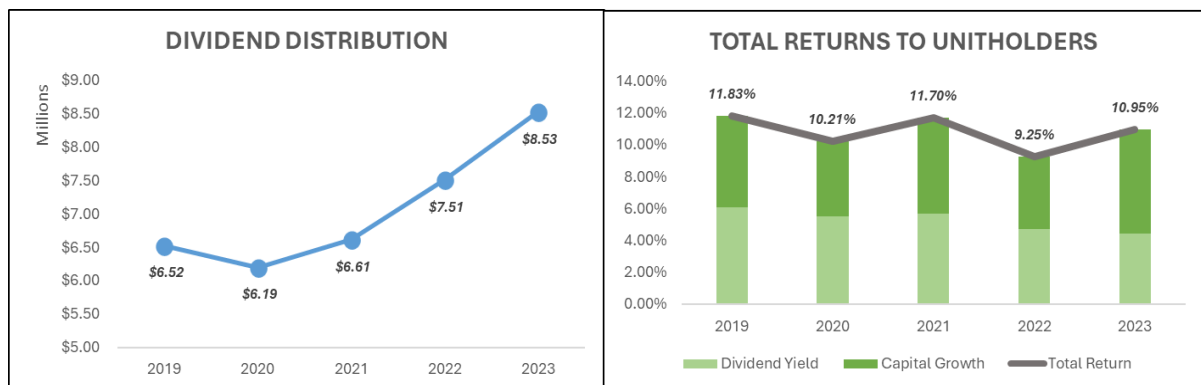
## MANAGER'S REPORT

With the gradual economic recovery after significant impacts of the pandemic and ongoing global tensions, we are pleased to report that the investment portfolio remained resilient, increasing to SAT\$254million at the end of June 2023; a 25% growth relative to the prior year. The Trust Fund has shown incredible growth with some of the key performance indicators depicted below;



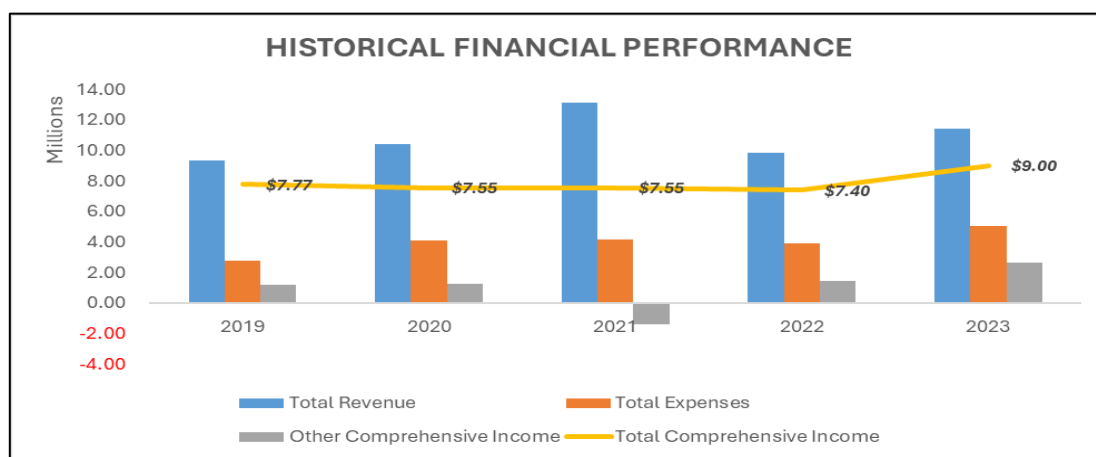
## TRUST TOTAL RETURNS TO UNITHOLDERS

The Trust maintained a dividend payout of SAT\$0.08sene per unit, representative of a dividend yield of 4.44%. With the increased number of units on issue, this distribution exceeded the prior years with yet another record-high dividend payout of SAT\$8.5million compared to SAT\$7.5million in the preceding year. The investment portfolio's value growth throughout the year has enabled the Trust to realize a capital gain of 6.51% as reflected in its increasing unit price. Overall, the Trust attained a total return of 10.95% represented by the dividend yield and capital gain.



