

# SAMOA



INTERNATIONAL FINANCE AUTHORITY



*Moving with the times....*



**8TH**  
EDITION  
ANNUAL  
**2013** REPORT



GOVERNMENT OF SAMOA

OFFICE OF THE MINISTER OF FINANCE

*Ministry of Finance, Central Bank of Samoa, Development Bank of Samoa, Samoa National Provident Fund, Samoa Life Assurance, Samoa Housing Corporation, Tenders Board, Samoa International Finance Authority, Cabinet Development Committee*

30 June 2014

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 30<sup>th</sup> June 2013, together with the audited accounts for that period and the report of the Auditor on those accounts.

Hon. Tuilaepa Aiono Luperesoliai Fatialofa Dr. Sailele Malielelegaoi  
**MINISTER OF FINANCE**



# Samoa International Finance Authority

Please address correspondence to  
THE CHIEF EXECUTIVE OFFICER

30 June 2014

Hon. Tuilaepa Aiono Lufesoliai Fatialofa Dr. Sailele Malielelegaoi  
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 2012 to 30 June 2013

The report comprises:

- (a) a report on the Authority's operations during the twelve (12) months ending on 30 June 2013; and
- (b) the Authority's audited accounts for the twelve (12) months ending June 2013 together with the auditor's report.

Yours faithfully

Alosamoa Erna Va'ai-Aiono  
**CHIEF EXECUTIVE OFFICER**



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## Chairperson's Statement



I give thanks to our Father in Heaven for His love and grace that has brought us safely to the end of another successful financial year. It is due to His enabling that we have been able to attain the many goals and aspirations we set out twelve (12) months ago for our work in the Samoa International Finance Authority (SIFA). It is therefore from this position of gratitude that I make these introductory remarks to the 2012-2013 Annual Report for SIFA.

In encapsulating the work of SIFA over the past year, I would like to make mention of a number of milestones with reference to SIFA's work on various fronts:

- Regulatory – The Honourable Minister of Finance lead Samoa's delegation to the Global Forum on Transparency and Exchange of Information for Tax Purposes Meeting in Cape Town, South Africa in October 2012. I was also able to attend this meeting which followed a successful Phase One Review of Samoa by the PRG earlier in the year.

SIFA through senior management also continued attendance of peer regulatory workshops such as the Peer Review Group (PRG), Group of International Finance Centres Supervisors (GIFCS), Corporate Registers Forum (CRF) where the CRF celebrated its second year anniversary, and the Asia Pacific Group (APG) among other meetings, to ensure remaining informed of international developments in the offshore industry.

In early 2013 Samoa and Cook Islands IFC (International Finance Centres) co-lead a session of the Inaugural Pacific Offshore Typologies Workshop in Brisbane, Australia.

- Supervision - Senior management, again to ensure SIFA is in-step with the rest of the sector players, and to ensure the integrity of financial accounting, attended a meeting in Washington DC on financial sector issues and priorities.
- Promotional - SIFA attended the Offshore Summit in Shanghai and the STEP (Society of Trusts and Estates Practitioners) in Hong Kong in late 2012 and the Montreaux (Switzerland) Promotion in June 2013.

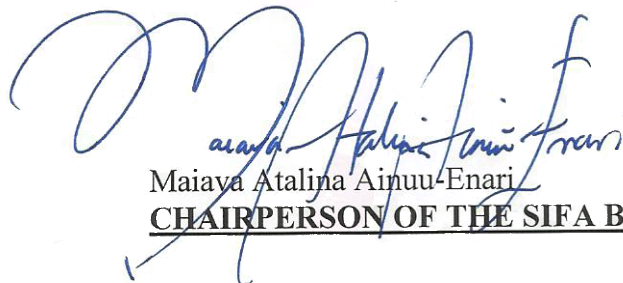
- Sponsorship - Apart from SIFA lending generous support to our sporting fraternities such as rugby, judo, golf, cricket and netball for development, its core functions as set out in the *SIFA Act 2005* were also well implemented.
- Community - SIFA continued its support for the 'Youth Alive' programme which is aimed at our growing youth population; an attempt to offer better options in a world that clamours for their attention in so many non-beneficial ways.

Despite the changing global economic environment, SIFA continues to operate successfully as evident in its 14.09 million profit this financial year. In this respect I congratulate the Chief Executive Officer, Management and Staff for all the hard work in the previous twelve (12) months.

Despite the stringent international standards, pressures from standard setters and competition from renowned offshore markets, SIFA continues to sustain and operate successfully with the support of our Government, Board members and dedicated staff.

I record my congratulations to fellow Board members namely the Attorney General, Chief Executive Officer of the Ministry of Finance, and our private sector members for their invaluable contribution to the operations of SIFA. *"E le se mea faaleaoga lo outou tautiga mo le Atua."*

I look forward to another successful year's work and may God bless you all.



Maiava Atalina Ainuu-Enari  
**CHAIRPERSON OF THE SIFA BOARD**

## Chief Executive Officer's Statement



The beginning of the financial year 2012/2013 saw the end of the 50<sup>th</sup> Anniversary Celebrations of Samoa's political Independence which was a rather sombre and thoughtful end with Cyclone Evan devastating our country and the Apia area in particular. It was a timely reminder of the transient nature of life and the dramatic changes seen in our world in all spheres.

The magnitude of the clean-up and rebuilding in the wake of Cyclone Evan makes me particularly thankful for the love and blessings of God that have brought us successfully to the end of this challenge-filled year.

Amid the many constraints the Samoa International Finance Authority (SIFA) was able to make inroads in relation to its statutory functions in its governing legislation and its usual day to day service of the financial community and the wider Samoan public.

SIFA's major sponsorship continued for the Samoa Rugby Union – Manu Samoa 15s European Tour and was extended to the SIFA Samoa Open Golf Tournament, the ICC Cricket World League Division 8 Tournament, the Samoa Netball Association Pacific Series and the Judo World Cup 2012.

On the legislative front, work on a new Trusts law continues. *The SIFA Act 2005* is also being reviewed for necessary changes in light of recent developments and emphasis on corporate governance issues. Samoa's latest innovation also became law (the Special Purpose International Company), followed closely by the passage of the *Tax Information Exchange Agreement Act 2012*.

Promotional efforts took SIFA to Montreaux (Switzerland), Shanghai for the Offshore Summit and Hong Kong for the STEP Conference.

The crossborder 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 the Office in such a

dynamic area, workshops and training particularly on ever changing international standards remains in the fore of Management Training.

As such, senior Managers and staff have attended meetings and workshops conducted by the OECD, the 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) and the Asia Pacific Group (APG). Attachments with the New Zealand Registry of Companies for the Registration Section have enriched and enhanced not only the Staff members knowledge on the latest electronic innovations of that Office but have also proved to be a real “eye opener” on their work ethic and standards. Such exposure is especially required as the SIFA Online Registration System called mysifa.ws makes progress.

One event worthy of special note was Samoa’s delegation to the PRG (Peer Review Group) meeting in Paris in September 2012 that successfully defended our Phase One Review Report, followed by our attendance at the Global Forum Meeting in Cape Town, South Africa in October 2012.

