



SAMOA PORTS AUTHORITY




**ANNUAL REPORT FOR YEAR
ENDED 30 JUNE 2019**

**Samoa Ports Authority
Matautu,
Apia, Samoa**

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STATEMENT OF COMPLIANCE



HON. PAPALIITELE UNASA TAPUNUU NIKO LEE HANG
MINISTER OF WORKS, TRANSPORT & INFRASTRUCTURE
APIA

DEAR HONOURABLE MINISTER

**RE: SAMOA PORTS AUTHORITY ANNUAL REPORT AND FINANCIAL STATEMENTS FOR
FINANCIAL YEAR ENDED 30 JUNE 2019.**

In compliance with Section 35(1) a,b & c of the Ports Authority Act 1998, it is with great pleasure that I submit herewith the Samoa Ports Authority's Annual Report with the Audited Financial Statements for the year ended 30 June 2019 for your information and presentation to Parliament.

The Report consists of the following:

1. Chairman's Statement
2. General Manager's Review
3. Independent Auditor's Report
4. Certification by Directors
5. Audited Annual Financial Statements

MA LE FAA'ALO'ALO TELE LAVA.

A handwritten signature in blue ink, reading "So'Oalo Kuresa So'Oalo".

SO'OALO KURESA SO'OALO
GENERAL MANAGER

STATEMENT TO PARLIAMENT



HON SPEAKER OF THE HOUSE
PARLIAMENT OF SAMOA
MULINUU
APIA

Dear Mr Speaker

Pursuant to Section 35 (2) of the Ports Authority Act 1998, it is my pleasure to present to the Parliament of Samoa, the Annual Report with Audited Financial Statements of the Samoa Ports Authority for the Financial Year ended 30 June 2019.

I am pleased to announce that the Financial Year from 01 July 2018 to 30 June 2019 was a record year financially for the Authority.

I wish to extend my sincere thanks and appreciation to the Board of Directors, Management and Staff for the excellent results for the year.

Ma le faa'alo'alo tele lava.

A handwritten signature in black ink, appearing to read 'Papalitele Unasa Tapunuu Niko Lee Hang', is written over a white rectangular background.

HON. PAPALIITELE UNASA TAPUNUU NIKO LEE HANG
MINISTER OF WORKS, TRANSPORT & INFRASTRUCTURE

Vision :

“Aspire to be the BEST Provider of efficient and effective port services”

Mission Statement:

“To develop and maintain Samoa’s Port Infrastructure:

To be in line with its Economic and Social Requirements,
In providing safe, secure, efficient, reliable and profitable port services, and
In meeting international port standards”

REVIEW YEAR HIGHLIGHTS

OPERATION



- Revenue tonnage recorded – 3.67million tonnes compared to 2.44million tonnes last year, a rise of 54%.
- Number of Containers (TEUs) handled – 42,102 compared to 37,091 in 2018; an increase of 14%.
- Number of Vessels -621 compared to 525 last year; a rise of 18%
- Number of Cruise Ships – 17 compared to 5 in 2018; an increase of 240%

FINANCE



- Record Net Profit of \$8.69million tala compared to \$5.67million last year, a rise of 53%
- Long Term Loan of \$18million – fully paid at UTOS \$4.73million last year.
- Declared and Paid Dividend of \$3.99million
- Cash Flow Balance of \$8.02million – increase by 21%.

MAJOR DEVELOPMENT PROJECTS

- ADB Samoa Ports Improvement Project to cost USD\$62.23 million
- Feasibility for the Vaiusu Port & Asau Channel Project .
- Cable Warehouse Project – Cable Ship in Apia Port
- Manono Jetty Project

CHAIRMAN'S STATEMENT



It has been a full and challenging year of milestone activities with exceptional productivity and results. On behalf of the Samoa Ports Authority (SPA/the Authority) it is a particular pleasure to present this the Annual Report for the financial period from 01 July 2018 to 30 June 2019. I do so with warm appreciation to the General Manager/CEO, le Tofa ia So'oalo Kuresa So'oalo, the Executive Management team and all SPA staff.

It has been a full and challenging year of milestone activities with exceptional productivity and results. On behalf of the Samoa Ports Authority (SPA/the Authority) it is a particular pleasure to present this Annual Report for the financial period from 01 July 2018 to 30 June 2019. I do so with warm appreciation to the General Manager/CEO, le Tofa ia So'oalo Kuresa So'oalo, the Executive Management team and all SPA staff.

MAJOR ACTIVITIES AND OVERALL PERFORMANCE

During this accounting period SPA celebrated the 20th anniversary of its formal establishment under the Ports Authority Act 1998. In particular, the Authority and its staff engaged in a wide range of major activities with high achievement and notable performance—results recorded in the Annual Report and as highlighted in this introductory Statement, including:

- a record net profit of WST\$8.69 million for the review year which (as a result of sustained corporate discipline and performance as well as the newly developed wharf and greatly improved port systems) is significantly above budgeted expectations;
- payment to Government of a dividend of \$3.99 million, representing 50% of the SPA net profit for year ended 30 June 2017; and declared dividend of \$1.99 million being 35% of the net profit for the year ended 30 June 2018;
- payment in full and final discharge of a long term debt of \$18 million in March 2019, providing to the Authority, for the first time in its operational existence, its current debt-free status;

- election of the SPA General Manager/CEO to the Executive Council and as the current President of the Pacific Maritime Transport Alliance (PMTA), a fully deserved personal recognition for the GM/CEO and also a fitting acknowledgement of the Authority's regional standing;
- key strengthening and additions to senior SPA staff, in particular the recruitment of the new Finance Manager in August 2018 and the reappointment of the Port Master for another three years from October 2018; and
- the engagement of the SPA and staff in important national events with its strong support and assistance as a Gold Sponsor of the Pacific Games in 2019.

CAPITAL PROJECTS & DIVIDEND INFORMATION

The financial year under review was also a critical juncture in efforts for the modernization and enhancement of the Apia port in terms of the further development and improvements to its infrastructure, security and public services and the general port environment. Events of particular significance included:

- the completion of the warehouse for the Samoa Submarine Cable Company (SSCC) and the arrival of the cable ship for the TE Sub-Com company to commence work on creating a hub for submarine cable systems and marine cable maintenance for the Pacific and the Oceania region; and
- appointment of international consultants and design engineers, finalization of negotiations and commencement of the ADB funded Apia Port Development Project for the strengthening and further development of the break-water system and related security and other improvements to the port facilities and surrounding area.

ACKNOWLEDGEMENTS

The work-effort and achievements presented in this Annual Report do not occur on their own. Rather, it is the end-result of conjoint and sustained endeavors by many over many years, of long-vision and sound policy-making and more especially of trained discipline and assiduous application by staff.

First and foremost I thank the Hon Papaliitele Unasa Tapunuu Niko Lee Hang, Minister of Works, Transport & Infrastructure, for his leadership and direction and unfailing support at all times.

The continuing growth and development of SPA necessarily involves enlargement and greater complexity in the affairs of the Authority, all of which will continue to challenge the Board of Directors in the accuracy and steadiness of its visioning and policy-making. With high commendation I thank the Board of Directors for their professionalism and informed engagement in the discharge of their responsibilities.

A change in the Board membership occurred in April 2019 with the appointment of Iana Afioga Taua Paul Phillips as the Chairman of the Land Transport Authority Board. We renew to Mr Phillips warm congratulations and our appreciation for his important contribution to SPA, as we also warmly welcome Iana Susuga Moananu Ioane Filemu who then joined the Board.

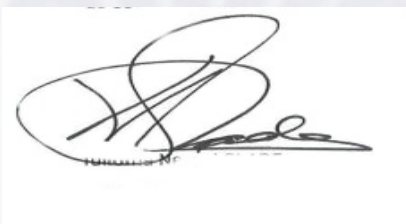
The following are the other serving Board Directors:

- o Tuatagaloa Shane Wulf, Deputy Chairman;
- o Luafau Leia Tuulima;
- o Afoa Raymond Pereira;
- o Pisaina Leilua Lei Sam;
- o Rev Nuuausala Siaosi; and
- o Moananu Ioane Filemu.