## FINANCIAL PERFORMANCE

The Trust has exhibited thus far another remarkable achievement in its financial performance. Total Income has surged by 16% relative to the prior period, closing the year at SAT\$11.50million. This growth was mainly driven by higher interest income from the lending portfolio and increased dividend receipts from equity investments. This progress can be attributed to the diligent efforts of our team, who consistently identify lucrative investment opportunities and effectively manage and monitor risks to ensure the portfolio returns are sustainable.



The Trust's expenses also increased by 32% in FY2023. The main cost items for the Trust include the interest that it pays for the issuance of convertible and promissory notes together with the Manager's Fees. The interest on convertible notes increased by SAT\$0.68million during the year as a result of an increase in notes issued which was necessary to fund upcoming investments scheduled for early FY2024. In addition, the Manager's Fee which is payable to the Management Company increased by SAT\$0.33million compared to the prior year; a direct result of the increasing Net Assets of the Trust that the fee is based on.

Overall, the increase in Total Income coupled with a strong performance of equity investments recorded in Other Comprehensive Income, offset the increase in expenses, resulting in an overall Total Comprehensive Income of SAT\$9.00million for FY2023; a strong 22% increase compared to FY2022 and the highest recorded income for the Trust relative to the past 5 years of operation.

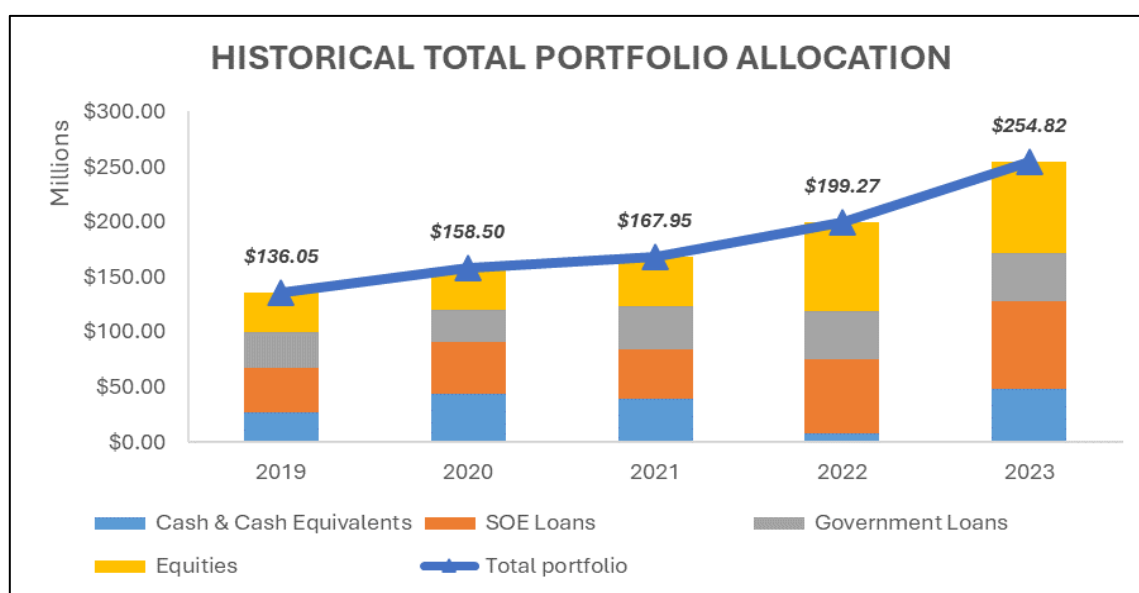
## INVESTMENT PORTFOLIO

The investment portfolio recorded a 25% growth compared to the prior year with the total portfolio as at end of June 2023 amounting to SAT\$254million.

The allocation of our investment portfolio is approached with careful consideration of financial goals, risk tolerance and time horizon to better suit the Trust goals and objectives. In recent years, there has been a noticeable shift in investment portfolio towards equity investments. It has high potential to grow in value and generate substantial returns for unitholder funds notwithstanding the degree of risk that it also brings. A total of SAT\$2.2million in dividend income was received during the year; a 58% increase when compared to the previous financial year. UTOS continues to work closely with our Investee companies where we collectively strive to generate the best and sustainable level of returns on your investments.

At the close of FY2023, the Trust held a significant volume of Cash in its on-call operating accounts together with Term Deposit facilities totaling SAT\$47.7million. Although excessive, the Trust has strategically parked these funds in anticipation of immediate release towards an approved pipeline of investments in the upcoming financial year.