Despite the slow recovery worldwide from the economic recession, and the fallen USD exchange rate, I am happy to note a relatively solid year evidenced in its net profit.

For this and for all the blessings and success SIFA has experienced over these past twelve (12) months, we continue to give thanks and honour to God Almighty and ask that the good Lord’s face continue to shine upon our land.

Soifua ma ia manuia,



Alosamoa Erna Va'ai-Aiono  
**CHIEF EXECUTIVE OFFICER**



## ***1. Management and functions of the Samoa International Finance Authority***

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The Authority is managed by a Chief Executive Officer (CEO) appointed by Cabinet on the advice of the Minister. The Authority 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 four Government officials (i.e. the Governor of the Central Bank, the Attorney General, the Chief Executive Officer of Ministry of Finance, The Chief Executive Officer of SIFA) and up to three directors from the private sector. The latter must have financial services background with relevant knowledge, experience and expertise to aid the Authority in its performance. The Board must meet at least once every two (2) months. The Board members have a statutory obligation to declare any direct personal or pecuniary interest in any matter on each and every occasion the matter is discussed, and as soon as the member has knowledge of the relevant facts.

The functions referred to below broadly represent the varying functions performed on a daily basis and the diverse nature of operations of the Authority. On the one hand the Authority 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.

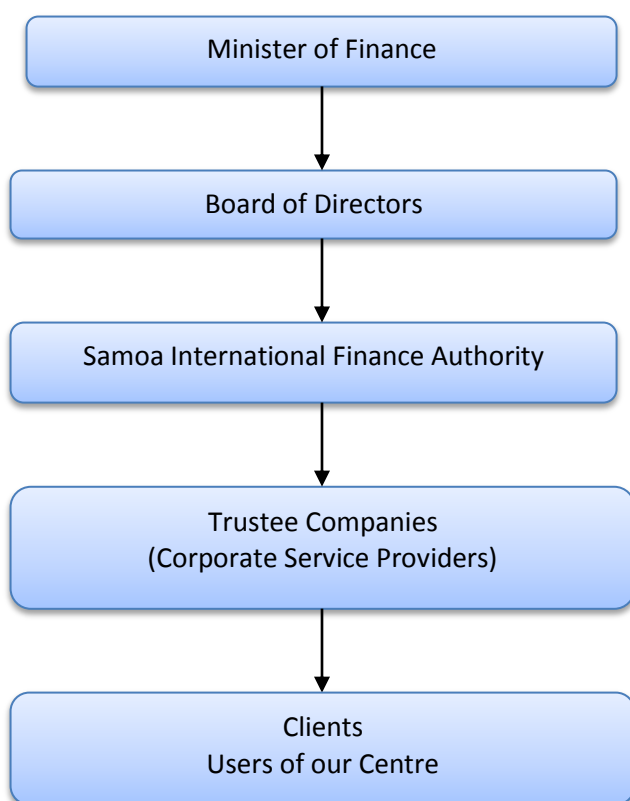
Functions of SIFA pursuant to section 4 of the *Samoa International Finance Authority Act 2005* are:

- ⇒ 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***

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### ***2.1 Board of Directors***



**CHAIRPERSON**  
**Maiava Atalina Ainuu-Enari**



**ATTORNEY GENERAL**  
**Aumua Ming Leung Wai**



**CEO – SIFA**  
**Alosamoa Erna Va'ai-Aiono**



**CEO – MINISTRY OF FINANCE**  
**Tupa'imatuna Iulai Lavea**



**PRIVATE SECTOR**  
**Fatima Strickland**



**PRIVATE SECTOR**  
**Tuatagaloa Alfred Schwalger**

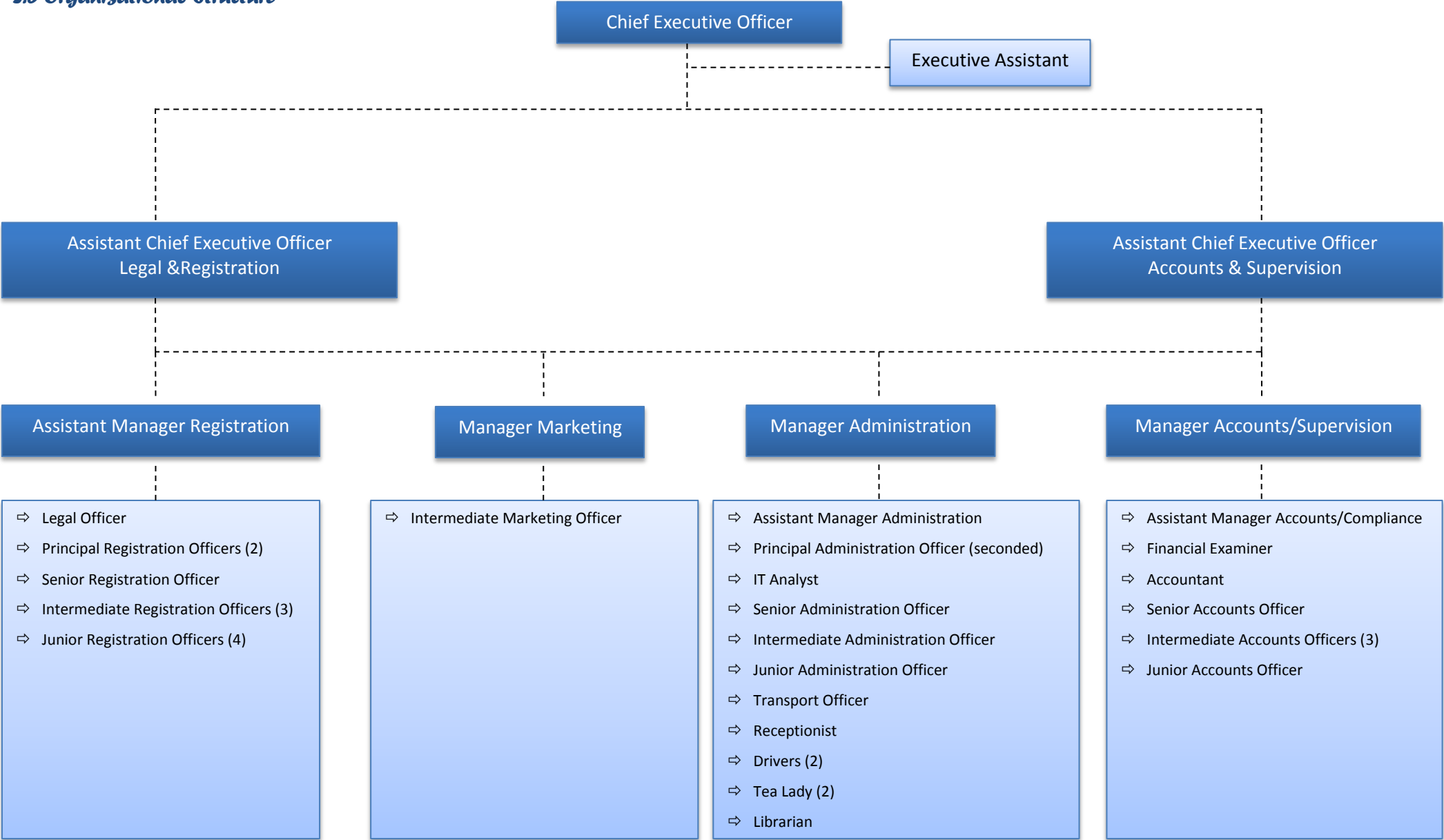
## 2.2 Management



**Standing (L-R):** Cheshire Malua – ACEO Accounts/Compliance, Kolisi Simamao – Asst. Manager Accounts/Compliance, Kalala Mataia – Asst. Manager Registration, Koroseta Lesatele – Asst. Manager Admin

