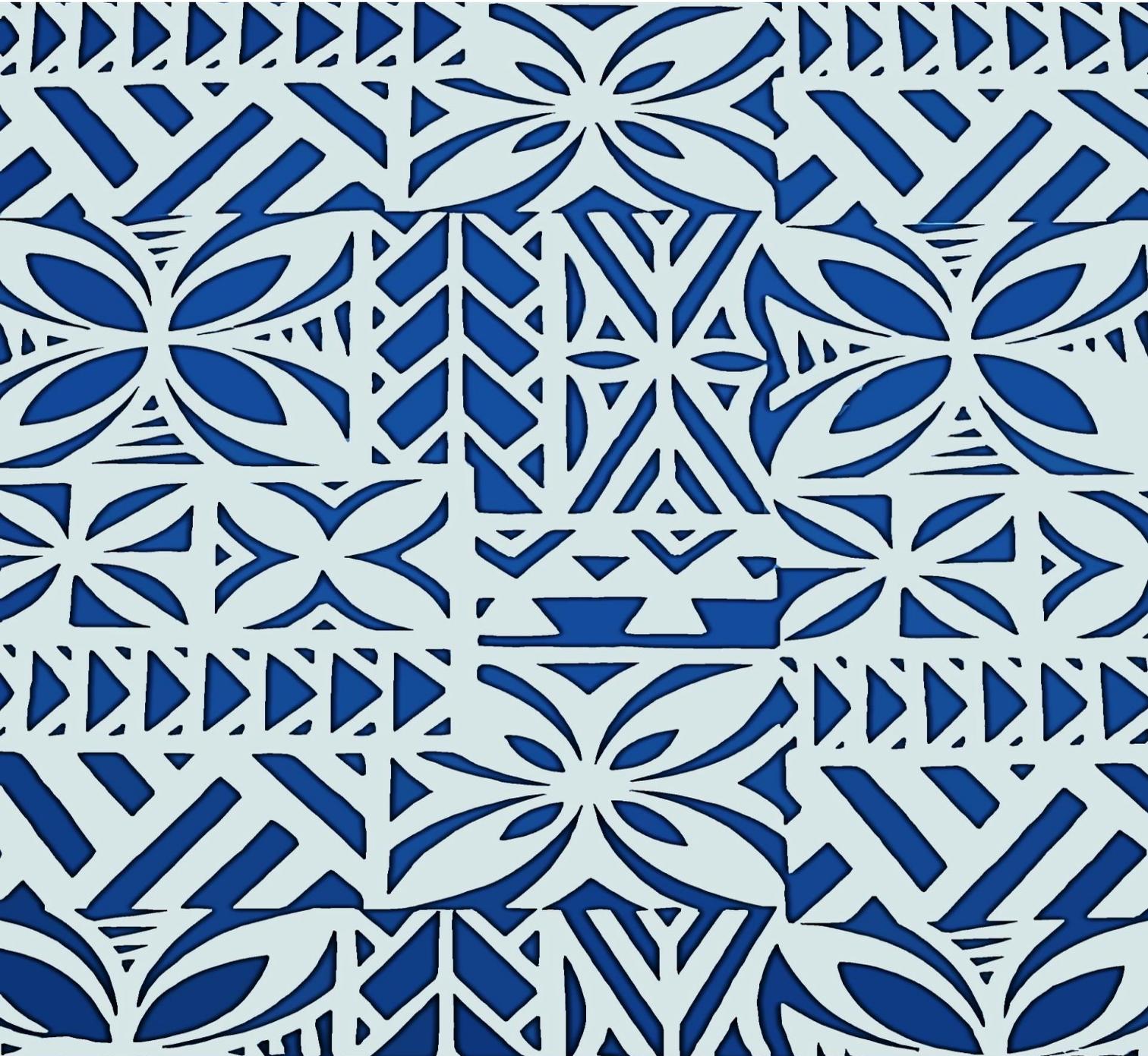


ANNUAL REPORT 2018 | 13TH EDITION



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



Email: sili.tuioti@cbs.gov.ws;
sili.tuioti@mof.gov.ws;
Telephone: (685) 34-333/34385
Facsimile: (685) 21-312/20293

Government of Samoa
OFFICE OF THE MINISTER OF FINANCE

27 November 2018

The Honourable Speaker
Legislative Assembly of Samoa

Pursuant to section 20(5) of the *Samoa International Finance Authority Act 2005*, I have the honour to submit the report of the Samoa International Finance Authority on its operations for the twelve months that ended on the 30th June 2018, together with the audited accounts for that period and the report of the Auditor on those accounts.

A handwritten signature in black ink, appearing to read 'Sili Epa Tuioti'.

Hon. Sili Epa Tuioti
MINISTER OF FINANCE



Samoa International Finance Authority

Please address correspondence to
THE CHIEF EXECUTIVE OFFICER

26 November 2018

Hon. Sili Epa Tuioti
Minister of Finance
Ministry of Finance
APIA

Dear Honourable Minister

I have the honour of submitting the Annual Report of the Samoa International Finance Authority as required by the *Samoa International Finance Authority Act 2005* for the financial year 1 July 2017 to 30 June 2018.

The report comprises:

- (a) a report on the Authority's operations during the twelve (12) months ending on 30 June 2018; and
- (b) the Authority's audited accounts for the twelve (12) months ending June 2018 together with the auditor's report.

Yours faithfully


Totoooleaava Dr. Fanaafi Aiono-Le Tagaloa
CHIEF EXECUTIVE OFFICER

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CHAIRPERSON'S STATEMENT



As Chairperson of the Board of Directors of the Samoa International Finance Authority (SIFA), I am pleased to present the Annual Report for SIFA for the financial year 2017/2018.

In the conduct of its normal business for the past 12 months, SIFA continued to pursue a policy of excellence in the regulation and supervision of the entities within its jurisdiction.

It achieved this by working closely with its private sector clients and through the continued training of its management and senior staff at overseas forums and peer review groups.

This kept the staff abreast of the ever changing world of international finance and wealth management.

SIFA was also generous in its sponsorship and promotional grants to local sporting bodies (rugby, netball, etc.) and several community projects aimed at assisting youth.

The net result of its operations for the year in review is a profit of SAT\$21.8 million. I congratulate the Chief Executive Officer, Management and Staff for the hard work.

Despite the stringent international standards for offshore financial centres, constant changes in tax reporting regulations, pressure from standard setters and competition from renowned offshore markets, SIFA was able to operate successfully due mainly to the support from Government and the diligent and dedicated work of its Directors, Management and Staff.

I record my congratulations to the Board of Directors, Management and Staff of SIFA for a job well done.

A handwritten signature in blue ink, reading 'Tuatagaloa Alfred Schwalger'. The signature is written in a cursive style and is positioned above a horizontal line.

Tuatagaloa Alfred Schwalger

CHAIRPERSON SIFA BOARD OF DIRECTORS

CHIEF EXECUTIVE OFFICER'S STATEMENT



The 2017/2018 financial year, amid many challenges the Samoa International Finance Authority (SIFA) continued to make inroads in relation to its statutory functions plus the usual day to day service of the financial community and the people of Samoa.

The 2017/2018 financial year also saw the successful conclusion of the **SIFA Strategic Plan 2016-2018** continuing our **Vision**: 'Moving with the times' and **Mission**: 'To secure a niche for Samoa in the Global Market as a reputable financial services centre'.

Drawing on SIFA's statutory functions under the *Samoa International Finance Authority Act 2005*, SIFA's identified Strategies for 2016 - 2018 were as follows:

- Effectively monitor and supervise the conduct of international financial services provided within Samoa.
- Protect and maintain the good repute of Samoa as an international financial services centre.
- Recommend the creation and improvement of any facilities to enhance the attraction of Samoa as an international financial services centre.
- Recommend new and amended legislation for international financial services.
- Effectively coordinate the cooperation between public and private sector agencies concerned with international financial services.