Lending to state owned enterprises (SOEs) and directly to Government for their intended projects continue to be the most secured form of lending providing steady returns of over SAT\$9.1million as recorded in the year. The government's commitment to offer security makes lending to SOEs an attractive option seeking consistent and stable returns. Disbursements in the last twelve months' period amounted up to SAT\$6.4million.



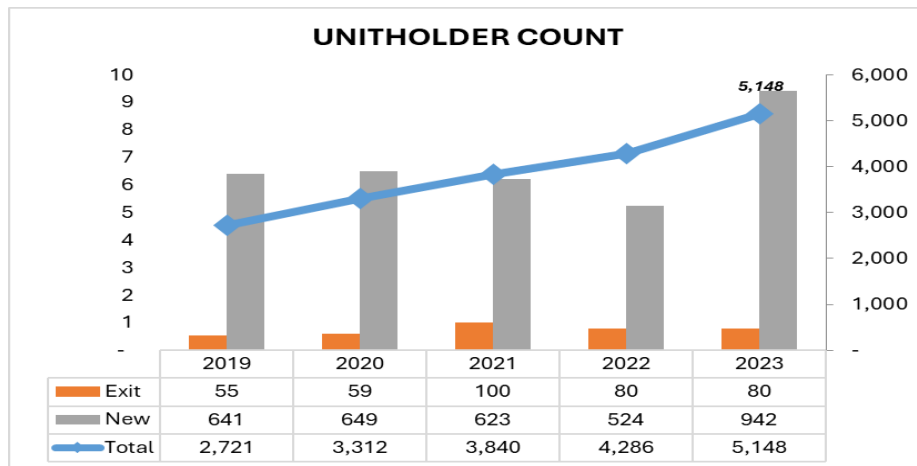
The Trust will continue to diversify its investments by exploring alternative classes to optimize the overall portfolio returns and mitigate risks/return preferences. We continue to diligently monitor investments to manage risks, optimize returns and protect long-term financial interest of unitholders.

## UNITHOLDERS

UTOS continues to gain popularity in Samoa and the diaspora around the world with a total number of unitholders as at 30 June 2023 of 5,141. The Trust has successfully expanded its client base, with the acquisition of new customers and retaining existing ones through high unitholder returns in the form of dividends and superior client service. In the financial year 2023, we recorded a total number of 942 new unitholders compared to 446 in the prior year. In spite of high number of new entrants, 80 unitholders exited the Trust Fund due to family obligations and other commitments. Regardless, the Trust remains dedicated to providing



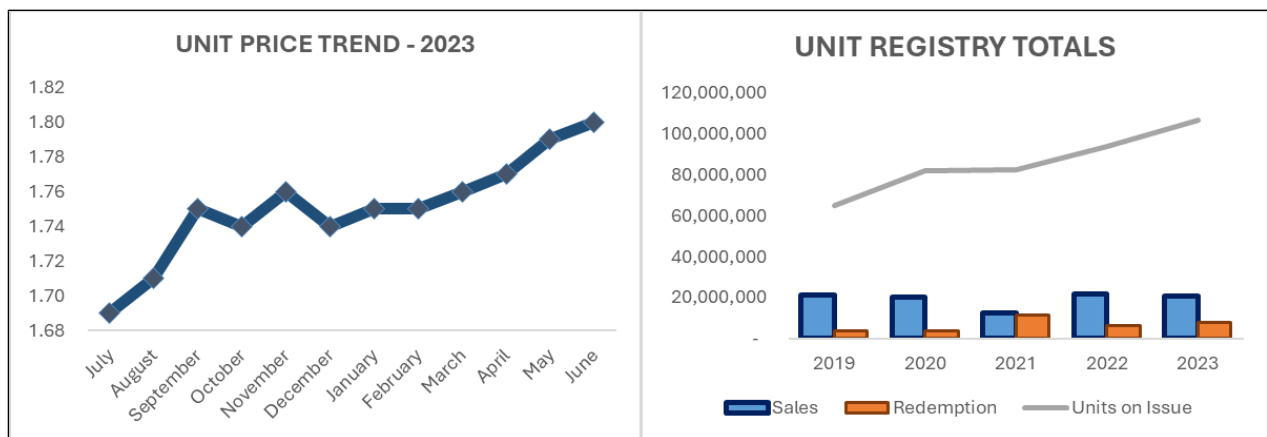
awareness across communities and to target overseas Samoans through advertising and promotions, roadshows and digital marketing.