On behalf of SPA I record the Authority's warm acknowledgement and appreciation of the stakeholders and all port-users for their patronage and cooperation which have contributed to the results reported herein. The support of the Government, all stakeholders and port-users are back-bone factors which will continue to be critical in underpinning the continued growth and development of the SPA and in achieving its mission to provide safe, efficient and profitable port services for the future of Samoa.

As I close, I reiterate the Directors' special acknowledgement and appreciation to the SPA General Manager/CEO, the Executive Management team and all staff for their work-commitment and performance so effectively demonstrated with the splendid results and achievements contained in this Annual Report.

Faafetai



Tuiloma Neroni SLADE
BOARD CHAIRMAN

GENERAL MANAGER'S REVIEW



I am pleased to present this Annual Report for the Financial Year 2018-2019 recording the performance and significant deliverables by the Authority for the fiscal year under review.

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OPERATIONAL OVERVIEW

Robust commercial momentum from 2017-2018 FY continued in 2018-2019 and delivered strong operational results. The number of vessels handled during the reviewed financial year rose by 18%; to 621 compared to 525 vessels in 2017-2018. The recorded number of port calls in statistical percentage stand at; Fishing Vessels at 39%, Container Vessels at 27% and General Cargo Vessels at 25%. The rest were Gas & Fuel Tankers, Cruise ships, Naval and Yachts, Cable ships.

Revenue tonnage (Vessels GRT) surged by 51% over the previous year; recorded tonnage of 3.67 million compared to 2.44 million in 2017-2018. The increase in the number of cruise ships from 5 to 17 is the driving factor for the huge increase.

Container volumes grew strongly, outperforming the previous year by 14%; a total of 42,102 TEUs in 2018-2019 over 37,091 in 2017-2018.

FINANCIAL PERFORMANCE

The past two fiscal years have indicated an upward trend financial wise for the Authority and for this FY the Authority has continued this upward trend by producing its best ever financial results since its establishment 19 years ago

The recorded Net Profit of \$8.69 million for this FY is exceptionally higher than the previous year by 53% and rose above the annual budget of \$5.30 million by 64%.

The Authority's Cash position continues to remain steadily healthy despite honouring its statutory obligation by paying Dividend of \$3.99 million, and paying off a long term loan with a remaining balance of \$4.73 million during the review year. The ending cash balance of \$8.02 million is 21% better than the previous year balance of \$6.58 million.

Total Dividend paid during the period was \$3,992,691 million to cover 50% Dividend for 2016-2017 financial year and part of 35% Dividend for 2017-2018 financial year profits.

DEVELOPMENT PROJECTS

The continuation of the Samoa Port Development Project to be funded by ADB was the main focus for the period in consideration. The recruitment of the Design Engineering Firm signalled the official implementation of this project which is approximated to cost USD\$62.23 million. The main components are as follows:

- i) the rehabilitation of the breakwater,
- ii) acquisition of an X-Ray scanner for Customs,
- iii) the purchase of a new tug boat,
- iv) other developments such as the relocation and increase in reefer plugging, rehabilitation of container area, improvements in lighting, maintenance area for stevedoring equipment and others.

The Cable Warehouse Project with the arrival of the Cable Ship, the Vaiusu Port and Asau Channel Project, the Manono Jetty are the major development projects lined up for the next financial year

OUTLOOK

Exceptional results; (Financial and Operations-wise) in the last three years illustrate that we are progressing and will continue to try and keep the momentum going. All port trade statistics are on the rise and it is an exciting time for the Authority to proceed with its future development aspirations.

Therefore, we will continue to prioritize operational efficiency, doing more to add value for our customers and continue to seek ways to improve service delivery.

ACKNOWLEDGEMENT

On behalf of SPA I wish to acknowledge with appreciation the support and contribution from our business partners, stakeholders and all port-users, they have all contributed to the Authority's results.

After a very successful year, I would like to thank the Hon Minister of Works, Transport & Infrastructure Papaliitele Unasa Tapunuu Niko Lee Hang for the advice and unfailing support rendered to Samoa Ports Authority during the review year.

I would also like to especially thank my Board Chairman, Afioga Tuiloma Neroni Slade for proficiency guidance and leadership. I thank the hard working Board of Directors and my Senior Management Team for their diligence, contribution and support.

Finally, I would like to acknowledge and thank all staff for their hard work, support and commitment to the Authority's drive for success. Malo tautua, faafetai lagolago.

Faafetai.



So'alo Kuresa SO'OALO
GENERAL MANAGER

SPA PROFILE

Samoa Ports Authority (SPA) was established in July 1999 under the Ports Authority Act 1998.

As a State Owned Entity (SOE), the Authority must also comply with the provisions of the following legislations:

- PUBLIC BODIES (PERFORMANCE & ACCOUNTABILITY) ACT 2001
- PUBLIC FINANCE MANAGEMENT ACT 2001
- SHIPPING ACT 1998
- SMALL VESSEL REGULATIONS 1998
- LABOUR AND EMPLOYMENT RELATIONS ACT 2013
- COMPANIES ACT 2001
- CABINET DIRECTIVES

HISTORY

The Samoa Ports Authority was established in 1999 and is mandated by the Ports Authority Act 1998. The amendment of the Act as per Cabinet Directive FK (14) 21 in 2014, authorised the transfer of the domestic ports of Mulifanua and Salelologa under the management of the Samoa Shipping Corporation.

SPA currently employs a total of 121 employees all based at Matautu-tai and specifically focus on the operations and management of the Apia International Port, Apia Fishery Port, Asau and the Aleipata Ports.



APIA PORT

Apia International Port is located at Matautu-tai at approximately 3km from the centre of the Apia town-ship. Apia Port is the main seaport gateway for Samoa accounting for approximately 95% of international freight movements



ALEIPATA WHARF & SLIPWAY

Aleipata wharf and slipway is situated on the east side of the main island of Upolu. The Slipway was leased to the Samoa Shipping Corporation in 2014 under a pilot project arrangement for a five year term.



ASAU (SAVAII) WHARF

Asau port is situated on the western side of the island of Savaii, with a total quay length of 105 meters. The wharf is still maintained by the Authority and its use is limited to yachts and small fishing vessels, due to its shallow and narrow channel.



PORT SECURITY

The Apia International Port was included in the IMO audit in May 2018 and continues to comply with ISPS safety requirements to ensure safety of ships, port facilities and international maritime operations. Annual visit by the US Coast Guard is to provide advice and guidance on ISPS Compliance. The Authority has enhanced its Security services by installing CCTV cameras for monitoring of vessel operations and movements of cargo within the wharf compound

CORPORATE GOVERNANCE

Samoa Ports Authority as a state owned entity was established under the Ports Authority Act 1998 on 1st July 1999. The Samoa Ports Authority Board of Directors is mandated under section 5 of the Ports Authority Act 1998 which stated that Board composition must be seven (7) members. Section 6 of the same Act legislated the term in office for Directors of five (5) years and section 7 defined the remuneration of Directors.

Samoa Ports Authority's Board and Management recognise the importance of good corporate governance in the performance of their duties and responsibilities.

BOARD OF DIRECTORS

As at 30 June 2019, the Board Directors are:



TUILOMA NERONI SLADE – BOARD CHAIRMAN

Afioga Tuiloma was appointed Chairman in December 2017 after a successful career as a Judge of the International Criminal Court in The Hague, The Netherlands. More recently he served as Secretary General of the Pacific Islands Forum Secretariat; and previously as Samoa's Ambassador/Permanent Representative to the United Nations based in New York. Prior to that he was Assistant Director in the Legal Division of the Commonwealth Secretariat in London. In his earlier career he held office as Attorney-General of Samoa.



TUATAGALOA SHANE WULF – DEPUTY CHAIRMAN

Tuatagaloa has been serving as a Director for the Authority for over seven years. He is a Lawyer by profession and a member of the Samoa Law Society. He is running his own private practice Wulf Law Firm



LUAFAU LEIA TUULIMA AIMAASU – DIRECTOR

Luafau is the longest serving Board Director of the Authority. Prior to his appointment as a Director for SPA, he served on other Government SOEs Board and has wealth of experience as a Government SOE Director.

A successful commercial farmer, Luafau is the Government Representative (Mayor) looking after the affairs of his village representing Government in any matters concerning his village.