**Sitting (L-R):** Agnes Kerslake – Manager Marketing, Moana Ah Poe- Manager Admin, Alosamoa Erna Va'ai-Aiono – CEO, Sieni Voorwinden – ACEO Registration/Legal, Ala Meleisea – Manager Accounts/Compliance

2.3 Organisational Structure





2.4 Staff Members



### ***3. Governing Legislation of SIFA***

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The Samoa International Finance Authority (SIFA) was established by the *Samoa International Finance Authority Act 2005* (SIFA Act) and administers the following legislation. In its quest to comply with international standards and keeping abreast of developments in the offshore world, the Authority and relevant local bodies regularly review its laws with a view to further diversifying its product base and broaden the range of corporate vehicles already available.

#### ***3.1 SIFA Act 2005***

The SIFA Act established an independent statutory body to regulate, administer and supervise international financial services within Samoa. The Act also prescribes the powers, functions and duties of the authority and formalized the role and functions of the Board by statute. Additionally it enables the centre to develop and grow as a one stop regulatory shop in light of international financial services and businesses available globally.

#### ***3.2 International Companies Act 1988***

The Act provides for the incorporation and registration of international and foreign companies. Incorporation is a relatively simple and only exceptionally will take more than one day. Application is made to the Registrar of International and Foreign Companies through a licensed trustee company, accompanied by the company's Memorandum and Articles of Association, the incorporation fee which is fixed, and notice of registered office. A Schedule of Standard forms of Memorandum and Articles of Association which can be adopted with or without variation is provided in the Act.

#### ***3.3 International Trusts Act 1988***

This Act provides for the registration of an international trust thus enabling it to enjoy certain privileges and exemptions. An international trust is a trust in respect of which one trustee at least is either a trustee company, an international or foreign company and the beneficiaries are at all times non-resident. The registration and annual renewal fee is US\$150.00. Discounted fees on a long term registration basis for five (5), ten (10) or twenty (20) years are available. In regard to legal issues concerning a trust, the Court will apply the Act and the English common law and equity in force in Samoa but to validate the trust instrument, it may apply the law of the country where the trust instrument is executed or where the trust property is situated or where the trustees (or any one of them), the settlor or the beneficiaries are normally resident or domiciled.

### **3.4 *Trustee Companies Act 1988***

This Act provides for a company incorporated as a domestic company to be licensed to conduct trustee company business for non-residents of Samoa (offshore clients). Trustee companies, also known as corporate service providers are the core of the offshore industry, being the only entities allowed to engage in the incorporation and servicing of international companies.

### **3.5 *International Banking Act 2005***

The Act governs the licensing of international and foreign companies registered under the *International Companies Act 1988* and other overseas companies who wish to carry on international banking business from within Samoa.

The Inspector of International Banks is appointed by the Minister responsible for the regulation and supervision of licensees. The licensing and disciplinary powers reside with the Minister. The Act provides a three (3) tiered licensing system for **A**, **B1** and **B2** class offshore banking licenses. The categories of licenses vary according to capital requirement and authorised scope of activities, for example whether deposits can be accepted from the public or whether the bank is a captive bank. Application is made through the Inspector of International Banks who inter alia shall require from the applicant particulars of its financial standing, a business plan, its ultimate beneficial ownership (together with references and financial reports), and verification that every director, controller or manager is a “fit and proper person” in terms of integrity, competency and soundness. All licensees are required as a condition of their licence to establish and maintain a physical presence in Samoa.

### **3.6 *International Insurance Act 1988***

Regulates offshore insurance business carried on by international and foreign companies registered under the *International Companies Act 1988*. There are four (4) types of insurance licences i.e. general, long term, reinsurance and captive insurance business. Applications are made to the Registrar of International Insurance and the applicant company is required to produce evidence as to its financial standing, share ownership, police clearances and references. Registration fees vary depending upon the category of business carried on. Registration is renewable every 12 months on payment of the prescribed fee.

### **3.7 *International and Limited Partnership Act 1998***

The Act provides for exempt International Partnerships and Limited Partnerships. An international or limited partnership is defined as being registered under the Act and in respect of which all partners are at all times non-residents of Samoa; and the partnership does not carry on business or engage in a trade in Samoa; and one of the partners or limited partner of the limited partnership is either an international

company, registered by a foreign company or a licensed trustee company. Every partnership is required to have a registered office in Samoa, which must be the office of a trustee company.

### ***3.8 Segregated Fund International Companies Act 2000***

Provides for a Trustee company to apply to the Registrar to either (1), incorporate a segregated fund international company or to register an existing international company as a segregated fund international company if authorised by its memorandum or (2), to register a segregated fund international company by way of continuance.

Applications must be lodged together with Memorandum and Articles of the proposed company, Notice of registered office, the prescribed fee(s) and certificate by the trustee company confirming all requirements of the Act have been complied with.

### ***3.9 Prevention & Suppression of Terrorism Act 2002***

The Act provides for the criminalisation of various specific acts including terrorist bombing, hostage taking, attacks against Internationally Protected Persons, unlawful seizure of aircraft, violence at airports and seizure of ships. The financing of such terrorist acts is also an offence. The Act further provides for the freezing and forfeiture of funds and proceeds used for the financing of terrorism and allows for the arrest and extradition of suspected foreign terrorists. Additionally, the Act gives effect to Samoa's international treaty obligations regarding the prevention and suppression of terrorism.

### ***3.10 Money Laundering Prevention Act 2007***

This Act provides for the prevention of Money Laundering and repeals the Money Laundering Act 2000. Further it implements international standards of best practice set by the Financial Action Task Force (FATF) to prevent Money Laundering. The Act defines "money laundering" as engaging whether directly or indirectly in any transaction that involves property which is the proceeds of crime or having reasonable grounds for believing the property represents proceeds of crime. A maximum period of seven (7) years and/or a fine not exceeding SAT\$1,000,000 (approximately USD4,300, 000) is the penalty for an offence committed under this Act. The Act covers all "financial institutions" as defined in the Act to include not only banks and trust companies, but money transmission services, insurance companies, trust business providers, lawyers, accountants and investment business.

### **3.11 *Mutual Assistance in Criminal Matters Act 2007***

The Act facilitates the provision and obtaining of international assistance in criminal matters. Criminal matter refers to criminal investigations and criminal proceedings and includes a matter (whether arising under the laws of Samoa or another foreign state) relating to the forfeiture or confiscation of property for an offence or the restraining of dealings in property that may be forfeited or confiscated for an offence. The Act demonstrates the Authority and Samoa's commitment to comply with international standards combatting international criminal activities.