## UNITS REGISTRY

The unit price at the start of the financial year was \$1.69 and reached \$1.80 at the end of June 2023. This directly affects the net worth of unitholders, as the value of their holdings increase, potentially providing them with greater financial security and future opportunities.

There has been an increase in unit sales for the Trust as well as increase in unit redemptions by unitholders. This rise in activity is indicative of a growing interest and engagement from both existing and potential unitholders. A total of 20.5million units valued at SAT\$35.7million was injected into the Trust during the year. This can be ascribed to a number of factors, including successful marketing efforts that have effectively conveyed the advantages and possible rewards of investing with the Trust. Amidst this, unit redemptions during the year also increased, which amounted to 7.8million units valued at SAT\$12.9million as various unitholders redeemed their units to cater to financial commitments. Overall, a net increase of 1.7million units in the registry compared to the previous year.



## INFORMATION TECHNOLOGY

Since the pandemic, the Trust has embraced digitalization to enhance operational efficiencies, optimize processes and reach a wider market. Major IT progressions during the year included UTOS public website upgrade, new server installation and the launch of online form applications for new applicants.

Additional digital avenues were launched to allow purchase of units from anywhere around the world through ANZ BillPay Platform and Talofa Voucher through Pacific40. With these new developments, the Trust has been able to streamline operations, improve customer experiences and gain a competitive lead in the market.

With continuous work towards digitization, the threat of cyber-attack remains our highest priority. Our cyber security resilience platforms with Up Guard and Zest IT service level



agreements are constantly renewed to ensure robust cyber security measures continue to be in place.

As technology continues to evolve, the Trust remains agile and adaptable to the digital landscape to stay relevant and continue to thrive in today's digital age.

## **GOVERNANCE**

The Trust is committed to maintaining the highest standards of transparency, accountability and ethical conduct in all aspects of its operations.

The Board of Directors of the Unit Trust of Samoa Management Company oversees the governance framework, ensuring it aligns with all relevant laws, regulations and best practices. This is to ensure transparency in governance and decision making create long-term value and upholds the trust and confidence of all unitholders.

The Trustees of the Trust heighten the level of fiduciary responsibilities adhered to by the Trust and Management company to safeguard the interest of the unitholders at every aspect of decision making.

## **FUTURE OUTLOOK**

The Trust aims to continue to be a key contributor to economic and social developments through the financing of local investments and generating returns not only for the unitholders from the Trust but also for the Government through the work of the UTOS Management Company. By emphasizing diversification, implementing robust risk management practices and embracing innovative technology, the Trust is expected to achieve commendable growth and prosperity for its unitholders.

In pushing investment portfolio to new heights, the Trust is reviewing the possibility of launching a new fund catered to long term infrastructure investments. In addition, the Management is also reviewing a long-term demand from the unitholders to open up its lending to the unitholders; we intend to develop and launch this project at the earliest convenience.

Furthermore, the main objectives of focus in the next three years are focused on the following;

- Effectively manage a diversified sustainable portfolio to deliver optimal returns
- To grow and retain a number of unitholders, so all may benefit financially.

- To nurture and develop staff to enhance their career growth prospects
- Enhance digital availability, accessibility and security of products and services

We hope to expand our market presence, increase unitholder returns and enhance our digital presence on various platforms. The success of the Trust is also reflected in its growth where UTOSM efforts have continued to grow the investment portfolio and expand its unitholder base not only for our local population but also amongst the diaspora. We strive to foster a culture of continuous improvement to enable us to stay ahead of industry trends and maintain a competitive edge.

### **ACKNOWLEDGEMENT**

We acknowledge with great appreciation the unwavering support and trust of our unitholders over the years. We are also thankful to the Government of Samoa and all local and overseas stakeholders of the Unit Trust of Samoa who contribute positively to its sustainable growth.

We thank the Board of Directors and the Trustees for their guidance and last but not least, the Management and Staff of the Management Company who are responsible for the daily operations of the Trust for their hard work throughout the year.