**PISAINA LEILUA-LEI SAM
– DIRECTOR**

Pisaina is an independent consultant in corporate governance, public economic policy development and practice, strategic planning, financial management and evaluation practices in the Pacific and Samoa with more than 25 years' experience. She was the Deputy Financial Secretary when she left the Treasury Department (now Ministry of Finance) in 1999 to join SPREP. She later joined the Pacific Island Forum Secretariat (PIFS) Fiji in 2004. She became the Director of Finance, Savings and Development Banks of the Government of Tokelau in 2007 until 2011.



**REV NUUAUSALA SIAOSI
– DIRECTOR**

As a graduate of Malua Theological College, Rev Nuuausala is currently serving as the Church Minister for the Protestant Church in Apia after serving on overseas mission for many years. Rev Nuuausala was appointed a Director for the Authority in 2017. Served as a Treasure of the Samoa Council of Churches for 10 years. National Coordinator-Samaritan Purse International for 3 years.



**AFOA RAYMOND PEREIRA
– DIRECTOR**

Afoa served in the Government at the Customs Division of the Ministry for Revenue for many years. He held the position of Assistant Chief Executive Officer for the Customs Division when he retired from the service before his appointment as a Director for the Samoa Ports Authority.



**MOANANU IOANE FILEMU
– DIRECTOR**

Moananu is a successful businessman who was the General Manager of the Progressive Insurance Company. He has a solid background in Finance after years serving as a Banker at the former Bank of Western Samoa (now ANZ Bank (Samoa) Ltd). He previously served on the Lands Transport Authority Board as the Chairman before he was appointed as a SPA Director.

SENIOR MANAGEMENT



**SO'ALO KURESA SO'ALO
- GENERAL MANAGER**

As a Chartered Accountant (CA), So'alo has been in the maritime industry for fifteen years where he served as the Chief Financial Officer (CFO) for the Government owned Samoa Shipping Corporation Ltd (SSC). Prior to SSC, So'alo spent fourteen years at the ANZ Bank as a Senior Banker and had covered all facets of Banking. He holds a B.Com (Accounting) and a Master of Business Administration (MBA) Degrees and is a registered member of the Samoa Institute of Accountants.



**SEINAFOLAVA. CAPT. TOMANE
- PORT MASTER**

Capt Tomane is an experienced Maritime Personel having served in the Ministry of Transport for many years. He holds a Master certificate and has served on foreign vessels for many years before he became the Assistant CEO of Maritime for the Ministry of Works, Transport & Infrastructure. He left his ACEO Maritime position to take on the Port Master position for SPA in 2012.



**TUITAMA NIA VAIFALE
- AUDIT MANAGER**

Tuitama has worked in Samoa as well as in Australia in the Accounting and Taxation areas. She was the Director of Corporate Services at FESA prior to her role here at SPA. She holds a B.A. (Mathematics) from Auckland University, NZ and a B.Com (Accounting) from the University of Southern Queensland, Australia. Tuitama is a member of the Samoa Institute of Accountants.





TAFAGATA CAPT TOILOLO
- PORT OPERATION
MANAGER

He Serve as Master in Maritime and working on foreign Ship for 20 years. A former Senior Lecture at the Maritime School at National University of Samoa. Sixteen years as the Principal Shipping and Maritime Examiner in MWTI, now join Samoa Ports Authority in 2016.



PETER LOKENI
- CORPORATE SERVICE
MANAGER

Peter Gafa Lokeni is Samoa Ports Authority's Manager for Corporate Services Division. He holds a Bachelor of Arts, Bachelor of Divinity and a Diploma in Business Management. He is a human resource executive with years of responsible and progressive experience in human resource management as well as manufacturing and operations management. His professional experiences include executive level management, strategic program management, training/employee development, resource and budget forecasting, organizational development and employee relations. He is also an ordained minister of the Congregational Christian Church of Samoa.



MOE LENE
- FINANCE MANAGER

Moe Lene is a registered member of the Samoa Institute of Accountants as a Chartered Accountant (CA). She holds a Bachelor of Commerce majoring Accounting and has served in the sector (Works, Transport & Infrastructure) for six years as the Assistant Finance Manager and Credit Controller for the Electric Power Corporation. Moe has started her career as an accountant and auditor from the accounting firm of Betham & Co Ltd in 2006.





REVIEW OF OPERATIONS

MAJOR PROJECTS & SIGNIFICANT EVENTS

ADB – SAMOA PORTS DEVELOPMENT PROJECT

- JULY 2018

As a result of a feasibility study in 2014 funded by the ADB where several areas of the Apia International Port that needed improvements were identified, the Samoa Port Development Project was initiated to be funded by ADB.



The recruitment of the Design Engineering Firm; Beca International of New Zealand signalled the start of this project for the Authority. The Authority is working collaboratively with the Executing Agency; the Ministry of Finance, the Ministry of Works, Transport & Infrastructure, the Attorney General's Office, the Ministry of Natural Resources and Environment on this project. The Project Manager post was awarded to a local individual consultant; LVG Consult.

The major components of this project include:

- the rehabilitation of the existing breakwater
- the acquisition of a customs x-ray scanner
- pavement of unsealed sections of the wharf
- relocation and addition of reefer plugging facility
- acquisition of a new tug boat
- improvement of underground cabling & lighting
- area for maintenance of stevedoring equipment
- green port initiative

The fact finding mission by ADB to finalize details and scope of the USD\$62.3 million Samoa Port Development Project took place in the last quarter of the financial year. The Design Engineering Firm (Beca) are in the final stages of the detailed design for the project with the Civil Works market testing underway. The bidding for the tug boat, x-ray scanner and the green port components will be done before the end of 2019 with the major civil works component to be done early 2020. The project timeline schedule indicated completion date of December 2023.

CABLE SHIP CS RELIANCE

- AUGUST 2018

The successful completion of the Cable Depot Warehouse marked by the arrival of the cable ship CS Reliance was another Government milestone project that eventuated during the year. The berthage of the CS Reliance at the Apia Port has certainly added port activities where lengthy period were required for berthage for their cable transfer process and our Maritime Division had to ensure that the normal shipping schedules are not significantly disrupted.



VAIUSU & ASAU PORTS PRE-TECHNICAL STUDY

- SEPTEMBER 2018

A study commissioned by the Chinese Government Ministry of Commerce was carried out in September 2018 for the proposed Vaiusu Port Project including the rehabilitation of the Asau Port channel.

The Ministry of Foreign Affairs has advised that the approval of the full feasibility study for this project is expected before the end of 2019.



SENIOR MANAGEMENT APPOINTMENTS.

- AUGUST & OCTOBER 2018

The Board in August 2018 approved the recommendation by the Interview Panel and appointed Ms Moe Lene to take up the vacant Finance Manager position. Ms Lene is a Chartered Accountant (CA) and has experience in auditing during her tenure with the Betham & Co Accounting Firm. She is also well versed with Government operations during her time with the Electric Power Corporation as the Revenue Accountant.



MOE LENE
FINANCE MANAGER

In October 2018, the Board confirmed the re-appointment of Seinafolava Capt Lotomau Tomane as the Port Master to lead the Maritime Division of the Authority. After the position was advertised, the sole applicant was Capt Lotomau and the Board confirmed re-appointment of Mr Tomane for a third term as the Port Master. Capt Tomane has vast experience as a mariner and has been involved in the maritime industry for many years as a seafarer, pilot, officer on overseas vessels, as Assistant CEO Maritime with the Ministry of Works, Transport and Infrastructure before being appointed as Port Master seven years ago.



SEINAFOLAVA TOMANE
PORT MASTER

PMTA PRESIDENCY & SECRETARIAT

- AUGUST & OCTOBER 2018

In August 2018, the Pacific Maritime Transport Alliance (PMTA) Executive Council meeting held in Fiji, elected the SPA General Manager as the interim President of the Association. Furthermore, the council unanimously voted to move the Secretariat Office from Nukualofa to Apia.



SPA will host the 44th PMTA Annual Conference in July 2019 where over 200 participants are expected to attend from Pacific Port Authorities including NZ and Australia, Maritime Operators both public and private, Engineering Firms, Insurance Firms, Regional Organizations like SPC, SPREP and others.