### **3.12 *Proceeds of Crime Act 2007***

The Act defines "proceeds of crime" as any property wholly or partly derived or realized, whether directly or indirectly from a serious offence whether situated within or outside Samoa. The Act empowers enforcement agents of the Authority, Police Services, Money Laundering Prevention Authority, Financial Intelligence Unit, Customs Department and Central Bank to take the appropriate course of action where any property defined in the Act is believed to have been derived directly or indirectly from a serious offence within or outside Samoa. The offence is punishable by imprisonment for a maximum period of not less than five (5) years. Foreign restraining orders pertaining to the nature of criminal activities covered by the Act are obtained via the *Mutual Assistance in Criminal Matters Act 2007*.

### **3.13 *Mutual Funds Act 2008***

This Act provides for the licensing and supervision of International Mutual Funds and Collective Investment Schemes and for managers and administrators. The Registrar of International Mutual Funds who is appointed by SIFA is expressly given the mandate to supervise and regulate mutual funds. Three types of mutual funds are provided for under the Act namely, Professional, Private and Public Funds. Every application under the Act or a license must be accompanied by a notice of the address of the applicant's place of business and address for service, name and address of a person resident in Samoa authorised to represent the applicant and accept due process of service, and the address of any place of business that the applicant has outside of Samoa.



### **3.14 *Electronic Transactions Act 2008***

The Act facilitates the use of electronic transactions which involves alternatives to paper-based methods of communication, storage and authentication of information to conduct business. The Act defines 'electronic' as including electrical, digital, magnetic, optical, electromagnetic, biometric and photonic as well as "electronic record" which is defined as information generated, sent, received or stored by electronic means including electronic data interchange, electronic mail, telegram, telex or telecopy. This Act goes hand in hand with the Authority's aspiration to implement its online registration system to ensure that it has the capacity to offer its services to all clients through electronic means through the use of the internet. The ultimate objective of this Act is to provide easy access, where clients from around the world can transact business with the centre at the push of a button.

The benefits of the legislation include:

- ⇒ Allowing the International Companies Registry to maintain its records in electronic form and accept registration of documents online or electronically.
- ⇒ Allowing the private sector i.e. Trustee Companies to maintain their company files and records electronically either at their offices in Samoa or overseas.
- ⇒ Allowing Trustee Companies to minimise costs of courier services from their parent companies in overseas locations using electronic means of communication instead.
- ⇒ Overcoming the geographical disadvantage of Samoa and providing a competitive advantage over other competing jurisdictions.

### **3.15 *Special Purpose International Companies Act 2012***

This new Act introduces the civil law concept of a foundation into our common law jurisdiction. Its enactment enables the creation of a new form of hybrid company which operates as a charitable trust in terms of its ownership but functions as a company in terms of its formation. The structure of this Act is based upon the *International Companies Act 1988* and follows its format. These special purpose types of companies are formed in the same way as an international company and thus are operated by a Board of Directors pursuant to a Memorandum of Association, Powers and Articles Of Association. Such companies can only be established, and must always be administered for the ultimate benefit of charity and must always be administered through a trustee company licensed in Samoa. Further, the trustee company must also always be in the possession of the crucial document that these companies must have which is the Founders Rights Certificate, a document which carries with it control rights similar to those of shareholders.

## 4. *Activities of the Authority*

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To ensure that its activities are in line not only with international standards but matching developments applying in other renowned offshore centres, the Authority 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);

The Authority through its different Divisions ensures that it performs its respective functions in the utmost manner not only to efficiently serve its clientele but to keep abreast with developments in the international business arena. On that note, a new Marketing Division was established during the past twelve months in addition to the Registration, Accounts and Administration Divisions of the Authority.

### **4.1 *Registration Division***

The Registration Division carries out a crucial role in the operation of the Authority being responsible for incorporation of international business companies which is its main product along with international trusts, segregated and mutual funds and the newly created special purpose international company. Incorporating an international company is relatively simple and only exceptionally will it take more than one day.



***Registration Division***

There is no prescribed application form and no prior Government approval required. Application is made to the Registrar of International and Foreign Companies through a licensed trustee company, accompanied by the company's Memorandum and Articles of Association, the incorporation fee of US\$300.00 which is fixed, and Notice of registered office. The *International Companies Act 1988* provides a Schedule of standard forms of Memorandum and Articles of Association which can be adopted with or without

variation. Only one subscriber is needed and normally this would be a trustee company or a nominee company acting on behalf of the beneficial owner, whose name does not need to be disclosed.

Other services carried out by the Registration Division include amongst others, the winding down of companies, issuing of certificates of good standing, name changes, amalgamations, share and capital reduction and issuing shares at a discount. The Registration/Legal Division also provides legal advice on any matters in the performance of its functions.

During peak periods (January and February) the Registration Division is often faced with as many as one hundred (100) or more companies to be incorporated in a single day. Company incorporation may be processed within a period of twenty four hours or even less.

In the last twelve (12) months the gross number of international companies registered with SIFA is four thousand and fourteen (4,014). The total number of live international companies registered with the Authority as at June 2012 is 30,224.

There are currently eight (8) registered trustee companies to undertake offshore business in Samoa.

#### **4.2    *Accounts/Compliance Division***



***Accounts/Compliance Division***

It has been another excellent year with the Accounts Division in carrying out its functions of recording, reporting and maintaining reliable financial data and information of the Authority. The Accounts Division is responsible for the implementation, monitoring, and improvement of the accounting system use by the Authority. The preparation of the financial statements of the Authority is in accordance to its principal Act, the Samoa International Finance Authority Act 2005 and the International Financial Reporting Standards which is the international benchmark for reporting of financial information in Samoa.

The financial statements of the Authority had been audited by the accounting firm, Lesa ma Penn. This financial year is Lesa ma Penn’s last year of auditing the accounts of the Authority as the Board has passed a resolution to tender the auditing of the Authority’s accounts every two years.

**4.2.1 Compliance/Supervision**

The supervision of entities licensed under various financial services legislation such as trustee companies, international banks, international insurance companies, international fund managers and/or administrators, international private or public funds, registered auditors and registered liquidators is another function of the Authority that the Accounts/Compliance Division is responsible for.

The Supervision Team comprising of six staff members including several of the Management Team is responsible for licensing issues and periodical monitoring of the licensed entities against relevant legislation and international standards of best practice such as Basel Core Principles on Effective Banking Supervision, International Insurance Core Principles and the 40+9 Recommendations promulgated by the Financial Action Task Force in combating money laundering and terrorist financing.

The application of international standards to the supervision of licensed entities maintained and promote the credibility and reputation of Samoa as a reliable international finance jurisdiction as well as a responsible jurisdiction in the global effort of maintaining global financial stability and preventing the exploitation of offshore entities for illegal purposes. To assist monitor the compliance of licensed entities to various statutory requirements, they file annual audited accounts, periodical financial returns and any information requested by the Authority. The Compliance/Supervision Team also carry out on-site visits to Offices of licensed entities as required by international standards.