Ma le fa'aaloalo tele,



Magele Arthur Penn  
**CHAIRMAN  
UNIT TRUST OF SAMOA  
(MANAGEMENT) LTD**



Seulupe Michelle Macdonald  
**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 13th Annual Report covering the 2022/2023 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  
TAFILAGI TRUSTEE COMPANY LTD

  
Luana von Reiche Roache  
Director  
TAFILAGI TRUSTEE COMPANY LTD

**UNIT TRUST OF SAMOA (TRUST)**  
**CERTIFICATION BY TRUSTEE AND MANAGER**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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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 2023:

- a) give a true and fair view of the results of the Trust for yearend;
- 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 circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 17/04/2024 on behalf of the Directors of the Trustee company and Directors of the Management company; the Unit Trust of Samoa (Management) Ltd.



Magele Arthur Penn  
**Chairman**  
**UTOS Management Company Ltd**  
**Apia, Samoa**



Taito John Roache  
**Trustee**  
**Unit Trust of Samoa (Trust)**  
**Apia, Samoa**

# INDEPENDENT AUDIT REPORT

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Telephone (685) 22298/20760  
Facsimile (685) 21163  
P.O. Box 535, Apia, (W) Samoa  
Email: [suarimoni@samoa.ws](mailto:suarimoni@samoa.ws)  
Location: Lotopa, Apia, Samoa

**AH CHONG** *Public Accountants*

**Chartered Accountants**

## **INDEPENDENT AUDIT REPORT TO THE UNIT HOLDERS OF UNIT TRUST OF SAMOA (TRUST)**

### **Audit Opinion**

We have audited the accompanying financial statements of the Unit Trust of Samoa (Trust) for the year ended 30 June 2023 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 2023 and of its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

### **Basis of 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 Financial Statements* section of our report. We are independent of the Trust in accordance with 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 audit opinion.

### **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 Trustee 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 have 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.



**INDEPENDENT AUDIT REPORT (cont'd)**  
**TO THE UNIT HOLDERS OF**  
**UNIT TRUST OF SAMOA (TRUST)**

**Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

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 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 Trust'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 directors' 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 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.

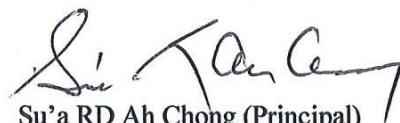
We communicate with the Manager and Trustee regarding, among other matters, the significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**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

Date: 17/4/2024

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



**UNIT TRUST OF SAMOA (TRUST)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

		2023	2022
	Notes	\$	\$
<b>EQUITY</b>			
Unitholder's Fund 106,563,522 units fully paid (2022: 93,818,791)		171,945,818	149,076,061
Reserves	3	9,778,471	7,122,811
Retained earnings		800,457	2,978,710
		<b><u>182,524,746</u></b>	<b><u>159,177,582</u></b>
Represented by:			
<b>ASSETS</b>			
Cash and cash equivalents	4	22,703,631	9,798,682
Financial assets at amortized cost	5	149,488,366	113,957,234
Financial assets held at fair value through OCI	6	83,447,078	80,872,326
		<b><u>255,639,075</u></b>	<b><u>204,628,242</u></b>
<b>LIABILITIES</b>			
Payables & Accruals	9	452,065	442,835
Dividend payable	10	8,525,082	7,505,503
Due to Government	11	2,370,000	3,160,000
Convertible & Promissory Notes	12	61,767,182	34,342,322
		<b><u>73,114,329</u></b>	<b><u>45,450,660</u></b>
<b>NET ASSETS</b>		<b><u>182,524,746</u></b>	<b><u>159,177,582</u></b>
		-	-

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

On behalf of UTOS (Management) Ltd  
- Fund Manager;



.....  
Magele Arthur R Penn  
**Manager**

On behalf of the Trustee;