A few highlights of SIFA's successful completion of its strategic goals for 2016-2018, in the past twelve (12) months included, on the legislative front, the passage of the long-awaited *Trustee Companies Act 2017* in November 2017 and its Regulations in December 2017. It was the 'red letter day' for SIFA in 2017/2018.

SIFA's Distance Learning Course on international estate planning and structuring was repeated in February 2018, to build the knowledge and capacity of local professionals on how to fully utilise new and existing statutory-based solutions.

Promotional efforts took SIFA to China, Hong Kong, Singapore and Dubai. SIFA's major sponsorship also continued for the Samoa Rugby Union – Manu Samoa 7s, Samoa Netball Association and many other sporting codes.

The cross border nature of SIFA's business necessitates training on international standards of best practice in supervisory issues to continue. With a desire to ensure a high level of skills and knowledge being retained in SIFA in such a dynamic area, workshops and training particularly on ever changing international standards remains in the fore of Management Training.

As such, senior Management and staff have attended meetings and workshops conducted by the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes, the International Monetary Fund (IMF) and the Corporate Registers Forum (CRF), besides peer regulatory annual meetings of the Group of International Finance Centre Supervisors (GIFCS), Group of International Insurance Centre Supervisors (GIICS) and the Asia Pacific Group (APG) on anti-money laundering and counter terrorism financing.

Amid the many changes on the regulatory front and market fluctuations due to *inter alia*, geopolitical power shifts, SIFA performed well; shown in its net profit of SAT\$21.8 million for this financial year.

We therefore continue to give God the glory for all the blessings and success SIFA has experienced over these past twelve (12) months, and we thank and honour Him and ask that His face continue to shine upon us.

Faafetai tapuai!



Tootooleaava Dr. Fanaafi Aiono-Le Tagaloa
CHIEF EXECUTIVE OFFICER

1. Management and Functions of the Samoa International Finance Authority

The Samoa International Finance Authority (SIFA) is managed by a Chief Executive Officer (CEO) appointed by Cabinet on the advice of the Minister. SIFA assumes responsibilities of a one stop regulatory shop which is in accordance with accepted international standards for banking, insurance and corporate service provider regulation.

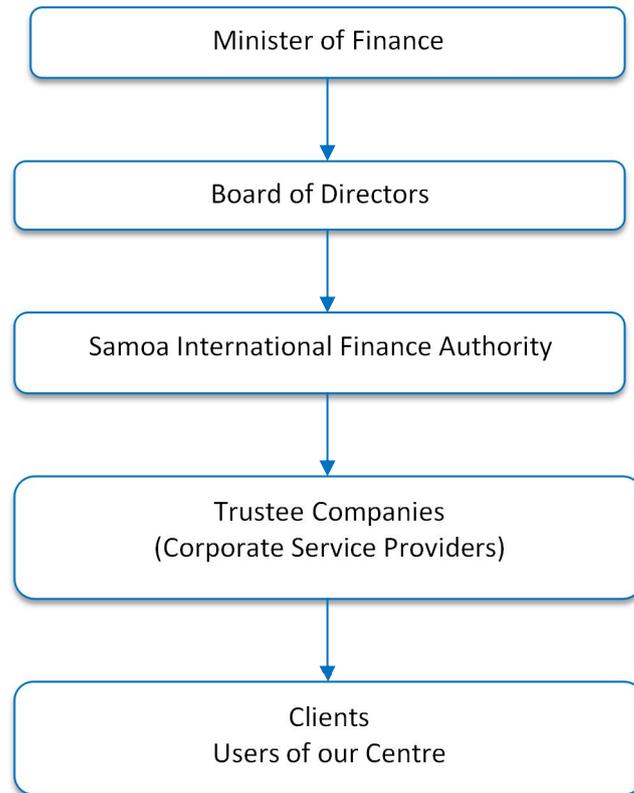
SIFA is administered by a Board of Directors consisting of three (3) Government officials (the Governor of the Central Bank, the Attorney General and the Chief Executive Officer of the Ministry of Finance) and up to four (4) directors from the private sector. The latter must have financial services background with relevant knowledge, experience and expertise to aid SIFA in its performance. The Chairman is elected from the four (4) Private Sector Directors.

On the one hand SIFA performs a regulatory and supervisory function where the ultimate objective is to protect and uphold the reputation and integrity of our Centre whilst on the other hand promote the financial facilities and explore ways to enhance the attraction of Samoa as an international finance centre.

SIFA's functions pursuant to section 4 of the *Samoa International Finance Authority Act 2005* are:

- ⇒ To monitor and supervise the conduct of international financial services provided within Samoa;
- ⇒ To protect and maintain the good repute of Samoa as a centre for international financial services;
- ⇒ To ensure coordination and cooperation between the public sector agencies, private corporations and non-governmental organizations concerned in any way with international financial services;
- ⇒ To promote Samoa as a centre for international financial services;
- ⇒ To make recommendations for the introduction, amendment or replacement of legislation pertaining to international financial services, companies and other forms of business structures;
- ⇒ To carry out research and to commission studies on the international business sector and related services;
- ⇒ To be responsible for the general administration of international financial services legislation and for the collection of all fees, charges and other revenue due thereunder;
- ⇒ To advise and make recommendations to the Government generally on any matter relating to international financial services; and
- ⇒ Such other functions in relation to international financial services as may by Order be made by the Head of State.

The following represents the current structure of Samoa International Finance Authority:



2. Structure of the Samoa International Finance Authority

2.1 Board of Directors



Standing (L-R): Loau Donald Kerslake – Private Sector, Magele Philip Penn – Private Sector

Sitting (L-R): Muagututia Lafaele Ngau Chun – Private Sector, Tuatagaloa Alfred Schwalger – Chairperson, Maiava Atalina Ainuu – Enari – Governor Central Bank of Samoa.

Absent: Lemalu H.P. Retzlaff – Attorney General, Lavea Tupa’imatuna Iulai Lavea – CEO Ministry of Finance.