PACIFIC GAMES GOLD SPONSOR

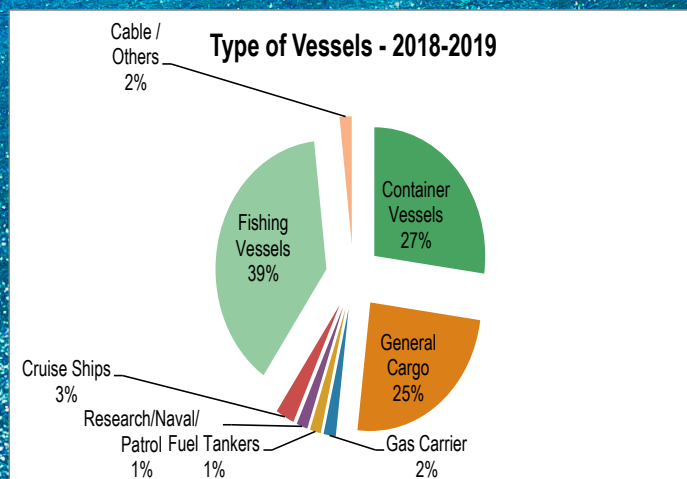
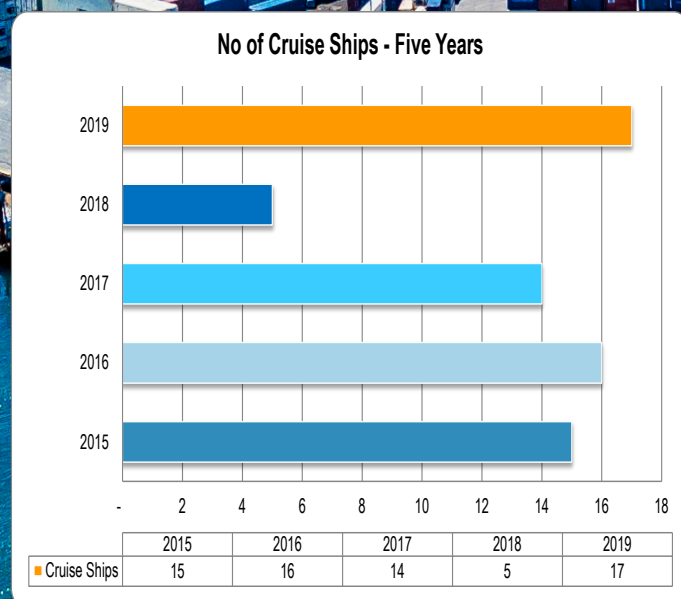
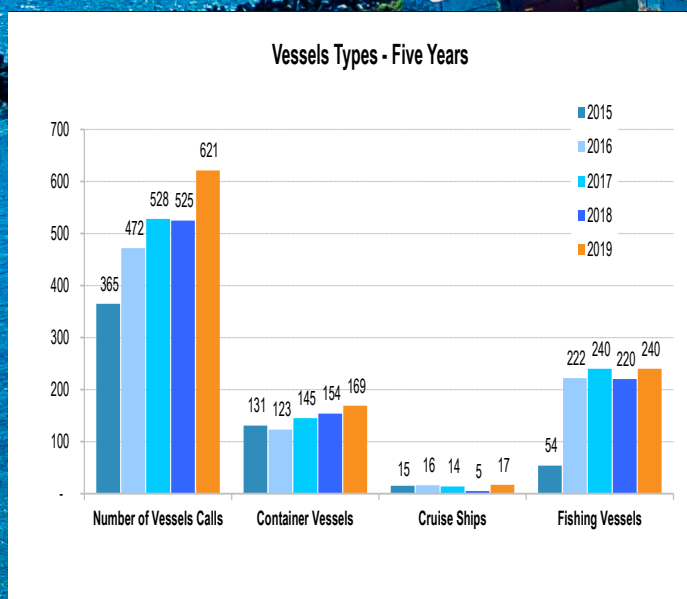
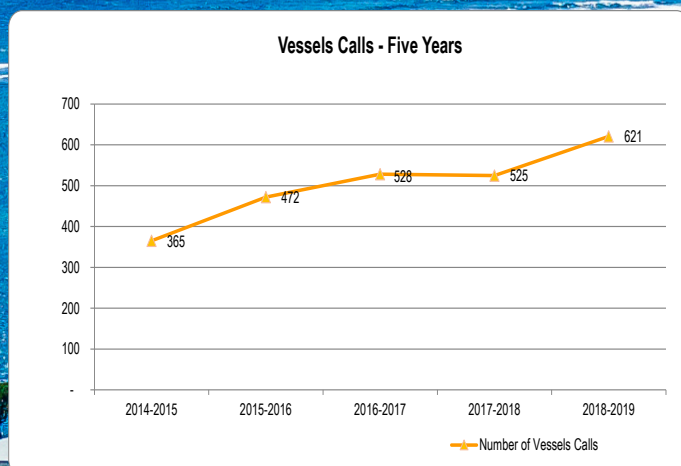
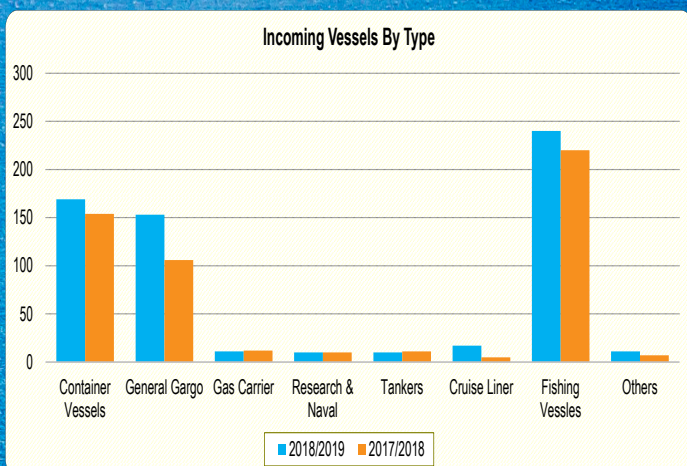
- AUGUST & OCTOBER 2018

On top of the Authority's annual community assistance program, the Board in March 2019 approved the cash sponsorship of \$200,000 as a Silver Sponsor of the Pacific Games. The sponsorship category was later upgraded to Gold with the addition on in-kind sponsorship value at \$300,000. This confirms the Authority's commitment to honor its community service obligation since the Games is a Regional event that has the potential to reap benefits for the overall economy of Samoa



APIA PORT STATISTICS

NUMBER OF VESSELS

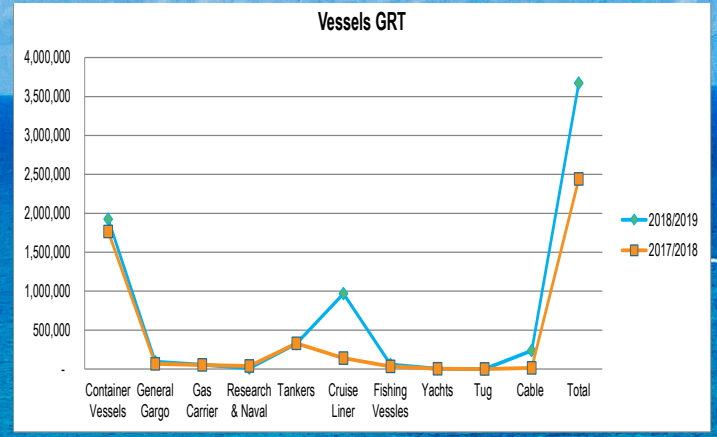
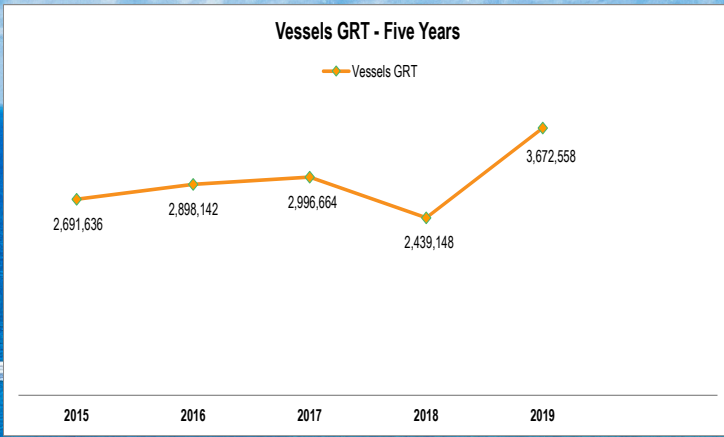


The number of vessels berthed at Apia Port during the review financial year rose by 18% from 525 in 2018 to 621 in 2019. Container vessels rose by 10% from 154 last year to 169, General Cargo vessels also increased by 44% from 106 to 153. The number of cruise ships jumped from 5 to 17 in 2019; a rise of 240% and fishing vessels rose by 9%.