.....  
Taito John Roache  
**Trustee**

**UNIT TRUST OF SAMOA (TRUST)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**AS AT 30 JUNE 2023**

	Note	2023 \$	2022 \$
<b>INCOME</b>			
Dividends		2,282,644	1,442,703
Interest	7	9,187,910	7,194,019
Gain on Foreign Exchange	6	-	671,243
Other Income	8	32,332	567,359
<b>Total Income</b>		<u>11,502,886</u>	<u>9,875,324</u>
<b>EXPENSES</b>			
Audit fee		22,200	22,600
Bank fees & charges		472	447
Loss on Foreign Exchange	6	80,908	-
Expected Credit Loss (write back)	5	18,708	118,785
Interest on convertible notes		1,710,463	1,029,160
Investment expense		83,553	715
Loss on unit withdrawals		726,735	549,077
Manager's fees	13	2,513,018	2,178,082
<b>Total Expenses</b>		<u>5,156,057</u>	<u>3,898,866</u>
<b>Net Income from operation</b>		<u>6,346,829</u>	<u>5,976,458</u>
<b>Plus Other Comprehensive Income (OCI):</b>			
Gain/(Loss) on Fair Value Equity Investments	6	2,655,660	1,428,383
<b>Total Comprehensive Income for the Year</b>		<u><u>9,002,489</u></u>	<u><u>7,404,841</u></u>

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

**UNIT TRUST OF SAMOA (TRUST)**  
**STATEMENT OF CHANGES IN EQUITY**  
**AS AT 30 JUNE 2023**

	Note	2023 \$	2022 \$
<b>Unitholders Fund</b>			
Balance at beginning of the year		149,076,061	129,365,597
Subscriptions from Unitholders		35,787,054	29,625,513
Redemptions by Unitholders		(12,917,297)	(9,915,049)
<b>Balance as at 30 June 2023</b>		<b>171,945,818</b>	<b>149,076,061</b>
<b>Reserves</b>			
Balance at beginning of the year		7,122,811	5,694,428
Add:			
Other Comprehensive Income (Loss)	6	2,655,660	1,428,383
<b>Balance as at 30 June 2023</b>		<b>9,778,471</b>	<b>7,122,811</b>
<b>Retained Earnings</b>			
Balance at beginning of the year		2,978,710	4,507,755
Add:			
Net profit for the year		6,346,829	5,976,458
Less:			
Dividend declared 0.08 sene per unit (2022: 0.08 sene)	10	(8,525,082)	(7,505,503)
<b>Balance as at 30 June 2023</b>		<b>800,457</b>	<b>2,978,710</b>
<b>Total Equity</b>		<b>182,524,746</b>	<b>159,177,582</b>

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

**UNIT TRUST OF SAMOA (TRUST)**  
**STATEMENT OF CASH FLOWS**  
**AS AT 30 JUNE 2023**

	Notes	2023 \$	2022 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was applied to:</b>			
Dividend paid		(6,614,223)	(6,609,728)
Operating expenses		(2,641,955)	(1,791,742)
Net cash inflow/(outflow) from operating activities		<u>(9,256,178)</u>	<u>(8,401,470)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was provided from(applied to):</b>			
Interest		745,463	1,767,062
Dividends received		2,782,643	1,542,703
<b>Cash was applied to:</b>		-	
Movement in term deposits		(23,300,681)	18,852,172
Movement in Capital Notes		1,637,351	4,819,904
Movement in Investment Securities		-	(29,428,585)
Investment in ATH		-	(21,014,054)
Investment in IFC BSP Financial Group		-	(13,302,076)
Net cash (outflow)/inflow from investing activities		<u>(18,135,224)</u>	<u>(36,762,874)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash was provide from(applied to):</b>			
Due to Government		(789,997)	(658,333)
Movement Convertible & Promissory Notes		20,506,274	19,520,482
Subscriptions from Unit Holders		35,989,268	28,676,390
Redemption to Unit Holders		(14,654,801)	(11,453,411)
Interest on notes		(754,393)	(809,795)
Net cash (outflow) inflow from financing activities		<u>40,296,351</u>	<u>35,275,333</u>
<b>NET INCREASE/(DECREASE) IN CASH</b>		12,904,949	(9,889,011)
Cash at Banks at beginning of year		9,798,682	19,687,693
<b>Cash and cash equivalents</b>	<b>4</b>	<u><u>22,703,631</u></u>	<u><u>9,798,682</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 2023

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#### 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 corona virus (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.

**UNIT TRUST OF SAMOA (TRUST)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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**(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.



# UNIT TRUST OF SAMOA (TRUST)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

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#### (e) Financial assets (continued)

##### *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 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.

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 cash flows;
- 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.

## UNIT TRUST OF SAMOA (TRUST) NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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### (e) Financial assets (continued)

#### *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.

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.