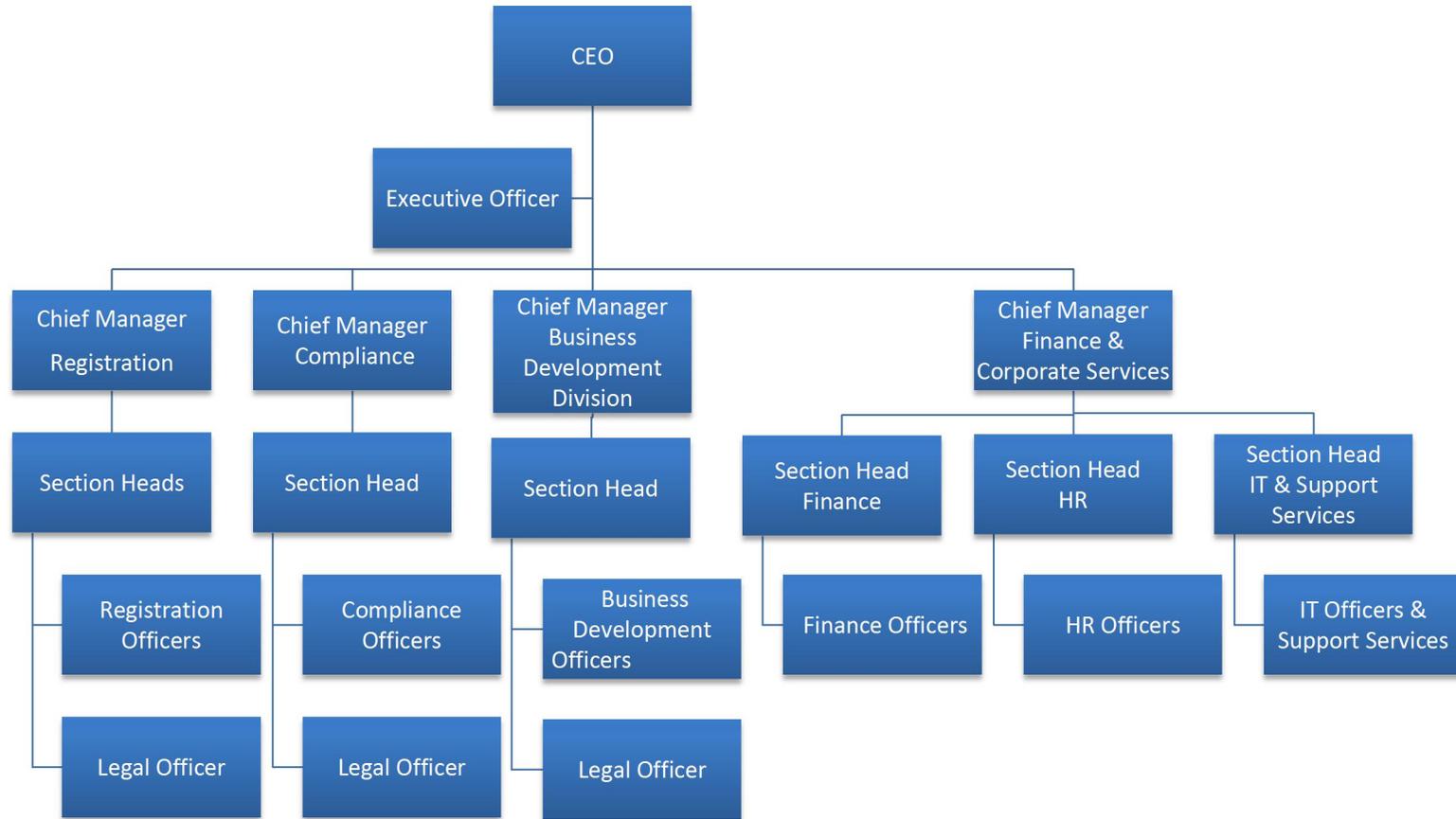
2.2 Management



(L-R): Li’o Heinrich Siemsen – Chief Manager Registration, Kalala Mataia – Section Head Quality Assurance, Luaipou Iosefa – Section Head Registration & SRS, Cheshire Malua – Chief Manager Compliance, Moana Ah Poe – Section Head IT & Support Services, Tootoooleaava Dr. Fanaafi Aiono-Le Tagaloa – Chief Executive Officer, Ramona Rimoni-Jahnke – Section Head Archives, Apostilles & Charges, Koroseta Lesatele – Section Head Human Resource, Mesepa Tapuitea Lafaialii-Petaia – Chief Manager Business Development Division, Kolisi Simamao – Section Head Compliance

Absent: Desmond Chan Ting – Section Head Finance and Watsonia Fereti – Section Head Business Development Division

2.3 Organisational Structure



SIFA currently employs 12 Management, 36 Staff members and 1 Temporary Employee who works in the Registration Division. There were 6 Staff members and 1 Management member who resigned during the 2017/2018 Financial Year. SIFA hired 7 New Staff members: 2 Legal Officers, Executive Officer, Finance Officer, Compliance Officer, Receptionist and an Office Attendant. One of our Compliance Officers was promoted to the position of Section Head Registration to replace the Outgoing Section Head Registration who resigned for greener pastures in New Zealand. The New SIFA Organisational Structure and the Performance Evaluation and Remuneration Framework was approved by the Board in August 2017 and was launched on the 1st September 2017. The New Organisational Structure has 58 positions with 48 being filled while 10 positions remain vacant mainly due to space constraints while we await the completion of our new Building.

2.4 Staff Members



3. Governing Legislation of SIFA

The Samoa International Finance Authority (SIFA) was established by the *Samoa International Finance Authority Act 2005* (SIFA Act) and administers the following legislation. To ensure compliance with international standards and keeping abreast of developments in the offshore world, SIFA and relevant local bodies regularly review its laws with a view to further diversify its offerings.

1. *International Companies Act 1988*
2. *International Insurance Act 1988*
3. *International and Limited Partnership Act 1998*
4. *Segregated Fund International Companies Act 2000*
5. *Samoa International Finance Authority Act 2005*
6. *International Banking Act 2005*
7. *Money Laundering Prevention Act 2007*
8. *Mutual Assistance in Criminal Matters Act 2007*
9. *Proceeds of Crime Act 2007*
10. *Mutual Funds Act 2008*
11. *Electronic Transactions Act 2008*
12. *Special Purpose International Companies Act 2012*
13. *Counter Terrorism Act 2014*
14. *Trusts Act 2014*
15. *Foundations Act 2016*
16. *Trustee Companies Act 2017*

4. Activities of SIFA

To ensure that its activities are in line not only with international standards but matching developments applied in other renowned offshore centres, SIFA continues with its active membership in various international fora as follows:

- ⇒ Founding member of the Corporate Registers Forum (CRF);
- ⇒ Member of the Group of International Insurance Centre Supervisors (GIICS);
- ⇒ Member of the International Tax Planning Association (ITPA);
- ⇒ Member of the Group of International Finance Centre Supervisors (GIFCS);
- ⇒ Member of the Asia Pacific Group on Anti-Money Laundering and Counter Terrorism Financing ; and
- ⇒ Member of the OECD's Global Forum and the Global Forum's Peer Review Group on Transparency and Exchange of Information for Tax Purposes.

SIFA through its different Divisions ensures that it performs its respective functions in order to efficiently serve its clientele and remain current.

4.1 Registration Division: provides registration services for international companies and other vehicles such as segregated and mutual funds, the special purpose international company and others. In addition, the Registration team is responsible for maintaining up to date records of all entities registered and licensed by SIFA thus ensuring the accuracy of all Registers kept.

An application for the incorporation of an entity is made to the Registrar of Foreign and International Companies through a licensed trustee company. The incorporation fee is USD\$300 and is lodged together with the company's Memorandum and Articles of Association and the Notice of situation of registered office. The process is relatively simple with minimal filing requirements and usually takes no more than a day. Fees for registration of Foundations and other registered entities are in accordance with the set fee schedule in the legislation governing the formation of the entities.

The Registration team also deals with other services incidental to registered entities already registered such as the provision of certificates of good standing, name changes, winding up of companies, share and capital increase and reduction, amalgamations and so forth.

The months of January and February are peak periods for the Registration Division. The total number of international companies registered with SIFA for this financial year is three thousand six hundred and sixty three (3,663). Live international companies registered with SIFA as at June 2018 totalled 37,034.

The total gross number of international companies registered with SIFA since inception is 82,874.

There are currently twelve (12) licensed trustee companies in Samoa working with SIFA.

The demanding pace and high standards expected by our clients has the Registration team constantly striving to deliver a professional service that is world class.

4.2 Compliance Division

The Compliance Division is required under the *Samoa International Finance Act 2005* to supervise entities licensed under the various international financial services legislation such as trustee companies, international banks, international insurance and international mutual fund companies. This is in line with one of SIFA's functions which is: **to monitor and supervise the conduct of international financial services provided within Samoa.**

The Compliance Team comprising of seven (7) staff members ensures that all the licensed international entities operating in Samoa comply with the relevant laws that take into account international standards. Our compliance officers continue to build their supervisory and regulatory knowledge through attending seminars and trainings overseas as well as online courses.

The principal legislation governing the supervision of these entities include the *Samoa International Finance Authority Act 2005*, the *International Companies Act 1988*, the *Trustee Companies Act 2017*, the *International Banking Act 2005*, the *International Insurance Act 1988*, the *International Mutual Funds Act 2008* and the *Money Laundering Prevention Act 2007*.

The Compliance Team carried out four (4) rounds of onsite visits during the financial year focussing on the Trustee Companies as well as the international companies' Know Your Customer (KYC) procedures, keeping of accounting records, and beneficial ownership information.