Licensed Entities	No
International Banks	7
Trustee Companies	8
Private International Mutual Fund Companies	4
International Fund Manager and/or Administrators	4
International Public Fund	1
International Insurance Companies(Managers)	4 (2)
Registered Auditors	13
Registered Liquidators	15

### **4.3 Administration Division**

The Administration Division serves the Authority by providing general administrative support services, administering staff regulations and manages all staff resources and assets.



***Administration Division***

#### **4.3.1 Staff Developments, Work experience/Part Time**

During this financial year 2012-2013, there were three (3) new additions to the overall number of staff which included a junior administration officer, junior registration officer and a librarian. The junior registration officer was one of the two NUS students that the office took on for work experience in November 2012 prior to his recruitment as permanent staff in February 2013. The office also recruited a librarian to look after the children's library at the National Hospital at Matootua as part of its sponsorship of a project initiated by the Samoa Association of Women Graduates (SAWG).

There were five (5) staff members who were promoted during this financial year with four (4) in the Registration Division and one (1) staff member within the Accounts/Compliance Division.

The Authority continues to take two (2) students from the National University of Samoa as part timers to assist the Registration Division with the renewal of international companies during the busy period from November 2012 – January 2013.

#### **4.3.2 Continuing Education**

The Authority continues to encourage its staff members to pursue further studies especially in taking courses that are relevant to the functions and mandate of the Authority. Eleven (11) staff members undertook further studies with the University of the South Pacific and the National University of Samoa during the year.



#### 4.4 Marketing Division

Marketing's work focusses on three of the eight core functions of SIFA as follows: (a) to promote Samoa as a centre for international financial services; (b) to make recommendations for the creation and improvement of any facilities likely to enhance the attraction of Samoa as a centre for international financial services; and (c) to carry out research and to commission studies on the international business sector and related services.



**Marketing Division**

In response to the continuing impacts of the Global Financial Crisis plus relentless changes imposed by international regulatory bodies, SIFA expedited the implementation of its Marketing Plan that has been in development since 2011 and for which SIFA engaged the services and

assistance of Professor Mark Lea. SIFA also moved from building brand awareness to cultivating brand preference and increasing market share. Existing product lines/solutions were fortified and lengthened. New solutions were developed to diversify offering. Promotional visits were streamlined through a targeted approach, including a move to look beyond Asia to other markets. Promotional activities were in the form of conference attendance and formalized networking with the industry's influential advisers and intermediaries in Asia and Europe.

Society of Trusts and Estates Practitioners - STEP ASIA on the 16-17 October 2012, Hong Kong provided new fertile land for SIFA to cultivate with the attendance of over 300 practitioners from around the world. The popularity of the STEP Asia conference is due to the high quality of information exchange and the



calibre of the speakers. The theme this year was "Wealth Management in Asia - The Future is Now". Over forty top speakers discussed the latest trends and developments in wealth management. It was an opportune time for SIFA to court the attention of STEP and their network of advisers to the world's high net worth individuals. This was SIFA's first time in

attendance and we chose to sponsor the Conference Memory stick. As it was a paperless conference each of the 300 delegates received and utilized a SIFA branded memory stick with all the conference presentations, and all the information on Samoa's jurisdiction. This simple move extended SIFA's mileage beyond STEP ASIA into the world.

The CHINA OFFSHORE SUMMIT on the 24-25 October 2012, Shanghai, China drew on Chinese and international delegates from a diverse number of international jurisdictions to update industry participants

on trends and practices of managing Chinese outbound investment opportunities. Combining panel discussions, workshops and presentations, reasons behind the new and rapid expansion of Chinese outbound investments and strategies for diversification outside China were discussed in the two-day summit.

SIFA was given an opportunity to address the audience and update them on the developments in the Samoan jurisdiction. A promotional booth serviced the 350 traffic of delegates that flowed through during the conference. Much of the discussions were translated into Chinese and vice versa by a translator made available to SIFA by the Embassy of Samoa in Beijing.

MARCUS EVANS WEALTH PLANNING SUMMIT in June 2013, Montreux – Switzerland was a formalized networking arrangement and a by an invitation only event. The main objective was to bring together elite



service providers to network, meet and discuss how they can each benefit from each other's services. A remarkable aspect of the Summit was the opportunity to have one on one discussions with delegates and prospective clients that are interested in Samoa and its offshore centre. This was imperative as traditionally SIFA focuses on continuing promotional seminars in its main market of Asia and mainland China. The Summit is

testament of SIFA's commitment to expand its market reach by venturing out to new grounds such as Europe. Europe cannot be ignored as Samoa looks to encourage Intermediaries to bring their business onshore to add to the eight Trustee Companies we have on island. Samoa was the only IFC represented at this Summit as the rest of the participants were from the private sector across Europe. This Summit was particularly important as it allowed SIFA to gauge the European market and advocate the Samoa as a viable alternative particularly in light of the 'European fall-out'.

With regard to ADVERTISEMENT and PUBLICITY articles and advertisements were placed in strategic publications (printed and online) such as the China Economic Review, the Business Annual Offshore Guide, China Offshore Finance Guide and directory listing in the International Financial Review.

In considering MARKET TRENDS and FUTURE PROSPECTS, it has always been understood from the beginning that this is a long term process and we will not see any real tangible benefits for another four to five years at least. This has become a race of endurance and adaptability in an ever-changing and volatile industry. The constant onslaught from international regulatory bodies has challenged the ways of doing business insofar as it's no longer a mere construction of viable solutions but more so that of forward thinking solutions. Understanding the dynamics of the international regulatory framework enables Samoa to pragmatically develop, lengthen and diversify its suite of solutions. Therefore the Marketing Plan that is currently being rolled out is timely and will address many of the gaps in the market.

Through SPONSORSHIP and COMMUNITY SERVICE SIFA contributed to the local community through sports and community welfare initiatives. The 2012-2013 sponsorship portfolio included Samoa's elite sports teams and athletes (top 10 international ranking), projects or activities that have a national benefits and reach as well as events of global status.

The community services contributed to initiatives that are often overlooked by the corporate community. In 2012-2013 SIFA's community service portfolio included NGOs for those with living with disabilities, Mapuifagalele Home for the Aged, children's ward literacy, youth spiritual and creative wellness and support for victims of crime.