# UNIT TRUST OF SAMOA (TRUST)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

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#### **(e) Financial assets (continued)**

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

# UNIT TRUST OF SAMOA (TRUST)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

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#### **(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 Cash flow Model (DCF)
2. Net Tangible Asset Approach (NTA)
3. Future Maintainable Earnings Method (FME)
4. Capitalization of Dividends Method (CoD)

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.

#### *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.

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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2023**

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**(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 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 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 25% of the value of its assets.

**(q) Unitholder's Funds**

Unitholders' funds are classified as equity instruments.

**(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.

# UNIT TRUST OF SAMOA (TRUST)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

#### 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 recognised as revenue in the profit and loss.

#### 4. CASH AND CASH EQUIVALENTS

	2023	2022
<i>Cash at bank</i>	\$	\$
Bank of South Pacific	13,257,110	3,847,076
National Bank of Samoa	4,656	4,865
National Bank of Samoa (overnight)	9,441,865	5,946,741
<b>Total cash and cash equivalents</b>	<b>22,703,631</b>	<b>9,798,682</b>

#### 5. FINANCIAL ASSETS AT AMORTIZED COST

Term Deposits	25,000,000	1,500,000
Loans and receivables:		
Interest receivables	41,542	740
Dividend receivables	-	500,000
Receivable from Management	1,253,284	1,455,498
State Owned Enterprises (SOEs) - Capital Notes	80,037,637	67,566,566
Government of Samoa	43,627,080	43,386,899
Deduct Provision Expected Credit Loss	(471,177)	(452,469)
<b>Total financial assets at amortized cost</b>	<b>149,488,366</b>	<b>113,957,234</b>
 Current	 38,778,320	 11,403,305
Non-current	111,181,223	103,006,398
	149,959,543	114,409,703
 <b>Movement per Provision Expected Credit Loss</b>		
Opening balance	(452,469)	(333,684)
Write back on ECL / (Addition on ECL)	(18,708)	(118,785)
Bad debts written off against provision	-	-
Closing balance	(471,177)	(452,469)
<b>Total financial assets at amortized cost</b>	<b>149,488,366</b>	<b>113,957,234</b>

#### 6. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023	2022
<b>(a) Listed Equities</b>	<b>\$</b>	<b>\$</b>
Unit Trust of Fiji (3,199,407 units)	9,732,449	9,495,753
ATH (6,928,710 shares)	16,599,244	15,293,290
BSP Financial Group - 1,467,136 shares	13,896,212	13,302,076
 <b>(b) Unlisted Equities</b>		
Vodafone Samoa - 25% shareholding	14,853,151	14,813,648
ATH Int Ventures (PNG Digitec Communication) - 30% shareholding	21,505,377	21,203,287
Samoa Submarine Cable Company - 20% shareholding	6,860,645	6,764,272
<b>Financial Assets Held at Fair Value through OCI</b>	<b>83,447,078</b>	<b>80,872,326</b>



# UNIT TRUST OF SAMOA (TRUST)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

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#### 6. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continue)

##### 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 FY 2021.

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:

	<b>Level 1</b>	<b>Level 3</b>	<b>2023</b> <b>\$</b>	<b>2022</b> <b>\$</b>
Opening balance	38,091,119	42,781,207	80,872,326	44,456,571
Additional investments	-	-	-	34,316,129
Gain/(Loss) on FV revaluation	2,616,157	39,503	2,655,660	1,428,383
Gain/(Loss) on Foreign exchange	(479,370)	398,462	(80,908)	671,243
Balance at year end	<u>40,227,906</u>	<u>43,219,172</u>	<u><b>83,447,078</b></u>	<u><b>80,872,326</b></u>

**UNIT TRUST OF SAMOA (TRUST)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

<b>7. INTEREST INCOME</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Interest on Term Deposits	329,134	373,699
Other Interest Income	102,860	348,690
Interest on Capital Notes (SOEs)	5,534,331	3,693,791
Interest on Government Loans	3,221,585	2,777,839
<b>Total Interest Income</b>	<b>9,187,910</b>	<b>7,194,019</b>

<b>8. OTHER INCOME</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Commitment Fee	-	519,408
Admin Fees - Samoa Airways	32,332	47,951
<b>Total Other Income</b>	<b>32,332</b>	<b>567,359</b>

<b>9. PAYABLES &amp; ACCRUALS</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Audit fee	22,600	23,000
Interest on Convertible Notes	218,806	105,515
Payable to UTOS Management Ltd	210,659	314,320
<b>Total payables and accruals</b>	<b>452,065</b>	<b>442,835</b>

<b>10. DIVIDEND PAYABLE</b>		
Dividend payable	<b>8,525,082</b>	<b>7,505,503</b>

Final dividend was declared for unitholders as per Trust board meeting on the 4th July 2022 for the financial year ended 30 June 2023.