As at the end of June 2018, the number of international entities licensed and registered with SIFA are as follows:

<i>Licensed Entities</i>	<i>No</i>
<i>Trustee Companies</i>	12
<i>International Banks</i>	2
<i>International Insurance Companies</i>	3
<i>International Mutual Fund Manager and Administrator</i>	4
<i>International Mutual Fund Companies</i>	4
<i>International Insurance Managers</i>	2
<i>Auditors</i>	16
<i>Liquidators</i>	15

4.3 Finance & Corporate Services

4.3.1 Finance

For this financial year, our Finance Section endeavoured to meet all its functions within SIFA. That is to record, report and maintain financial information in order to assist the Board and Management in their decision making.

Our newly adopted Accounting System, **FRONT ACCOUNTING**, has been beneficial for the team as it has helped greatly with the preparation of our monthly, quarterly and annual reports in regards to speed, efficiency and reliability.

Our audit for the financial year 2017/2018 commenced on the 16th July 2018 and was completed and signed on the 25th October 2018.

It has indeed been another successful year for the Finance Section.

4.3.2 Human Resource

The Human Resource Section's main task is to administer and coordinate the overall operations of the section to ensure SIFA staffing needs are fully supported. It is also our responsibility to develop and maintain a skilled and knowledgeable workforce to effectively and efficiently carry out SIFA's functions.

4.3.3 IT & Support Services

There are nine (9) members of the IT & Support Services Section, two (2) IT officers are assigned to provide and uphold ICT policies and agreed standards. Installation of all ICT equipment, software and networks. Ensure continuous support for all SIFA users on the use of any ICT equipment. Maintenance and security of all ICT equipment, software and networks. They have been attending relevant trainings and consultations on ICT areas, as well as keeping up to date with changes in local Government ICT policies and legislations.

Our support officers (7), provide efficient and effective services for SIFA in terms of transportation, reception, librarian at the paediatric unit of the national hospital, office cleaning and administration of procurement and supply services.

4.4 Business Development Division

SIFA's Marketing Section was renamed "Business Development Division" (BDD) with the launch of SIFA's Re-structure in September 2017. BDD reflects the developing scope in promotional and marketing activities of SIFA as alluded to by five (5) of the ten (10) core functions of SIFA under the *SIFA Act 2005* through the use of SIFA's marketing brand "INVEST SAMOA."

On the promotional front, marketing work continued under the promotional brand of "INVEST SAMOA" through a Series of Seminar Presentations lead by SIFA Consultant Mr Mark Lea in Dubai for the first time in November 2017 and again in Singapore and Hong Kong in April 2018.

INVEST SAMOA attended the annual China Offshore Summit Conference in Shanghai in October 2017 and subsequently the annual STEP Asia Conference in Singapore in November 2017. Two (2) local lawyers and an accountant from the private sector joined Samoa's delegation at the STEP Asia Conference as part of INVEST SAMOA's close collaboration with the industry and private sector.

The “Invest Samoa Newsletter” was officially launched on the 14th February 2018 during our first official meeting with our main stakeholders namely, Trustee Companies. The Newsletter is a crucial aspect of BDD’s work providing a portal for information on current issues and developments that affect the work of our industry here in Samoa and abroad such as the Automatic Exchange of Information initiative spearheaded by the Ministry for Revenue and the Common Reporting Standard.

Local capacity building and professional development initiatives continued the drive for INVEST SAMOA’s promotional campaign with the International Estate Planning and Structuring Course taught by Mr Mark Lea taking place from the 19th February – 2nd March 2018. The training attracted private lawyers, accountants and trustee company representatives for two (2) weeks of intensive discussion on international estate planning and structuring, Samoan Trusts, Partnerships and Companies.

A significant milestone in the “INVEST SAMOA” Series of Seminar Presentations conducted in Hong Kong and Singapore saw the launch of the inaugural “INVEST SAMOA” Seminar Presentation at Zhejiang University in Hangzhou China on the 15 June 2018. The inaugural seminar is part of our efforts to enter the Chinese market to establish contacts, network with Chinese professional service providers that will eventually use Samoan solutions for international estate planning and structuring.

In the wake of international events affecting the international finance landscape, BDD continues to look at ways to progress with its marketing plan whilst at the same time taking note of the constant and prevalent changes affecting the conduct of business and the way forward for SIFA.

As such, another historical milestone saw the passage of the new *Trustee Companies Act 2017* (TCA) in December 2017 which repealed the previous *Trustee Companies Act 1988* that governed the operation of trustee companies since the inception of the industry in Samoa in 1987. The cutting edge TCA hopes to assist BDD in its quest to promote Samoa as a relevant and up to date jurisdiction and bring more business onshore.

On the sponsorship front, we continued to contribute to the local community through sports and welfare community initiatives. Governed by the Sponsorship Guidelines and the Community Service Guidelines, requests were put through a qualifying process to vet proposals and processed according to the Sponsorship and Community Services Policies.

Sponsorships for this financial year included Samoa’s national sports teams, projects or activities that have a national impact and reach.

“INVEST SAMOA” maintained the Naming Rights to the Manu Samoa Sevens team, the Toa Samoa Rugby League team, Invest Samoa Open 2018 and the Samoa National Netball Team.

Whilst sponsorship is oriented towards activities that offer “INVEST SAMOA” exposure in desired target markets, the community services on the other hand contributed to initiatives that are often overlooked by the corporate community due to their marginal capacity to provide a return on investment due to the nature of their operations. For this financial year, our community service portfolio included the National Hospital’s Children’s library, literacy, education, animal protection, leadership and rehabilitation of deportees, Mapuifagalele, youth spiritual health and victims of crime.

5. Development

5.1 Professional Trainings, Workshops, Seminars and Conferences

The following training workshops and seminars were attended by our Staff during the year:

Professional Trainings and Workshops

- ⇒ Internet Intelligence Course in London – September 2017
- ⇒ The Asean Insurance Training & Research Institute (AITRI) Workshop on AML/CFT Supervision and Compliance, Singapore – October 2017
- ⇒ Group of International Insurance Centre Supervisors (GIICS) Mid-Level Training, Bermuda – November 2017
- ⇒ Group of International Insurance Centre Supervisors (GIICS) Auckland Mid-Level Training Seminar, New Zealand – January 2018
- ⇒ Financial Modelling for Budgeting and Forecasting using Excel, Fiji – April 2018
- ⇒ Quality Assurance Attachment with the New Zealand Companies Office – May 2018

Seminars and Conferences

- ⇒ 20th Asia Pacific Group Annual Meeting, Colombo, Sri Lanka – July 2017
- ⇒ 26th Meeting of the Peer Review Group, Switzerland – July 2017
- ⇒ Cook Islands Mutual Evaluation Asia Pacific Group Assessment – September 2017
- ⇒ Research Task Force Workshop on “The Impact of banking regulation on financial markets”, Basel, Switzerland – September 2017
- ⇒ 27th Meeting of the Peer Review Group, Paris, France – October 2017
- ⇒ International Tax Planning Association Meeting, Lake Como, Italy – October 2017
- ⇒ Group of International Finance Centre Supervisors Plenary Meeting, Bermuda – November 2017
- ⇒ 10th Plenary Meeting of Global Forum on Transparency and Exchange of Information for Tax Purposes, Yaoundé, Cameroon – November 2017
- ⇒ Cook Islands Mutual Evaluation Asia Pacific Group Assessment – November 2017
- ⇒ 28th Meeting of the Peer Review Group, Paris, France – March 2018
- ⇒ Group of International Finance Centre Supervisors (GIFCS) Plenary Meeting, London, United Kingdom – May 2018
- ⇒ Group of International Insurance Centre Supervisors (GIICS) Seminar and Annual General Meeting, Bermuda - May 2018
- ⇒ Cook Islands Mutual Evaluation Asia Pacific Group Assessment – May 2018
- ⇒ Corporate Registers Forum Meeting, Botswana – May 2018
- ⇒ 29th Meeting of the Peer Review Group, Vaduz, Liechtenstein – June 2018

5.2 Online Registration System

SIFA upgraded its online system to use security stronger than most banks. Specifically, the system now uses Transport Layer Security version 1.2 with Modern Cryptography, a Secure Key Exchange, and Two-Way Authentication (most banks only use one way).