The fishing vessels represented 39% of the total for the year, container vessels at 27%, general cargo at 25%, cruise ships with 3% and the others sharing the rest.

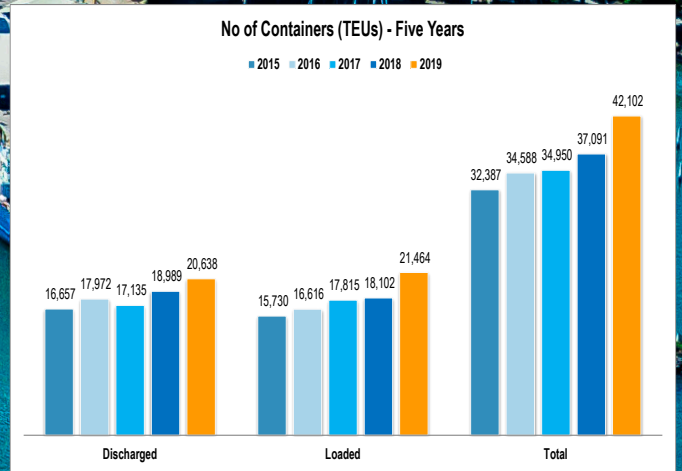
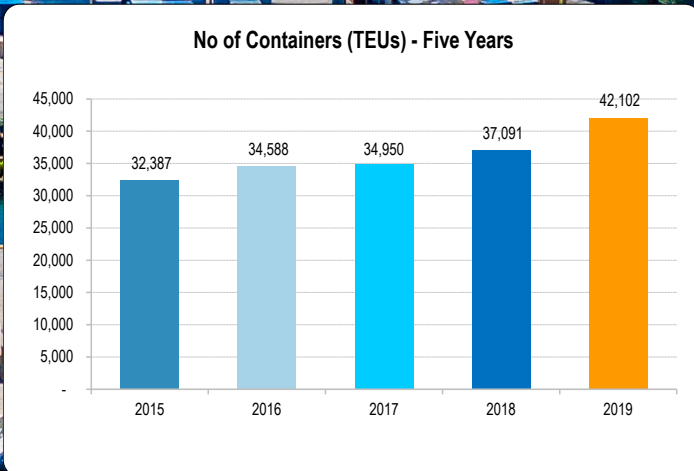
The number of vessels berthed at the Apia Port steadily rose over the last five years, specifically rose by 70% from only 365 in 2015 to 621 in 2019.

REVENUE TONNAGE (VESSELS GRT)



The total vessels GRT recorded of 3.67 million is 54% more than the previous year amount of 2.44 million tons. The significant difference in the number of cruise ships from 5 to 17 is the main contributing factor for the significant variance.

NUMBER OF CONTAINERS (TEUS)



The number of containers (TEUs) handled at the Apia Port steadily rose over the last five years as indicated above. Compared to 2014-2015, the 2018-2019 total of 42,102 is higher by 30% and 14% better than the 2017-2018 results. The breakdown of the total is almost 50/50 between discharged and loaded containers.

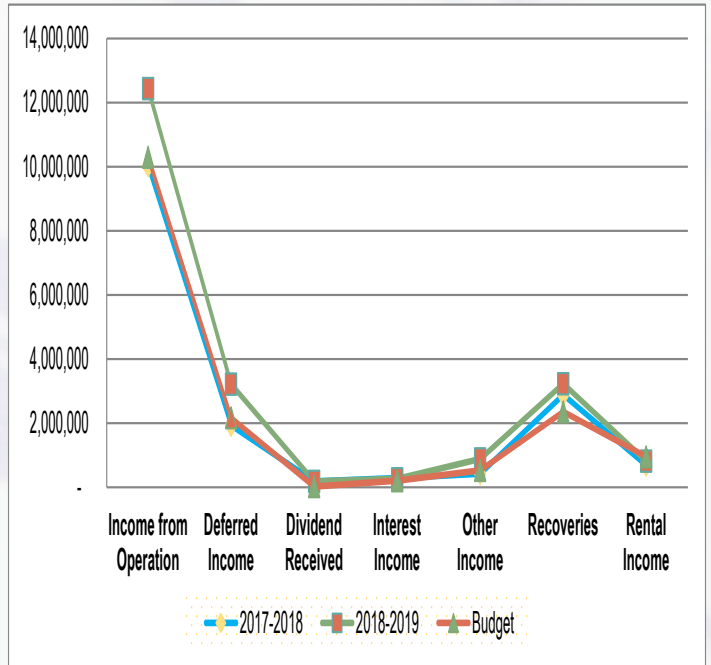
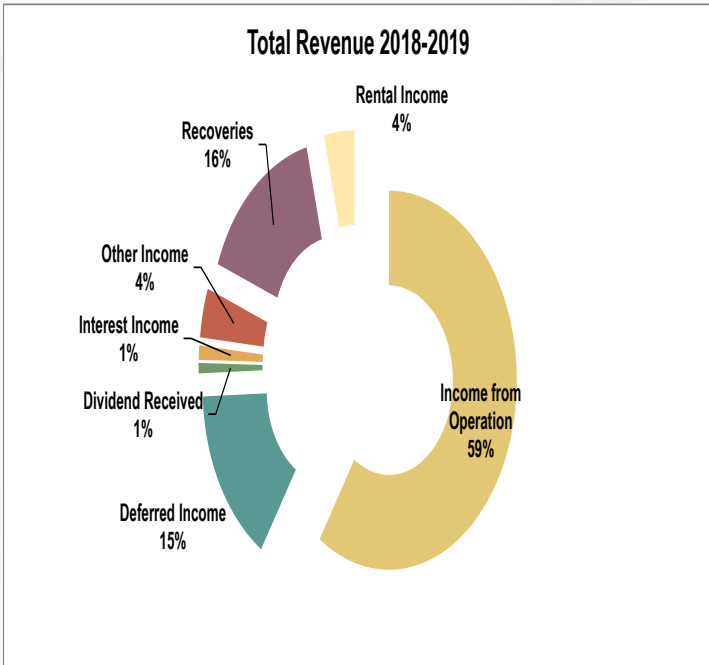
REVIEW

OF FINANCIAL RESULTS



REVENUE

	2017-2018	2018-2019	Budget
Income from Operation	10,023,185	12,429,612	10,297,383
Deferred Income	1,923,432	3,218,718	2,161,447
Dividend Received	185,820	185,820	16,000
Interest Income	281,045	255,942	197,500
Other Income	427,052	883,912	524,940
Recoveries	2,877,864	3,231,510	2,351,400
Rental Income	687,537	809,489	948,625
Total Revenue	16,405,935	21,015,003	16,497,295