<b>11. DUE TO GOVERNMENT</b>		
Current	790,000	790,000
Non - Current	1,580,000	2,370,000
	<b>2,370,000</b>	<b>3,160,000</b>

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.

<b>12. PROMISSORY NOTES</b>		
Promissory Notes	61,767,182	34,342,322
<b>Total Promissory notes</b>	<b>61,767,182</b>	<b>34,342,322</b>

These represents a major source of funding for the Trust and are in effect a form of loan, with fixed term and interest rate.

# UNIT TRUST OF SAMOA (TRUST)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

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#### 13. 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) Magele Arthur Penn
- b) Tufao Fa'atuai Pulepule Fanolua
- c) Lemalu Patricia Ah Chong Fruean
- d) Seulupe Michelle Macdonald

##### **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.

	2023	2022
<b>Major Transactions with related parties</b>	<b>\$</b>	<b>\$</b>
Managers fees	2,513,018	2,178,082
Board, Management & Staff - Unit balances	1,243,480	2,385,605
<b>Owing by Related Parties</b>		
Net amount due from/(to)Managers	1,042,625	1,141,178

#### 14. 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 focuses 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 be 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.

# UNIT TRUST OF SAMOA (TRUST)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2023

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#### 14. FINANCIAL RISK MANAGEMENT (Continue)

##### 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	80,037,637	67,566,566
Government of Samoa loan	43,627,080	43,386,899
Term deposits	25,000,000	1,500,000
	<b>148,664,717</b>	<b>112,453,465</b>

##### 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 exposure of credit risk in the Trust's portfolio is as follows:

Capital Notes	80,037,637	67,566,566
Government of Samoa loan	43,627,080	43,386,899
Cash and term deposits at bank	47,703,631	11,298,682
Listed and unlisted equities	83,447,078	80,872,326
<b>Total Gross</b>	<b>254,815,426</b>	<b>203,124,473</b>

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 2023

#### 14. FINANCIAL RISK MANAGEMENT (Continue)

##### (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
<b>As at 30 June 2023</b>				
Cash & Cash equivalents	-	22,703,631	-	22,703,631
Term Deposits	-	25,000,000	-	25,000,000
Investment Securities	124,421,384	538,159	-	124,959,543
Listed & Unlisted equities	83,447,078	-	-	83,447,078
	<b>207,868,462</b>	<b>48,241,789</b>	<b>-</b>	<b>256,110,252</b>
	No Specific Maturity	Less than 6 months	Between 6 months & 1 year	Total
<b>As at 30 June 2022</b>				
Cash & Cash equivalents	-	9,798,682	-	9,798,682
Term Deposits	-	1,500,000	-	1,500,000
Investment Securities	111,311,431	1,598,272	-	112,909,703
Listed & Unlisted equities	80,872,326	-	-	80,872,326
	<b>192,183,757</b>	<b>12,896,954</b>	<b>-</b>	<b>205,080,711</b>

##### (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's 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.

**UNIT TRUST OF SAMOA (TRUST)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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**15. CONTINGENT LIABILITIES**

The Trustee and the Manager are not aware of any contingent liabilities at year end. (2022: SAT\$ Nil).

**16. 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 2023, the project has been completed and repayment will be in effect in July 2023.

Cabinet FK(23) 20 dated 24th March 2023 activated government guarantee. Awaiting consultation with MoF, UTOS board of directors have proposed a revised terms and conditions for the Samoa Airways loan. As of June 2023, interest rate of 6.9% remains unchanged but Penalty fees from January 2023 to June 2023 have been reversed or not taken up. The interest will reduce to 5% starting July 2023 as per Cabinet decision and Monthly repayments of \$362,762 will also commence in July 2023.