SIFA's systems are now protected from sophisticated eavesdropping, man in the middle, impersonation, and compromised key attacks.

In addition to the new extensive security features, the online system now has the capability to accept dual language name e-filing. This means that the system can now electronically capture, render and process dual language names and provides secure electronic delivery and retrieval of documents.

5.3 Social Club

In the past twelve months, our Social Club raised funds through monthly walkathons, casual days, social club canteen and of course our fortnightly staff contributions. The Social Club raised enough funds to organise our Office Beach Trip to Tafatafa in October 2017 which was our biggest activity of the year. Our expenses included visitation of sick staff members, gifts for new-born babies, guest speakers, funerals, weddings and outgoing staff gifts. The Social Club activities are important not only to encourage team work but to develop a healthy and strong working relationship among employees.

6. Samoa International Finance Authority Financial Performance

Audited Accounts Summary:

Financial position:

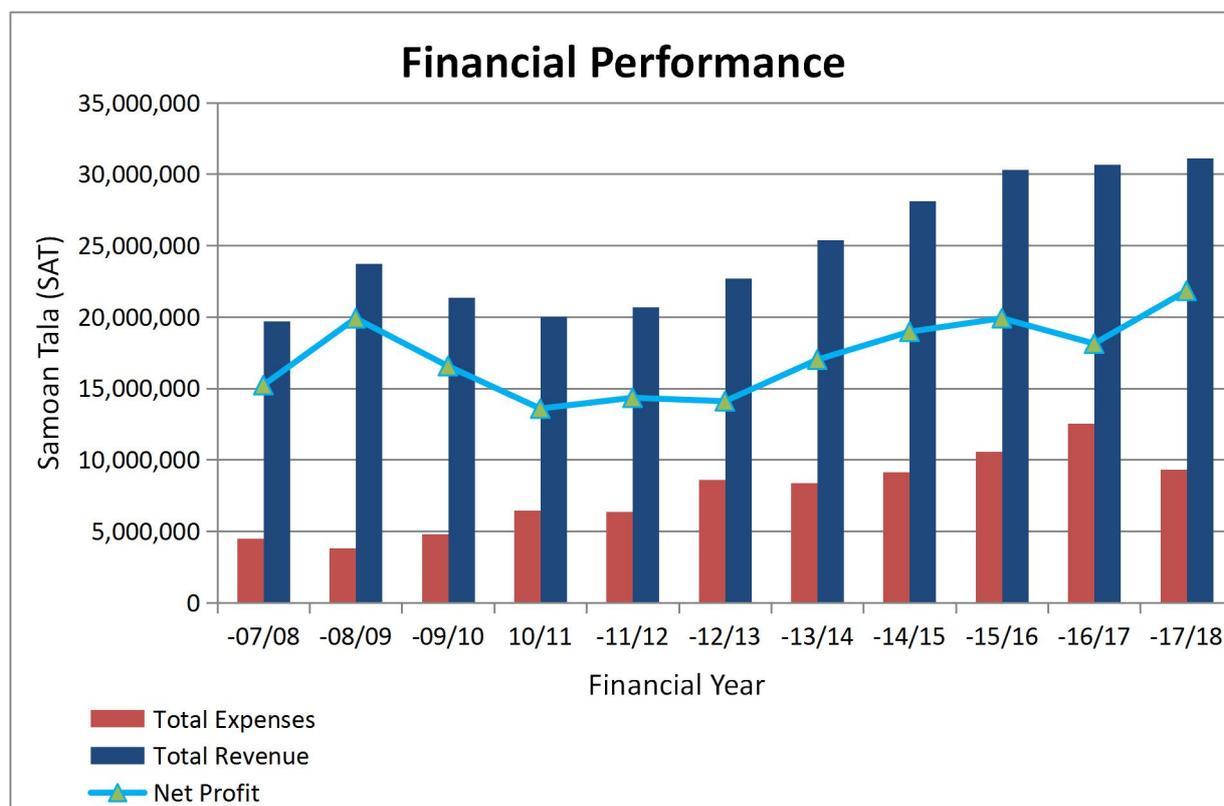
SIFA recorded an increase of approximately 16.8 percent in total assets from SAT75.4million in the prior year to SAT88.2million this financial year. These assets are mainly cash and term investments representing 88.4 percent of total assets.

Financial Performance:

SIFA recorded an increase of 1.5 percent of the total revenue of SAT31.1 million compared to SAT30.6 million recorded in the prior year. Such increase is the result of the increase in the level of government fees collected during the year and the favourable interests earned on term investments.

Total operating expenses showed an increase of approximately 1.7 percent from SAT9.6 million expended in the prior year to SAT9.8 million recorded in the current financial year. SIFA's net profit for year ending 30 June 2018 has increased by 20.4 percent from SAT18.1 million in the prior year to SAT21.8 million recorded in the current financial year. The increase is mainly due to no loss of asset exchange reported in the current financial year. A SAT3 million loss on asset exchange was reported in the financial year ending 30 June 2017 under other gains and losses compared to a gain of SAT 0.535 million at the end of June 2018.

CHART 1:



FINANCIAL \$TATEMENTS

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**Samoa International Finance Authority Directors Report
For the Year Ended 30 June 2018**

The Directors present their report together with the financial statements of the Samoa International Finance Authority (SIFA) for the year ended 30 June 2018 as set out on the accompanying pages and the Auditor's report in accordance with the requirements of the *Samoa International Finance Authority Act 2005* (SIFA Act).

Directors

The Directors of SIFA at the date of this report are:

Tuatagaloa Alfred Schwalger (Board Chairman)	Loau Donald Kerslake
Lemalu Hermann Paul Retzlaff	Maiava Atalina Ainuu-Enari
Lavea Tupa'imatuna Iulai Lavea	Muagututia Lafaele Ngau Chun
	Magele Philip Penn

The Board members were appointed for a term of three years.

Principal Activity

The principal activity of SIFA is to monitor and supervise the conduct of international financial services in Samoa. There has been no change in the principal activity of SIFA during the year or any of the classes of business that it operates in.

State of Affairs

In the opinion of the Directors:

- (i) the accompanying Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash Flows are drawn up so as to give a true and fair view of the operations and results of SIFA for the year ended 30 June 2018.
- (ii) the accompanying Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of SIFA as at 30 June 2018.

Operating Results

The net profit for the year is SAT21,823,326 (2017: net profit SAT18,128,024).

General Fund

The Directors approved \$15,000,000 (2017: \$15,000,000) from the General Fund to be paid to the Government for the year ending 30 June 2018 in accordance with the SIFA Act. From the \$15,000,000 approved, \$8,314,012 was paid as at 30 June 2018 and the balance of \$6,685,988 to be paid in the new financial year ending 30 June 2019.

Dividends

For the 2018/2019 financial year, the Directors shall pay into the Government Treasury Fund such amount, if any, as shall be determined by the Minister acting on the advice of SIFA, pursuant to section 18 of the SIFA Act 2005.

Dated at Apia, this 25th day of October, 2018.

Signed in accordance with a resolution of the Directors.


Tuatagaloa Alfred Schwalger
CHAIRMAN


Maiava Atalina Ainuu-Enari
DIRECTOR

**Samoa International Finance Authority
Management Responsibility Statement
For the Year Ended 30 June 2018**

The accompanying Financial Statements are the responsibility of Management. The Financial Statements have been prepared according to International Financial Reporting Standards and include amounts based on Management's best estimates and judgements.

Management has established and maintains accounting and internal control systems that include written policies and procedures. These systems are designed to provide reasonable assurance that our financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements, and that our assets are properly safeguarded.

The Board of Directors oversees Management's responsibilities for Financial Reporting. The Financial Statements have been reviewed and approved by the Board of Directors on recommendation from Management.