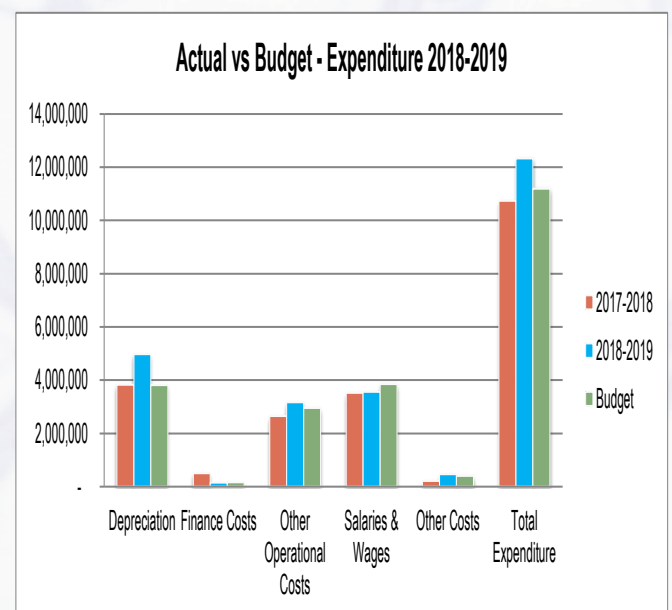
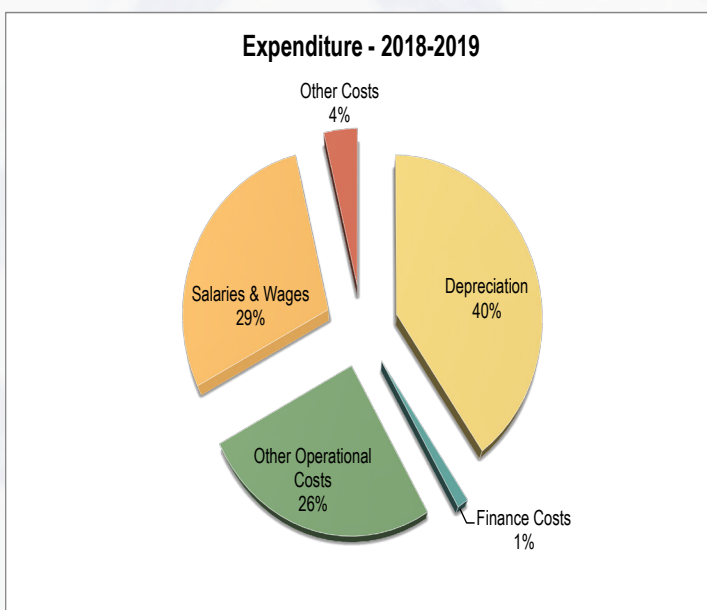


Total Revenue earned of \$21.02million was an increase of 28% in comparison to the sum attained in the previous year of \$16.41million and over the annual budgeted total of \$16.50million by 27%. Income generated from Operations made up 59% of the total revenue and recorded an increase of 24% over the prior year results, likewise better than the annual budget by 21%. Revenue from Recoveries made up 16% of the total revenue posted a rise of 12% over last year and above annual budget by 37%.

The increase in the number of vessels as reported herein especially the rise in the number of cruise ships from 5 to 17 is the main attributing factor to better revenue performance results

EXPENDITURE

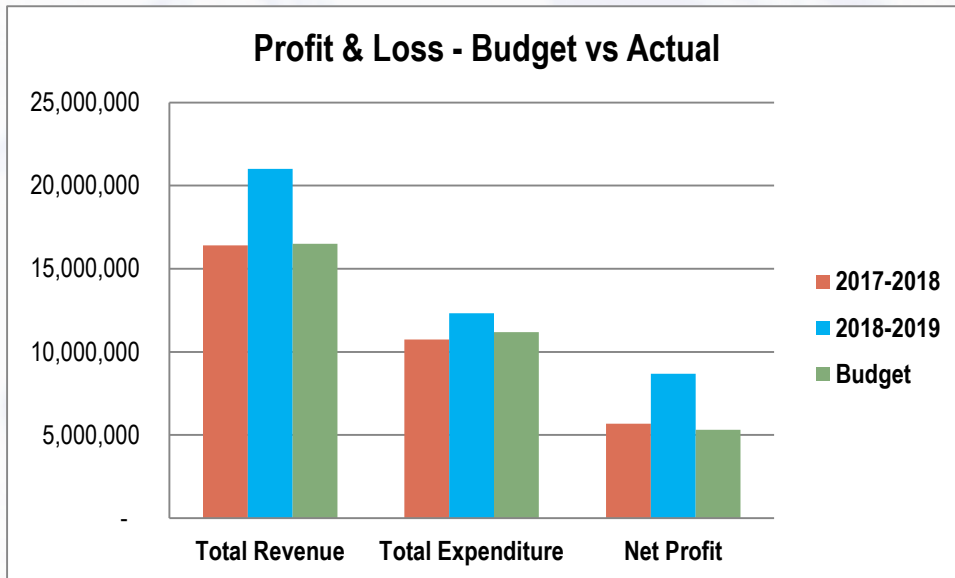
	2017-2018	2018-2019	Budget
Depreciation	3,829,033	4,971,718	3,812,066
Finance Costs	513,213	147,983	161,000
Other Operational Costs	2,659,062	3,177,737	2,957,190
Salaries & Wages	3,520,617	3,559,190	3,853,248
Other Costs	212,090	470,048	408,800
Total Expenditure	10,734,015	12,326,676	11,192,304



Total Expenditure rose by 15% compare to the previous financial year but lower than annual budgeted total expenditure by 10%. Depreciation dominates the cost structure at 40% (2017-2018: 35%), followed by Salaries & Wages at 29% (2017-2018:33%), Other Operational Costs at 26% (2017-2018:25%), Finance Costs at only 1% (2017-2018:5%) and Other Costs at 4% (2017-2018:2%).

Depreciation rose by 30% over the last financial year and above annual budget by the same amount. Finance Cost recorded a massive drop of 71% over last year as a result of the long term loan being fully cleared during the period, lower than annual budget by 8%. Other Operating Cost increased by 20% over last year and higher than annual budget by 7%. Salaries & Wages slightly rose above last year by 1% but below annual budget by 8%.

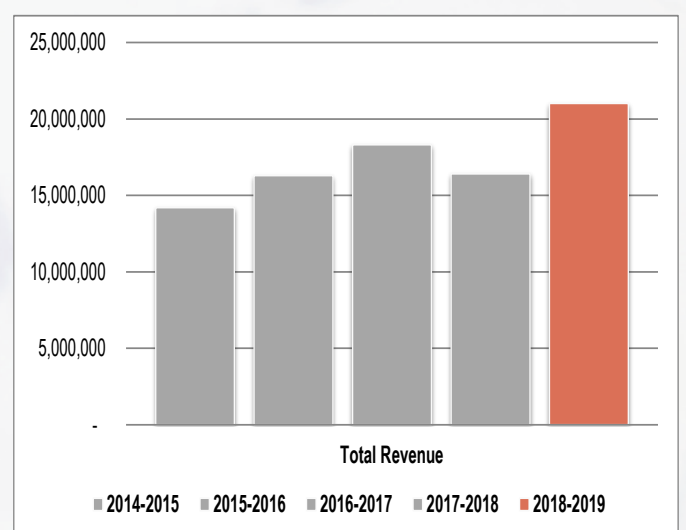
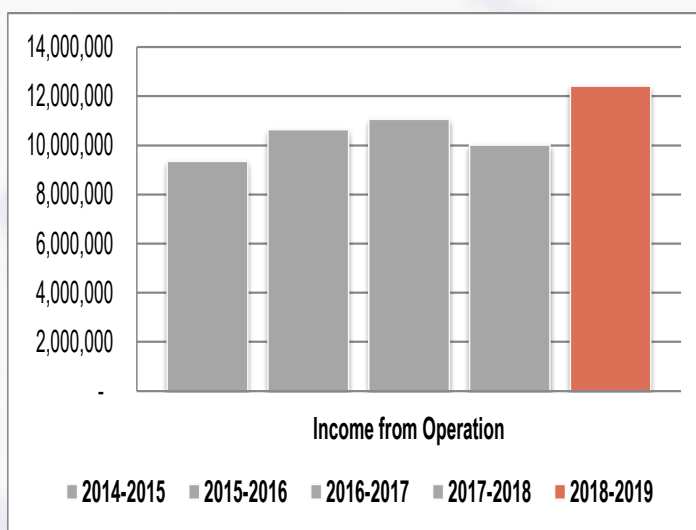
	2017-2018	2018-2019	Budget
Total Revenue	16,405,935	21,015,003	16,497,295
Total Expenditure	10,734,014	12,326,676	11,192,304
Net Profit	5,671,921	8,688,327	5,304,991