## 5. Developments

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### 5.1 Professional Trainings, Workshops, Seminars and Conferences

With the advancement of international standards and regulations on offshore finance businesses, the Management and Senior Staff members attended various overseas attachments and seminars to keep abreast with such developments. These developments are pivotal to the growth of the Authority on its way forward hence the significance of our office involvement with these attachments and seminars. The following training workshops and seminars were attended by our staff during the year:

#### Trainings and Workshops

- ⇒ Global Forum Training on Tax Information Exchange in Manila, Philippines – September 2012
- ⇒ Attachment with the Accounting and Corporate Regulatory Authority (ACRA), Singapore – January 2013

#### Seminars and Conferences

- ⇒ International Conference of Banking Supervisor Biannual Meeting in Turkey – September 2012
- ⇒ Members of the Peer Review Group (PRG) Meeting in Paris, France – September 2012
- ⇒ Invest Samoa Conference in Auckland, New Zealand – September 2012
- ⇒ Offshore Group of Insurance Supervisors (OGIS) Meeting in Washington – October 2012
- ⇒ Investment Conference in Hong Kong and Shanghai, China – October 2012
- ⇒ 5<sup>th</sup> Meeting of the Global Forum on Transparency and Exchange of Information for Tax Purposes (GFTEI) in Cape Town, South Africa - October 2012
- ⇒ Peer Review Group (PRG) Meeting Kuala Lumpur, Malaysia – February 2013
- ⇒ Asia Pacific Group (APG) Typologies Workshop in Brisbane, Australia – March 2013
- ⇒ Corporate Registers Forum (CRF) in Auckland, New Zealand – March 2013
- ⇒ Group of International Finance Centre Supervisors (GIFCS) Meeting in London – March 2013
- ⇒ Group of International Insurance Centre Supervisors (GIICS) Working Meeting in Barbados – May 2013
- ⇒ Overview of Financial Sector Issues and Analysis Course in Washington – May 2013

## ***5.2 Online Registration System***

As part of the continuous development of the Authority's Online Registration System, mysifa.ws was deployed live in November 2012. This means that the system can now be accessed from any PC in the world with an internet connection. Improved security measures were also a big feature in this latest release which includes recent login activity review and improved password strength ratings.

The Online Registration System has the ability to keep a log of the registered company's history at the push of a button; for instance the system now keeps track of a company's share capital, par value, shows whether Chinese characters are used for a certain company's name, whether a certificate of good standing has been issued for the concerned company and whether a charge is registered with the concerned company. Other features include the revamping of the search engine whereby expanded results of words and characters are retrieved when carrying out name searches. It is the belief that having an Online Registration System is more efficient, timely and an accessible system not only for the Companies Registry but more importantly for the client compared to a manual and often labour intensive system.

## ***5.3 Social Club***

Throughout this financial year the Authority has lent its tremendous support to Social Club activities which cater for the benefit of its members. Social club activities include outdoor sports and fundraising events not only to raise funds but also promote healthy lifestyles.

The social club committee is responsible for organizing activities to generate funds for the on-going operation of the club and to encourage its members to participate in activities in order to build up the morale within the Authority.



6. Samoa International Finance Authority Financial Performance

Audited Accounts Summary:

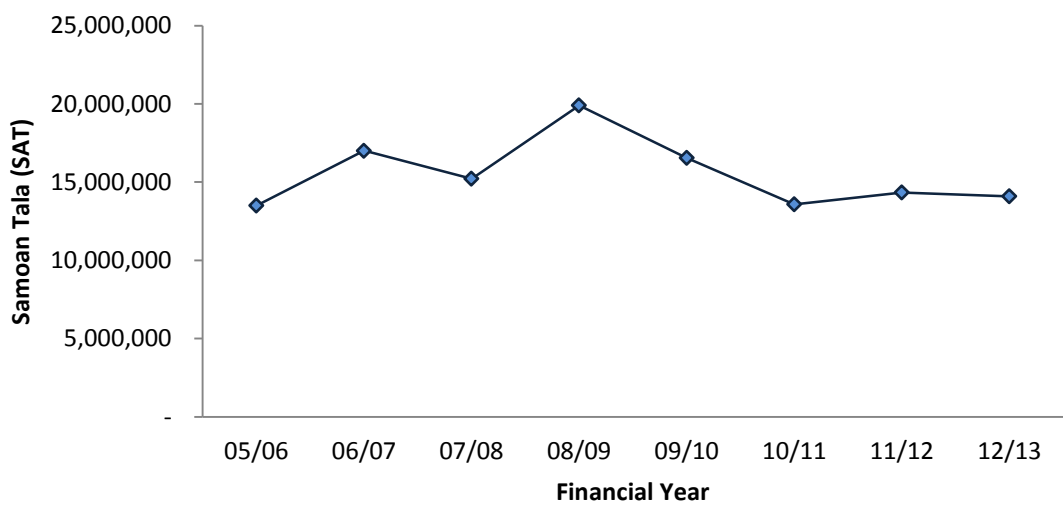
Financial position:

At the end of the financial year, the Authority had SAT48.35 million in total assets, an increase of 9 per cent from SAT44.28 million in the previous year. These assets were mainly in cash and in term deposits which was about 80 per cent of all the assets, for the previous year it was about 79 per cent.

Financial Performance:

A Net Profit of SAT14.09 million was recorded for the financial year compared to SAT14.33 million in the previous year, a decrease of about 1.71 per cent. This decrease was due to the increase in expenses despite the increase in revenue. The trend of Net Profit is depicted in the chart below.

CHART 1: Movement in Net Profit



# FINANCIAL \$TATEMENTS

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## **INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE SAMOA INTERNATIONAL FINANCE AUTHORITY**

### **Scope**

We have audited the financial statements of the Samoa International Finance Authority for the year ending 30 June 2013 as set out on pages 31 to 41. The Authority's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Authority.

Our audit has been conducted in accordance with International Standards on Auditing to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures include examination on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether in all material respects, the financial statements are presented fairly in accordance with the International Financial Reporting Standards and the *Samoa International Finance Authority Act 2005* so as to present a view which is consistent with our understanding of the Authority's financial position, the results of its operations and its cash flows

The audit opinion expressed in this report has been formed on the above basis.

### **Other relationship**

Lesā ma Penn has no relationship with the Authority.

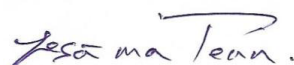
### **Audit Opinion**

In our opinion:

- (a) proper books of account have been kept by the Authority, so far as it appears from our examination of those books, and
- (b) the accompanying financial statements which have been prepared in accordance with International Financial Reporting Standards and the *Samoa International Finance Authority Act 2005*:
  - (i) are in agreement with the books of account;
  - (ii) to the best of our information and according to the explanations given to us;
    - (a) give a true and fair view of the state of affairs of the Authority as at 30 June 2013 and of the results and cash flows of the Authority for the year ending on that date;
    - (b) give the information required by the *Samoa International Finance Authority Act 2005* in the manner so required.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Apia, Samoa  
19 December 2013



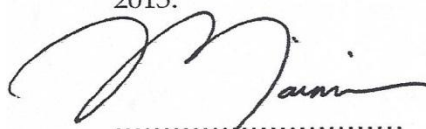
Lesā ma Penn  
Certified Public Accountants

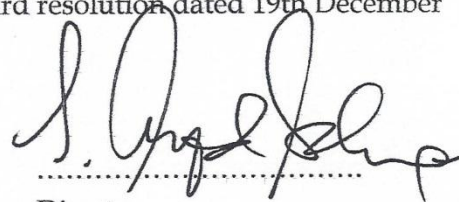
**SAMOA INTERNATIONAL FINANCE AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2013**

	Note	2013 WS\$	2012 WS\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property plant and equipment	3	6,990,217	7,578,731
Receivables and prepayments	4	1,637,061	1,629,449
Investment	5	3,430,000	1,190,000
		12,057,278	10,398,180
<b>Current assets</b>			
Cash and cash equivalents	6	35,476,499	32,606,933
Receivables and prepayments	4	822,032	1,281,093
		36,298,531	33,888,026
<b>Total Assets</b>		<b>48,355,809</b>	<b>44,286,206</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
General Fund		47,685,010	43,594,404
<b>Total Equity</b>		<b>47,685,010</b>	<b>43,594,404</b>
<b>Current Liabilities</b>			
Payables and accruals	7	551,232	603,552
Provisions	8	119,567	88,250
<b>Total Liabilities</b>		<b>670,799</b>	<b>691,802</b>
<b>Total Equity and Liabilities</b>		<b>48,355,809</b>	<b>44,286,206</b>

The relevant notes on pages 34 to 41 form part of this statement of financial position.