Our independent Auditor (BDO Samoa), having been appointed by the Auditor General and Controller of the Independent State of Samoa, has audited our Financial Statements. The accompanying independent Auditor's report outlines the scope of their examination and their opinion.



Tootooleaava Dr Fanaafi Aiono- Le Tagaloa
CHIEF EXECUTIVE OFFICER

Dated: 25 October 2018



AUDIT OFFICE

Please address all correspondences
to the Controller and Auditor General

REPORT OF THE AUDIT OFFICE

TO THE GOVERNING BODY IN CHARGE OF GOVERNANCE – SAMOA INTERNATIONAL FINANCE AUTHORITY

Audit Opinion

We have audited the accompanying Financial Statements of the Samoa International Finance Authority which comprise the Statement of Financial Position as at 30 June 2018, the Statements of Financial Performance, Changes in Equity and Cash Flows for the year then ended, a Summary of Significant Accounting Policies and Other Explanatory Notes. The Accounting Firm of BDO, Chartered Accountants, assisted in the audit. The Engagement Partner on the audit resulting in this Independent Auditor's Report is Hanalei Betham.

In our opinion, the financial statements give a true and fair view of the financial position of Samoa International Finance Authority as at 30 June 2018, and of its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Samoa International Finance Authority in accordance with the ethical requirements that are relevant to our audit of financial statements in Samoa, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Responsibilities of Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Authority'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 management either intends to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

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

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 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.

Telephone: 27751
Fax: 24167
Email: info@audit.gov.ws
Website: www.audit.gov.ws

P.O Box 13
APIA, SAMOA



AUDIT OFFICE

- 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Authority 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 Directors and Management regarding, among other matters, the significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our audit was completed on the 25th October 2018 and our opinion is expressed as at that date.

Apia, Samoa
29 October 2018

Cabele
Fuimaono Mata'afā Papali'i C.G. Afele
CONTROLLER AND AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

To the Controller and Auditor General

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Samoa International Finance Authority (the "Authority"), which comprise:

- the statement of financial position as at June 30, 2018;
- the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year ended 30 June 2018; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of Samoa International Finance Authority as at June 30, 2018, and (of) its financial performance and its cash flows for the year ended 30 June 2018 in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Samoa International Finance Authority 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the director's report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines 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, management is responsible for assessing the Authority'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 management either intends to liquidate the Authority's or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 ISAs 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 ISAs, 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority'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 Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with and complies with the requirements of:

- i. Public Bodies (Performance and Accountability) Act 2001, and the
- ii. Public Finance Management Act 2001.

We also confirm that:

- a. we have been given all information, explanations and assistance necessary for the conduct of the audit;
and
- b. the Authority has kept financial records sufficient to enable the financial statements to be prepared and audited.



BDO
CHARTERED ACCOUNTANTS

Ernest Betham
Engagement Partner



Samoa
25th October, 2018

**SAMOA INTERNATIONAL FINANCE AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Note	2018 WS\$	2017 WS\$
ASSETS			
Non-current assets			
Property plant and equipment	4	6,543,110	6,489,424
Land held for sale	5	57,219	-
Intangible assets	6	411,560	365,283
Receivables and prepayments	7	1,474,903	1,773,450
Investments	8	15,550,000	15,430,000
		24,036,792	24,058,157
Current assets			
Cash and cash equivalents	9	62,387,609	49,876,967
Receivables and prepayments	7	1,786,544	1,563,610
		64,174,153	51,440,577
TOTAL ASSETS		88,210,945	75,498,734
EQUITY AND LIABILITIES			
Equity			
General fund		86,629,152	73,119,838
Total equity		86,629,152	73,119,838
Current liabilities			
Payables and accruals	10	1,509,886	2,309,386
Provisions	11	71,907	69,510
Total liabilities		1,581,793	2,378,896
TOTAL EQUITY AND LIABILITIES		88,210,945	75,498,734

The accompanying notes form an integral part of the above Financial Statement.

On behalf of the Board and in accordance with the Board resolution dated 25th October 2018.


Chairman


Director

**SAMOA INTERNATIONAL FINANCE AUTHORITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018**

		2018	2017
	Note	WS\$	WS\$
Income			
Incorporation and annual fees		26,051,029	26,429,582
Licence fees		242,057	256,641
Other income and gains		1,350,975	1,188,425
Interest Income		3,493,061	2,796,456
Total income		31,137,122	30,671,104
Expenses			
Audit fees		34,666	22,799
Depreciation costs	4	257,979	233,466
Amortisation costs	6	104,395	64,951
Communication		81,801	101,297
Directors fees		73,296	80,500
Printing and stationery		144,535	158,072
Promotions	12	4,249,053	4,704,953
Occupational costs		412,072	462,483
Staff costs		2,459,825	2,185,577
Others		2,031,824	1,672,567
Total expenses		9,849,446	9,686,665
Other Gains/Losses			
Unrealised Gain / (Loss)		120,000	60,000
Exchange Gain / (Loss)		415,650	83,740
Gain/(Loss) on Asset Exchange		-	(3,000,155)
Total Other Gains/Losses		535,650	(2,856,415)
Net profit for the year		21,823,326	18,128,024

The accompanying notes form an integral part of the above Financial Statement.

**SAMOA INTERNATIONAL FINANCE AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

		2018	2017
	Note	WS\$	WS\$
Balance in General Fund at beginning of year		73,119,838	69,991,815
Add:			
Net profit for the year		21,823,326	18,128,024
Less Payments to the Government of Samoa	13	(8,314,012)	(15,000,000)
Balance in General Fund at end of year		<u><u>86,629,152</u></u>	<u><u>73,119,838</u></u>

The accompanying notes form an integral part of the above Financial Statement.

**SAMOA INTERNATIONAL FINANCE AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 WS \$	2017 WS \$
Cash flows from operating activities			
Fees and license revenues		27,363,236	27,360,002
Cash paid to employees		(2,666,070)	(2,365,280)
Cash paid for rent and maintenance		(295,932)	(347,316)
Cash paid for promotional expenses		(4,026,990)	(4,012,553)
Cash paid for other expenses		(2,792,764)	(1,965,916)
Net advanced deposits		(247,398)	208,653
Net cash generated from Operating activities	18	17,334,082	18,877,590
Cash flows from investing activities			
Interest received		3,610,756	3,701,580
Acquisition of fixed assets		(462,338)	(181,243)
Investment in UTOS		-	(1,000,000)
Net cash generated from Investing activities		3,148,418	2,520,337
Cash flows from financing activities			
Payment to the Government of Samoa		(8,314,012)	(15,000,000)
Net cash generated from Financing activities		(8,314,012)	(15,000,000)
Net Increase/Decrease in Cash		12,168,488	6,397,925
Cash and cash equivalent as at beginning of year		49,514,308	43,032,643
Plus: Effect of Exchange Differences		415,650	83,740
Cash and Cash Equivalents at end of year	9	62,098,446	49,514,308

The accompanying notes form an integral part of the above Financial Statements

**SAMOA INTERNATIONAL FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. GENERAL INFORMATION

The Samoa International Finance Authority (SIFA) is established under the *Samoa International Finance Authority Act 2005*. The address of its main office and principal place of business is at Level 6 of the Development Bank of Samoa Building. SIFA administers and supervises the registration of companies and the licensing of banks, insurance, mutual funds and trustee companies under various international financial services legislation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB) and the laws of Samoa, in particular the *Samoa International Finance Authority Act 2005*.

The accounts have been prepared on the basis of historical costs, modified by the revaluation of certain assets and liabilities as outlined below.

Set out below is a summary of the significant accounting policies adopted by SIFA and in particular the accounting policy adopted where there exists a choice between two or more acceptable policies.

All amounts are presented in Samoan tala which is also SIFA's functional currency.

b) Changes in accounting policies

New and amended standards adopted by the Authority.