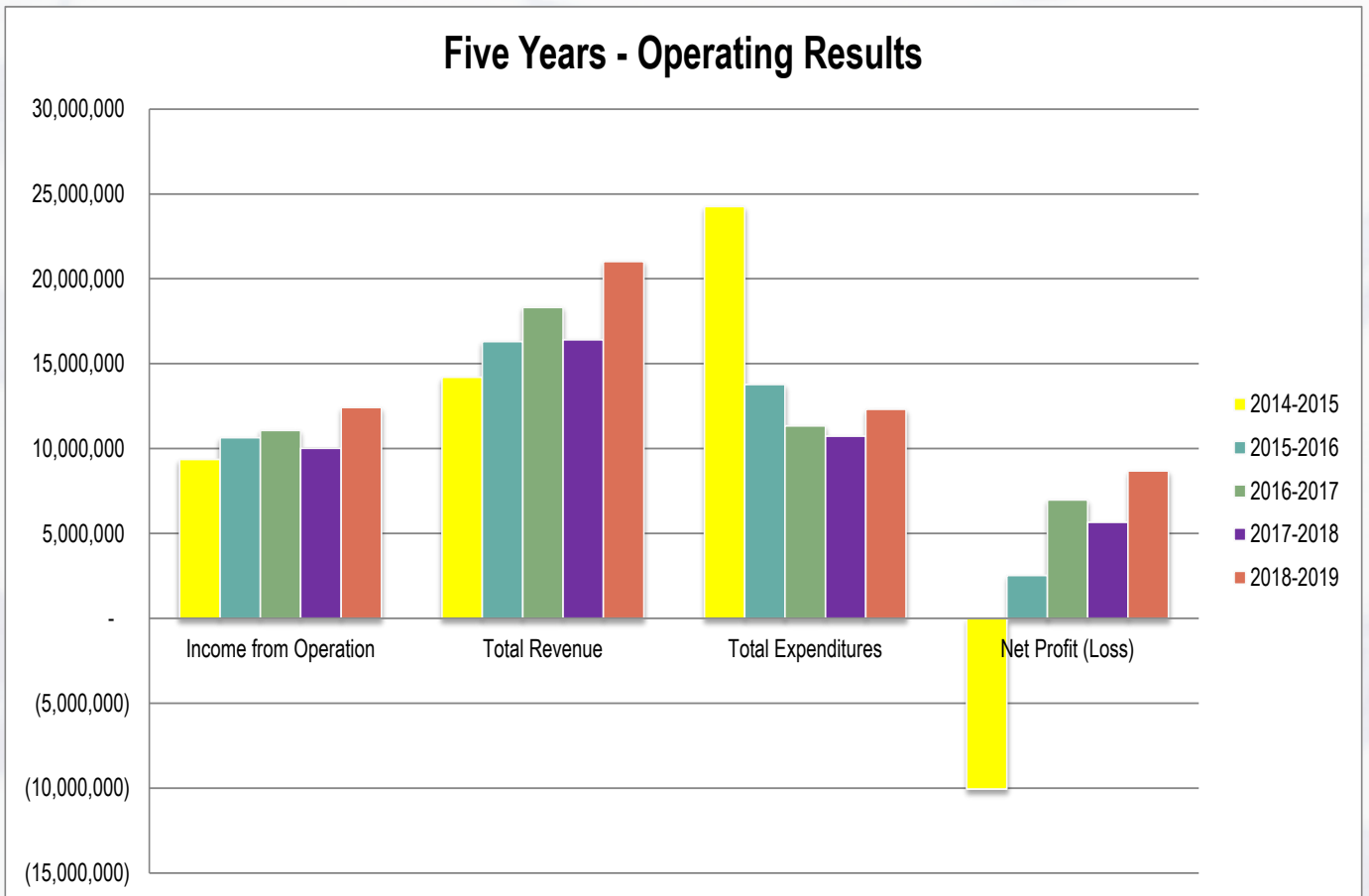
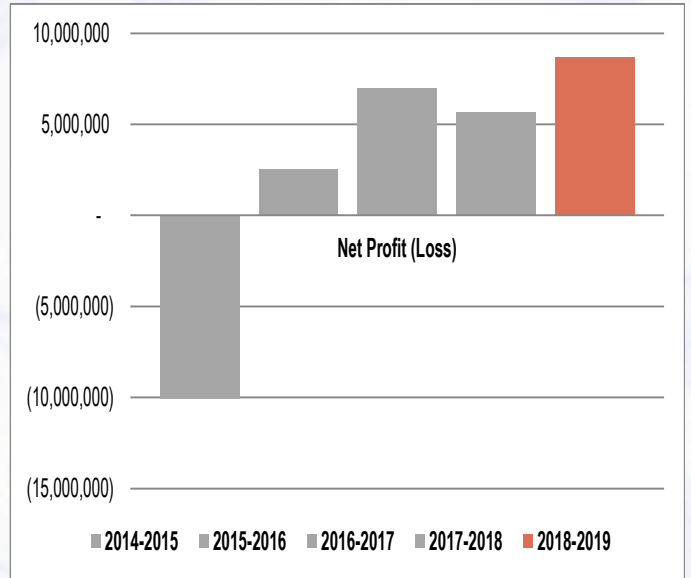
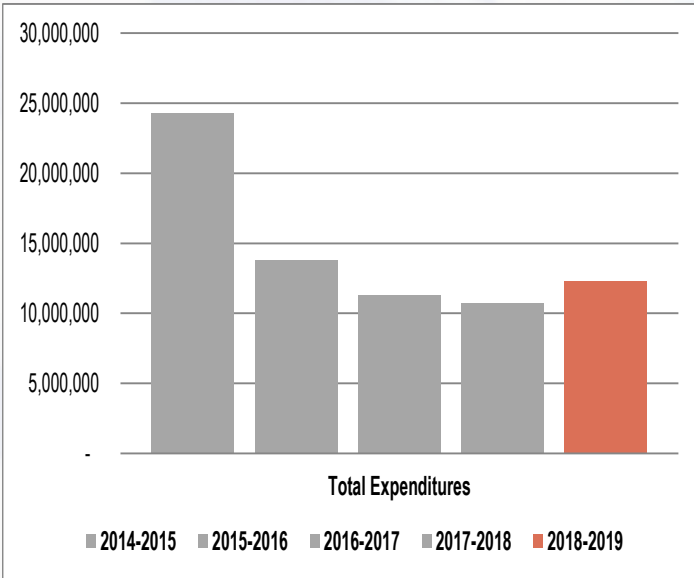


Overall, a Net Profit of \$8,688,327 was recorded for the reviewed financial period. This is a record net profit for the Authority in its 19 year's of establishment and is significantly higher than the previous year by 53% (2017-2018: \$5,671,920), similarly better than the annual budget by 64%.