On behalf of the Board and in accordance with the Board resolution dated 19th December 2013.

  
 .....  
 Chairman of the Board

  
 .....  
 Director

**SAMOA INTERNATIONAL FINANCE AUTHORITY**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 WS\$	2012 WS\$
<b>REVENUE</b>			
Incorporation and Annual Fees		19,654,364	18,390,403
License Fees		358,224	293,080
Other Revenue		929,236	769,771
Interest Income		1,619,142	1,158,253
Exchange gain		149,423	98,684
		22,710,389	20,710,191

<b>EXPENSES</b>			
Audit fees		6,210	6,210
Building project costs written off	3	400,063	74,750
Depreciation	3	285,831	299,103
Directors fees		47,672	39,181
Communication		75,659	59,436
Management allowance		157,739	150,705
Printing and stationery		158,062	177,355
Promotions	9	4,750,492	2,925,059
Occupational Costs		460,783	438,796
Staff Costs		1,347,665	1,222,240
Loss on disposal of fixed asset		2,956	-
Others		926,651	980,893
		8,619,783	6,373,728

<b>Net Income for the year</b>		<b>14,090,606</b>	<b>14,336,463</b>
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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 2013**

Balance in General Fund at beginning of year		43,594,404	42,257,941
Plus net income for year		14,090,606	14,336,463
Less Payments to the Government of Samoa		(10,000,000)	(13,000,000)
<b>Balance in General Fund at end of year</b>		<b>47,685,010</b>	<b>43,594,404</b>

The relevant notes on pages 34 to 41 form part of the above statements.

**SAMOA INETRATIONAL FINANCE AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 WS\$	2012 WS\$
<b>CASH FLOWS FROM/(TO)</b>			
<b>OPERATING ACTIVITIES</b>			
Fees and license revenues		20,571,824	19,361,938
Cash paid to employees		(1,445,394)	(1,306,584)
Cash paid for rent and maintenance		(326,264)	(331,752)
Cash paid for promotional expenses		(3,359,400)	(2,718,620)
Cash paid for other expenses		(2,135,618)	(2,130,103)
Net advanced deposits		(73,092)	85,808
Net cash flows from operating activities		13,232,056	12,960,687
<b>CASH FLOWS FROM/(TO)</b>			
<b>INVESTING ACTIVITIES</b>			
Interest received		1,463,644	1,331,412
Foreign exchange gain/ (loss)		149,423	-
Acquisition of fixed assets		(100,557)	(522,095)
Investment in UTOS		(2,000,000)	-
Dividend and interest income from UTOS investment		125,000	-
Net cash flows from/ (to) investing activities		(362,490)	809,317
<b>CASH FLOWS (TO) FINANCING</b>			
<b>ACTIVITIES</b>			
Payment to the Government of Samoa		(10,000,000)	(13,000,000)
Net cash flows (to) financing activities		(10,000,000)	(13,000,000)
<b>Net increase / (decrease) in cash</b>			
		2,869,566	770,004
<b>CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR</b>			
		32,606,933	31,836,929
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>			
	6	35,476,499	32,606,933

The relevant notes on pages 34 and 41 form part of this Statement of Cash Flows.



## **1. GENERAL INFORMATION**

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

Prior to the commencement of this Act, the Office operated as the Office of the Registrar of International and Foreign Companies, attached to the Central Bank of Samoa.

## **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 the Authority and in particular the accounting policy adopted where there exists a choice between two (2) or more acceptable policies.

All amounts are expressed in Samoa Tala (SAT).

### **(b) Comparative amounts**

To ensure consistency with the current year, comparative figures have been restated where appropriate. Certain presentational changes have been made in the Financial Statements.

### **(c) Foreign currencies translation**

Transactions in foreign currencies have been converted to SAT at the rates ruling at the time of the transaction. Assets and Liabilities in foreign currencies at year end have been converted at rates ruling on that date. Exchange differences are taken to the statement of income.

### **(d) Significant accounting judgements and estimates**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. 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 and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in

applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below.

**(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
Freehold land	not depreciated

**(f) Impairment losses**

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

**(g) Revenue and expenditure recognition**

Fee income are recognised when due and on a cash basis. Any fees received in advance are deferred and apply to the period they relate to.

Interest income is recognised on an accrual basis using the interest rate applicable.

Expenditures are recognised on the accrual basis when services have been completed.

**(h) Employee entitlements**

The provisions for employee entitlements to annual leave and long service leave are accrued at current pay rates in respect of employees services up to the balance date.

**(i) Taxation**

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

**(j) Receivables**

Receivables including loans to staff are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the receivables are derecognised or impaired. These are included as current assets, except for those with maturities greater than twelve (12) months after balance date, which are classified as non-current.

**(k) Financial instruments**

Financial instruments recognised in the statement of financial position include cash balances, receivables and payables. SIFA is not party to any financial instruments with off-balance sheet risk. Financial instruments are measured at fair value.

Assumptions inherent in the calculation of net realisable value include the determination of the credit risk associated with the financial instrument. All carrying values are considered to approximate fair value.

## (I) 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. PROPERTY PLANT & EQUIPMENT

### 2013

Cost	30-Jun-12	Additions	Disposals	30-Jun-13
Land	6,414,655	-	-	6,414,655
Building – Work in Progress	400,063	-	(400,063)	-
Furniture and Fittings	413,416	17,636	(4,341)	426,711
Office equipment	1,127,839	82,919	(35,378)	1,175,380
Motor vehicles	253,000	-	-	253,000
Lease improvements	156,363	-	-	156,363
	<b>8,765,336</b>	<b>100,555</b>	<b>(439,782)</b>	<b>8,426,109</b>

Accumulated depreciation	30-Jun-12	Depreciation	Disposals	30-Jun-13
Land	-	-	-	-
Building – Work in Progress	-	-	-	-
Furniture and Fittings	275,592	37,550	(4,341)	308,801
Office equipment	687,803	182,045	(32,202)	837,646
Motor vehicles	145,028	50,600	-	195,628
Lease improvements	78,181	15,636	-	93,817
	<b>1,186,605</b>	<b>285,831</b>	<b>(36,543)</b>	<b>1,435,892</b>

Net book value	<b>7,578,731</b>			<b>6,990,217</b>
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### 2012