There are no IFRS and IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1st July 2017 that have material impact on the SIFA.

Certain new standards, amendments, annual improvements and interpretation which are not yet mandatorily effective and have not been adopted early in these financial statements, will or may have an effect on the SIFA's future financial statements. SIFA intends to adopt these standards, amendments, annual improvements and interpretation, if applicable, when they become effective:

1. Annual Improvements to IFRSs 2015-2017 cycle.
2. IFRIC Interpretation 23: Uncertainty over Income Tax Treatment.
3. IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration.
4. New Standards which are applicable for periods beginning on or after 1st January 2018. SIFA intends to adopt these new standards from July 2018:
 - IFRS 9 - Financial Instruments
 - IFRS 15 - Revenue from Contracts from Customers
 - IFRS 16- Leases

c) Comparative Amounts

To ensure consistency with the current year, comparative figures have been reclassified where appropriate.

**SAMOA INTERNATIONAL FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Foreign currency translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Financial Performance.

e) Property, Plant and Equipment

Depreciation is provided on all property, plant and equipment so as to write off the assets over their estimated economic lives. The straight line method of depreciation has been used. The main categories of property, plant and equipment and their respective economic lives are:

Furniture and fittings	10 years
Office equipment	5 years
Motor Vehicle	5 years
Leasehold improvements	10 years
Land	not depreciated
Building	20 years

f) Intangible Assets

The computer software is subsequently carried at cost less accumulated amortisation. These costs are amortised to profit or loss using the straight-line method over their estimated useful life of five (5) years.

g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, cash at bank and bank term deposits which have an insignificant risk of change in value upon drawdown.

h) Impairment losses

SIFA assesses at each balance date whether there is any objective evidence that any asset is impaired and appropriate action is taken to write off any impairment losses assessed.

i) Revenue recognition

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due and or associated costs. Revenue from fees are accounted for upon receipt. Other revenue is accrued when necessary.

**SAMOA INTERNATIONAL FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Employee entitlements

The provision for employee entitlements to annual leave are accrued at current pay rates in respect of an employee's service up to the balance date.

k) Taxation

SIFA is exempt from income tax under section 23 of the *Samoa International Finance Authority Act 2005*.

l) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, SIFA reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

m) Financial assets

SIFA classifies its financial assets as loans and receivables and at fair value through profit and loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. These financial assets include bank accounts, term deposits and accounts receivable. Loans and Receivables comprise loans to employees, are carried at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss are financial assets held for trading and are initially recognised at fair value whilst transaction costs are expensed. They are subsequently carried at fair value. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other income and other gains' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when SIFA's right to receive payments is established.

n) Leases

Operating lease payments, where the lessors effectively retain substantially all the risk and benefits of ownership of the lease items, are included in the determination of the net surplus in equal instalments over the period of the lease.

3. INFORMATION ABOUT KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

3.1 Critical accounting estimates and assumptions

SIFA provides estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Provisions - Provisions-doubtful debts and employee benefits

Provisions are measured at the value Management best estimates an expenditure to be incurred at, to settle a present obligation at balance date. Market situations are often used to estimate provisions. Changes in market situations will create a difference between provisions with the recorded figures. Whilst the fact remains that uncertain issues such as bad debts exist, Management as a benchmark makes adequate provisions based on past record and the foreseeable future. The provisions are aligned once the final outcome is known at balance date.

(b) Depreciation

On acquiring an asset, Management determines the most reasonable length of time it expects SIFA to maintain that asset with reference to characteristics of similar assets or classes of assets held by SIFA presently or in the past. Where there is no reference available to assets or classes of assets held at present or in the past, reference is made to industry benchmarks.

Each year Management assesses the carrying value of assets to determine whether they are impaired. Appropriate revisions to policies are made, if necessary, or any significant impairment losses are accounted for in the financial statements as corrective measures. Appropriate disclosures would normally follow.

3.2 Critical judgements in applying the entity's accounting policy

In applying its accounting policies, SIFA is not aware of any significant risk of material adjustment to the carrying amount of assets and liabilities that may change within the next financial year.

**SAMOA INTERNATIONAL FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

4. Property, plant and equipment

2018		Additions/		
Cost	30-Jun-17	Revaluation	Disposals	30-Jun-18
Land- Court house	4,816,000	-	-	4,816,000
Furniture and fittings	678,255	4,077	-	682,332
Office equipment	1,081,047	109,563	-	1,190,610
Motor vehicles	361,500	-	-	361,500
Lease improvements	156,363	-	-	156,363
Building	1,040,000	-	-	1,040,000
	8,133,165	113,640	-	8,246,805
Accumulated depreciation	30-Jun-17	Depreciation	Disposals	30-Jun-18
Furniture and fittings	429,772	37,931	-	467,703
Office equipment	795,221	115,648	-	910,869
Motor vehicles	245,054	52,400	-	297,454
Lease improvements	156,361	-	-	156,361
Building	17,333	52,000	-	69,333
	1,643,741	257,979	-	1,901,720
Capital Work in progress	-	198,025	-	198,025
Net book value	6,489,424			6,543,110
2017		Additions/		
Cost	30-Jun-16	Revaluation	Disposals	30-Jun-17
Land- Court house	8,856,155	(4,040,155)	-	4,816,000
Furniture and fittings	675,785	2,470	-	678,255
Office equipment	998,207	82,840	-	1,081,047
Motor vehicles	361,500	-	-	361,500
Lease improvements	156,363	-	-	156,363
Building	-	1,040,000	-	1,040,000
	11,048,010	(2,914,845)	-	8,133,165
Accumulated depreciation	30-Jun-16	Depreciation	Disposals	30-Jun-17
Furniture and fittings	388,193	41,579	-	429,772
Office equipment	688,704	106,517	-	795,221
Motor vehicles	192,653	52,401	-	245,054
Lease improvements	140,725	15,636	-	156,361
Building	-	17,333	-	17,333
	1,410,275	233,466	-	1,643,741
Net book value	9,637,735			6,489,424

**SAMOA INTERNATIONAL FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

5. Land held for sale

	<u>30-Jun-17</u>	<u>30-Jun-18</u>
Land-Land held for sale	-	57,219

SIFA has taken over the land of one of its former employee who can no longer afford the repayments. The Management will be looking at selling this land in the new financial year ending June 2019 to recover its funds.

6. Intangible Asset

2018

<u>Cost</u>	<u>30/06/17</u>	<u>Additions</u>	<u>Disposals</u>	<u>30/06/18</u>
SIFA Registration System	650,633	150,673		801,306
Front Accounting System	183,632	-		183,632
Total Cost	<u>834,265</u>	<u>150,673</u>	<u>-</u>	<u>984,938</u>

<u>Accumulated Amortisation</u>	<u>30/06/17</u>	<u>Amortisation</u>	<u>Disposals</u>	<u>30/06/18</u>
SIFA Registration System	468,983	67,669	-	536,652
Front Accounting System	-	36,726		36,726
Total Accumulated Amortisation	<u>468,983</u>	<u>104,395</u>	<u>-</u>	<u>573,378</u>
Net book value	<u>365,282</u>			<u>411,560</u>

7. Receivables and prepayments

	2018	2017
Non - Current	<u>1,474,903</u>	<u>1,773,450</u>
Employee loans - secured	<u>1,474,903</u>	<u>1,773,450</u>
Current		
Employee loans - secured	135,196	165,404
Less provision for doubtful loan	-	-
	<u>135,196</u>	<u>165,404</u>
Interest receivables	1,331,820	1,097,153
Dividend receivable	200,000	180,000
Prepaid expenses	119,528	121,053
	<u>1,786,544</u>	<u>1,563,610</u>

**SAMOA INTERNATIONAL FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Employee loans are interest bearing secured over loan assets of the employee and generally for terms of 5 to 20 years.

These loans are expected to mature as follows:

Not later than 12 months	8,271	10,388
Later than 1 year but not later than 5 years	56,744	86,146
Later than 5 years	1,545,084	1,842,321
	<u>1,610,098</u>	<u>1,938,855</u>

8. Investment	2018	2017
Units in UTOS at fair value at beginning	2,960,000	2,900,000
Additional Units Purchased during the year	-	-
Movement in fair value at balance date 30 June 18	120,000	60,000
Investment in UTOS at fair value at end	<u>3,080,000</u>	<u>2,960,000</u>
Add:		
UTOS investment - convertible notes	2,000,000	2,000,000
UTOS investment – promissory notes	10,470,000	10,470,000
Closing investment balance	<u>15,550,000</u>	<u>15,430,000</u>

No additional units were purchased during the year. Fair value of these units were calculated based on the unit price publicised by UTOS at \$1.54 per unit as at 30 June 2018. Convertible and Promissory Notes remained the same and both were reinvested under the same terms.

9. Cash and cash equivalents	2018	2017
Cash and bank balances	6,019,318	2,803,378
Fixed deposits	56,079,128	46,710,931
Cash and cash equivalent as per Cashflow	<u>62,098,446</u>	<u>49,514,309</u>
Trust Account	289,163	362,658
Total cash and cash equivalents	<u>62,387,609</u>	<u>49,876,967</u>

The Trust Account is not for SIFA's purposes. Section 199 of the *International Companies Act 1988* vests the outstanding assets of a defunct company in the Registrar. Unclaimed moneys, will be transferred to the Ministry of Finance under the *Public Finance Management Act 2001*.

SAMOA INTERNATIONAL FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Fixed deposits are held with the local commercial banks at terms ranging from 6 to 12 months at interest rates of between 4% to 6% pa.

Spread of the total term deposit as at 30 June 18 which are held by the 4 major trading banks is shown below:

<u>Banks</u>	<u>%</u>	<u>Total</u>
ANZ	22%	12,441,419
BSP	25%	13,575,208
NBS	26%	14,828,136
SCB	27%	15,234,365
Total	100%	56,079,128

	2018	2017
Total debit balance held in credit cards	<u>22,909</u>	<u>35,380</u>

The balance of SAT 22.9k is included in the cash and bank balances. SIFA has 2 credit card accounts from the ANZ Bank. Both cards have credit limits of NZD10k and are both locked in the security safe by Finance and Corporate Services Division. The cards are used when the CEO and the Chairman travel on official commitment and also used to secure accommodation bookings for other staff members when travel.

10. Deposits and Payables	2018	2017
Client deposits	841,781	1,089,180
Accrued expenses	378,942	837,782
Trust Fund	<u>289,163</u>	<u>382,424</u>
Total	<u>1,509,886</u>	<u>2,309,386</u>

Client deposits are funds deposited by the trustee companies in advance to pay for incorporation and or renewal fees of their clients when due. Trust funds are funds from defunct companies which are held by SIFA pursuant to section 199 of the *International Companies Act 1988* for a period after which will be transferred to the Ministry of Finance to be dealt with under the *Public Finance Management Act 2001*.

11. Provisions	2018	2017
	Annual leave	Annual leave
Opening Balance	69,510	116,684
Accrued during the year	40,068	54,238
Utilised during the year	<u>(37,671)</u>	<u>(101,412)</u>
	<u>71,907</u>	<u>69,510</u>

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12. Promotions	2018	2017
Promotions	4,249,053	4,704,953

Promotions include sponsorship costs for national sporting teams and presentations for the promotion of Samoa's international financial services.

13. Distribution to Government	2018	2017
Commitment to Government of Samoa	8,314,012	15,000,000

Total Contribution of SAT15m was committed to Government for the Current Financial Year 2017/2018 under section 18 of the *Samoa International Finance Authority Act 2005*. Total paid as at 30th June 2018 was SAT8.3m and the balance of SAT6.7m to be paid in the next financial year ending June 2019.

SIFA is awaiting notification from the Ministry of Finance regarding the SAT6.7m balance budgeted for SIFA contribution to Government of Samoa Budget 2017/2018.

14. Financial instruments

(a) Credit risk

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments which potentially subject SIFA to credit risk principally consist of bank deposits and staff receivables.

SIFA manages its exposure to credit risk by investing in financial institutions with ratings equal or higher than its own and by taking security for advances to staff.

Maximum exposure to credit risk at balance date are:	2018	2017
Bank balances	62,098,446	49,514,309
Interest accrued	1,331,820	1,097,153
Staff loans	1,610,098	1,938,855

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(b) Currency risk

SIFA has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. The foreign currency in which SIFA primarily transacts in is US dollars.

At balance date SIFA has the following exposure to the US Dollar:

	2018	2017
Financial asset:		
Cash and cash equivalents	1,054,360	1,068,268
Financial liabilities:		
Customer deposits	(841,781)	(1,089,180)
Net Exposure	<u>212,579</u>	<u>(20,912)</u>

The following sensitivity is based on the foreign currency risk exposures in existence at the balance date and the effect on net profit:

	Higher/(Lower)	Higher/(Lower)
WS\$/USD + 5%	10,629	1,046
WS\$/USD - 5%	10,629	(1,046)

The Following Rates were used for conversion of USD Balances as at:

30/06/2018	-	0.3935
30/06/2017	-	0.4073

(c) Interest rate risk

Fair value interest rate risk arises from the potential for a change in interest rates to cause a fluctuation in the fair value of financial instruments. SIFA's loans to Staff are generally at fixed rates and therefore do not pose any significant interest rate risk.

Cash flow interest rate risk is where there is the potential for a change in interest rates to change interest earnings. SIFA manages this risk in relation to its fixed deposits by negotiating with all four commercial banks for the most favourable rates available.

15. Contingent liabilities

SIFA remains a defendant in litigation currently before the Supreme Court of Samoa. However, the court proceedings are yet to be completed and any costs or liability at the date of this financial report are uncertain (2017/2018: nil).

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16. Operating lease commitments

SIFA is leasing office space from the Development Bank of Samoa at a monthly rental of \$18,128.03 for an initial period of five years, with an option of renewal after that date. This covers rent for Levels 3 and 6 as well as Car parks. SIFA also leased the first floor of the SNPF Premises at Vaitele as an offsite office from January 2015 at a total monthly rental of \$5,271.60 for a period of five (5) years, with an option of renewal after that date.

	2018	2017
Operating lease payable is as follows:		
Not later than 1 year	<u>279,158</u>	<u>280,796</u>
	<u><u>279,158</u></u>	<u><u>280,796</u></u>

17. Key management personnel disclosures

	2018	2017
Compensation of key management personnel:		
Remuneration	996,319	755,886
Directors fees and allowances	<u>73,296</u>	<u>64,715</u>
Total	<u><u>1,069,615</u></u>	<u><u>820,601</u></u>

The remuneration of Key Management personnel is determined by Cabinet and the Board. Key Management personnel include the CEO, Chief Managers (3), Section Head Business Development Division, Section Head IT & Support Services, Section Head Human Resources, Section Head Finance, Section Head Compliance, Section Head Archives, Apostilles & Charges, Section Head Quality Assurance and Section Head Registration and SRS System.

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18. Reconciliation for Operating Cash Flow

	2018	2017
Net Profit	21,823,326	18,128,024
Adjustment for:		
Depreciation of property, plant and equipment	257,979	233,466
Amortisation of intangible fixed assets	104,395	64,951
Finance Income	(632,394)	(171,530)
Finance Expenses	96,745	27,790
Interest Income	(3,339,218)	(2,477,866)
Loss on asset exchange	-	3,000,155
Increase in trade and other receivables	(179,648)	(646,830)
(Decrease)/Increase in trade and other payables	(799,500)	766,604
Increase in provisions and employee benefits	2,397	(47,174)
	<u>17,334,082</u>	<u>18,877,590</u>

19. Approval of financial statements

The Financial Statements were approved by the Board and authorised for issue on 25th October, 2018.