Cost	30-Jun-11	Additions	Disposals	30-Jun-12
Land	6,414,655	-	-	6,414,655
Building – Work in progress	-	400,063	-	400,063
Furniture and Fittings	411,137	2,279	-	413,416
Office Equipment	1,081,835	46,004	-	1,127,839
Motor vehicles	253,000	-	-	253,000
Lease improvements	156,363	-	-	156,363
	<b>8,316,990</b>	<b>448,346</b>	<b>-</b>	<b>8,765,336</b>

<b>Accumulated depreciation</b>	<b>30-Jun-11</b>	<b>Depreciation</b>	<b>Disposals</b>	<b>30-Jun-12</b>
Land	-	-	-	-
Building – Work in progress	-	-	-	-
Furniture and Fittings	236,987	38,605	-	275,592
Office equipment	493,542	194,261	-	687,803
Motor vehicles	94,428	50,600	-	145,028
Lease improvements	62,545	15,636	-	78,181
	887,502	299,103	-	1,186,605
<b>Net book value</b>	<b>7,429,488</b>			<b>7,578,731</b>

The SIFA Building Project work in progress costs of \$400,063 were written off following the Board's approval in its Special Meeting held in December 2013. The building project has now been abandoned. Other building related costs were expensed in 2012.

#### 4. RECEIVABLES AND PREPAYMENTS

##### Non-current

Employee loans – secured	1,637,061	1,629,449
	1,637,061	1,629,449

##### Current

Employee loans – secured	244,921	225,879
Less provision for doubtful loan	-	-
	244,921	225,879

Interest receivables	385,035	229,361
Prepaid expenses	192,076	825,853
	822,032	1,281,093

Employee loans are interest bearing, secured over tangible assets of the employee and generally for terms of 2 to 20 years.

These loans are expected to mature as follows:

Not later than 12 months	244,921	225,879
Later than 1 year but not later than 5 years	311,005	316,603
Later than 5 years	1,326,056	1,312,846
	1,881,982	1,855,328

**5. INVESTMENT****2013****2012**

Investment in UTOS at fair value at beginning	1,190,000	1,000,000
Add: Movement in fair value at balance date	240,000	190,000
Investment in UTOS at fair value at end	1,430,000	1,190,000
UTOS investment – convertible notes	2,000,000	-
	3,430,000	1,190,000

SIFA purchased \$1,000,000 worth of units from UTOS at \$1 a unit in April 2011. These units were valued at \$1.19 per unit as at 30 June 2012, and \$1.43 per unit as at 30 June 2013. There are no terms & conditions on this investment. In December 2012, SIFA invested \$2,000,000 in convertible notes with UTOS at 6% p.a. for 2 years.

**6. CASH AND CASH EQUIVALENTS**

Cash and bank balances	1,404,102	1,690,821
Fixed deposits	34,072,397	30,916,112
	35,476,499	32,606,933

Cash on hand are not significant and bank balances are held in local commercial banks. Fixed deposits are also with the local commercial banks at terms ranging from 3 to 12 months at interest rates of between 3.5% and 5.5%pa. These fixed deposits are held in SAT except for a fixed deposit with ANZ held in AUD that was terminated in April 2013. Currency risk for this amount is assessed further on page 41.

**7. PAYABLES AND ACCRUALS**

Customers deposits	445,618	518,711
Withholding tax owing to MfR	1,254	2,564
Accrued expenses	104,360	82,277
	551,232	603,552

Customer deposits are funds deposited by the trustee companies to pay for incorporation/renewal fees of their clients when due.

**8. PROVISIONS**

Annual leave	64,033	62,892
Board members retirement	55,534	25,358
	119,567	88,250

Movement in provisions:	Annual leave	Annual leave
Balance at the beginning of year	62,892	69,544
Paid out during the year	-	-
Utilised during the year	(19,928)	(15,453)
Additional charged to income	21,069	8,801
	64,033	62,892

	<b>2013</b> Board members retirement	<b>2012</b> Board members retirement
Balance at the beginning of year	25,358	54,338
Paid out during the year	-	(33,897)
Additional provision charged	30,176	4,917
	55,534	25,358

## 9. PROMOTIONS

Promotions – other	3,997,029	2,439,930
Seminars and conferences	650,783	379,749
Members	102,680	105,380
	4,750,492	2,925,059

## 10. CAPITAL COMMITMENTS

Commitment to Government of Samoa	10,000,000	13,000,000
-----------------------------------	------------	------------

Total contribution of \$10,000,000 was committed to Government for the current financial 2012/2013 year under section 18 of the *Samoa International Finance Authority Act 2005*. This was paid during the year. The commitment for the 2013/2014 year is 10,000,000.

## 11. CONTINGENT LIABILITIES

The Directors are not aware of any contingent liability at balance date: (2011/2012:\$nil)

## 12. LEASE COMMITMENTS

The Samoa International Finance Authority is leasing office space from the Development Bank of Samoa at a monthly rental of \$22,054.25 for an initial period of five (5) years, with an option of renewal after that date. This covers rent for Levels 3 and 6 as well as the Carpark. The Authority ceased its previous lease with the Central Bank of Samoa Building Ground Floor room for storage in October 2012.

Operating lease payable is as follows:

Not later than 1 year	264,651	216,283
Later than 1 year but not later than 5 years	-	210,410
Later than 5 years	-	-
	264,651	426,693

## 13. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation of key management personnel:

Remuneration including allowances	621,510	619,049
Director fees and allowances	47,672	39,181



The remuneration of key management personnel are determined by Cabinet and the Board. Key management personnel include the CEO, Assistant CEOs (2), Managers Marketing, Administration and Accounts.

## 14. FINANCIAL INSTRUMENTS

### (a) Credit Risk

The risk is 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:	2013	2012
Bank balances	35,476,499	32,606,933
Interest accrued	385,035	229,361
Staff loans	1,881,982	1,855,328

### (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 currencies in which SIFA primarily transact are Samoan Tala and US dollars. It is not SIFA policy to hedge against these exposures.

At balance date SIFA has the following exposure to the **US** dollar:

Financial assets:

Cash and cash equivalents	1,031,648	815,780
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Financial liabilities:

Payables-customer deposits	(445,618)	(518,711)
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Net exposure	586,030	297,069
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The following sensitivity is based on the foreign currency risk exposures in existence at the balance date:

Judgements of reasonably possible movements to profits

	Higher/(Lower)	Higher/(Lower)
WS\$/USD + 5%	(29,302)	(14,853)
WS\$/USD – 5%	29,032	14,853

At balance date SIFA has the following exposure to the **Australian** dollar:

Financial assets:

Cash and cash equivalents	-	2,178,938
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Financial liabilities:

Payables-customer deposits	-	-
----------------------------	---	---

Net exposure	-	2,178,938
--------------	---	-----------

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

Judgements of reasonably possible movements to profits

	Higher/(Lower)	Higher/(Lower)
WS\$/AUD + 4%	-	(87,158)
WS\$/AUD – 4%	-	87,158

Management believe the balance date risk exposure are representative of the risk exposure inherent in the financial instruments

**(c) Interest rate risk**

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

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

**15. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Board and authorised for issue on 19<sup>th</sup> December 2013.