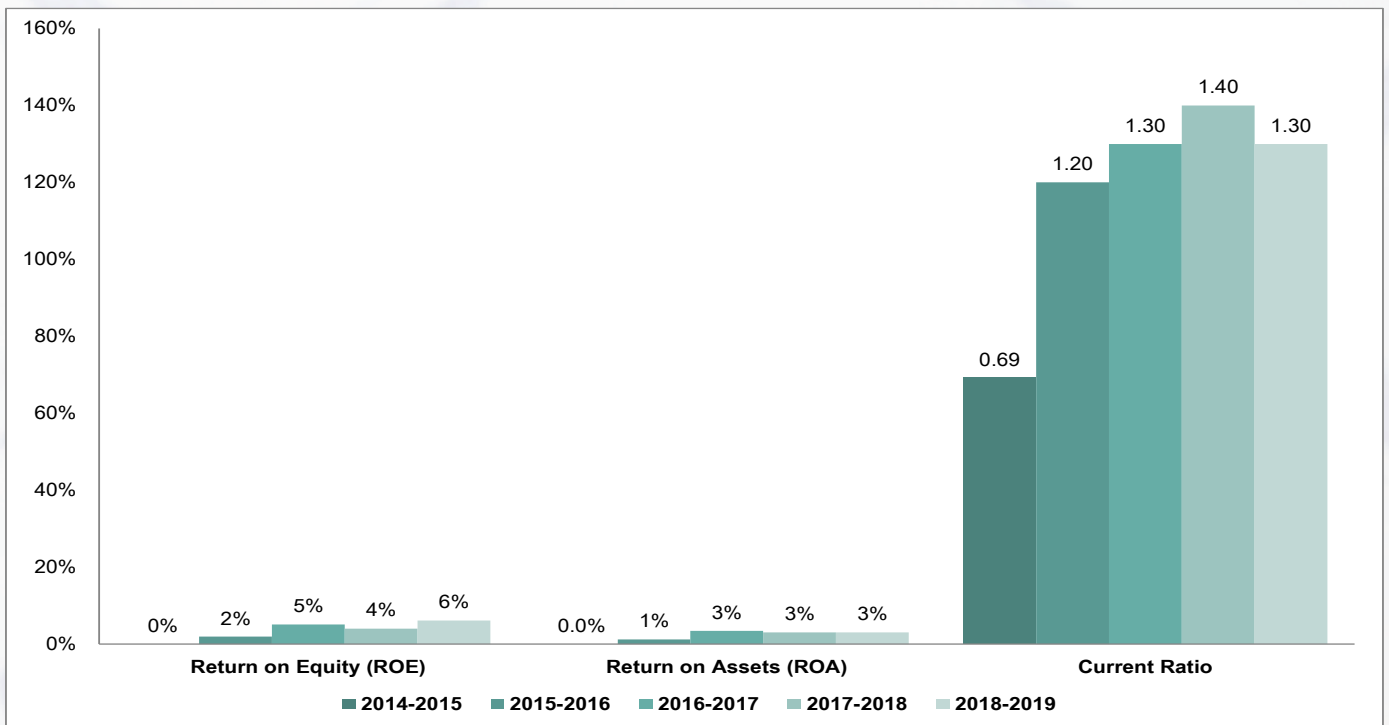
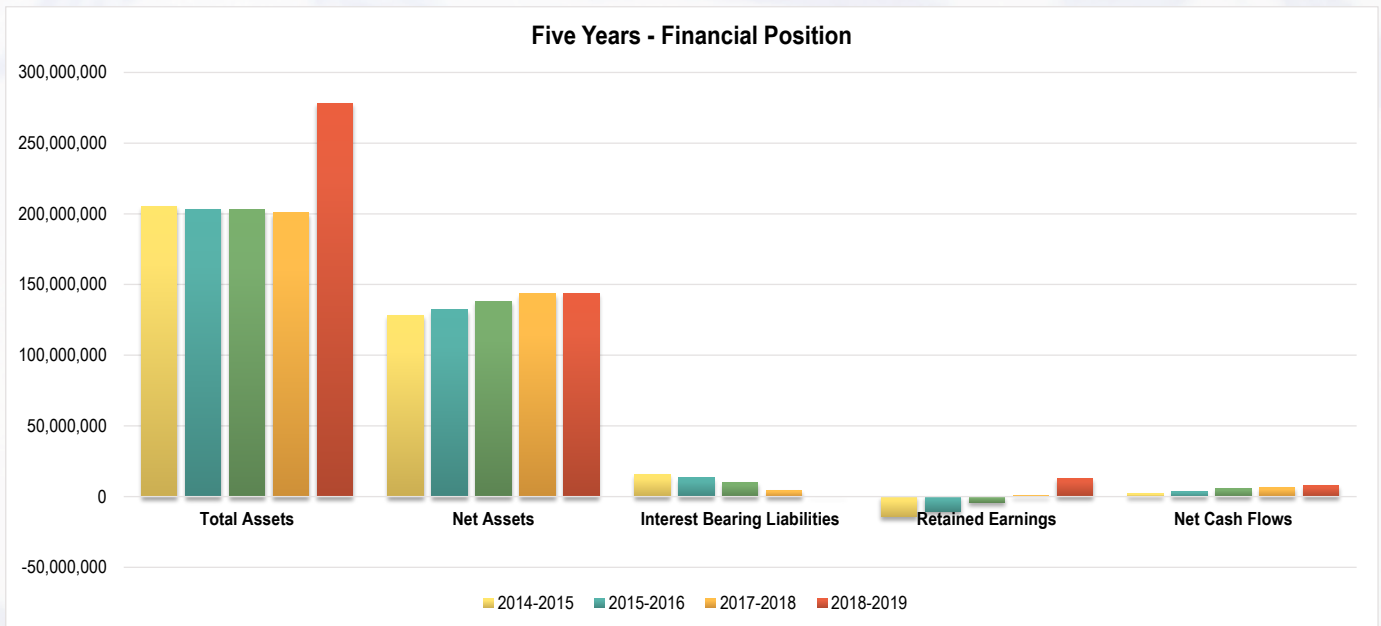
FINANCIAL PERFORMANCE – FIVE YEAR TREND

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Income from Operation	9,369,536	10,653,534	11,080,361	10,023,185	12,429,612
Total Revenue	14,207,973	16,302,947	18,318,532	16,405,935	21,015,003
Total Expenditures	24,267,385	13,777,555	11,333,150	10,734,014	12,326,676
Net Profit (Loss)	(10,059,412)	2,525,391	6,985,382	5,671,921	8,688,327





FINANCIAL POSITION – FIVE YEAR TREND



The above figures illustrate a positive trend in the last five years. Notably to say that Interest Bearing Liabilities totalled WST\$15.84million in 2014-2015 was drastically reduced to WST\$4.70million at the beginning of this financial year, a reduction of 70% over five years, and was fully paid in the second quarter of the review financial year and for the first time, the Authority at the close of the financial year is debt free.

The Cash Flow position of the Authority has steadily improved from WST2.28million in 2014-2015 to WST\$8.02million in 2018-2019, a massive increase of 252% over five years.

Retained Earnings rose sharply from \$0.99million to \$13.24million, attributed mainly to the correction of a material prior year error of \$12.09million plus the net profit of \$8.69million. This figure has improved from a negative (\$14.12million) to \$13.24million in the last five years,

Return on Equity (ROE) achieved a positive 2% in 2015-2016, 5% in 2016-2017 and 4% in 2017-2018 and 6% this financial year.



**SAMOA PORTS AUTHORITY
FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2019**





FINANCIAL STATEMENTS

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Samoa Ports Authority
Certification by Directors
For the year ended 30 June 2019

We certify that the attached financial statements for Samoa Ports Authority comprising the statement of financial position, statement of financial performance, statement of changes in equity, statement of cash flows and notes to financial statements for the year ended 30 June 2019;

- a) give a true and fair view of the matters to which they relate; and
- b) have been prepared in accordance with International Financial Reporting Standards; and
- c) comply with the Public Finance Management Act 2001 and Companies Act 2001 (amended 2006) in relation to the form or content of financial statements made under the Public Finance Management Act 2001, Public Bodies (Performance and Accountability) Act 2001 and Ports Authority Act 1998.

Directors

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

- Tuiloma Neroni Slade (Chairman)
- Luafau Leia Tuulima
- Tuatagaloa Shane Wulf
- Taua Paul Phillips (appointed as the Chairman of the LTA Board since February 2019 and resigned in March 2019)
- Pisaina Leilua Lei Sam
- Afoa Raymond Pereira
- Rev Nuuausala Siaosi
- Moananu John Fillemu (appointed since February 2019)

Operating Results

The net profit for the year is \$8,688,327; 2018: \$5,671,921

Dividends

The Directors approved the payment of dividend of WST\$1,985,172 based on the rate established by Cabinet directive FK(18)11. The Authority has paid WST\$3,992,691 during the financial year ended 30 June 2019.

Dated at Apia this: 30/10/19

Signed in accordance with a resolution of the Directors.



CHAIRMAN



DIRECTOR

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

P.O Box 13
 APIA, SAMOA



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 PORTS AUTHORITY

Audit Opinion

We have audited the accompanying Financial Statements of the Samoa Ports Authority, which comprise the Statement of Financial Position as at 30 June 2019, 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 Lesā and Penn, Chartered Accountants, assisted in the audit. The Engagement Partner on the audit resulting in this Independent Auditor's Report is Matataualiitia Afa Lesa.

In our opinion, the financial statements give a true and fair view of the financial position of the Samoa Ports Authority as at 30 June 2019, and of its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs), Public Finance Management Act 2001, Public Bodies (Performance and Accountability) Act 2001, and Ports Authority Act 1998.

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 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, Public Finance Management Act 2001, Public Bodies (Performance and Accountability) Act 2001, and Ports Authority Act 1998, and 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, the Directors are 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 the Directors 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

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material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 the Management regarding, among other matters, the significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the management with a Statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Ports Authority Act 1998,

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 financial statements are in agreement with the books of account; and
- (c) to the best of our knowledge and according to explanations given to us the financial statements give the information required by the Ports Authority Act 1998 in the manner so required.

Our audit was completed on the 30th October 2019 and our opinion is expressed as at that date.

Apia, Samoa
 31 October 2019

Jaslyn T. Mariner-Leota
ASSISTANT CONTROLLER AND AUDITOR GENERAL

Samoa Ports Authority
Statement of Financial Performance
For the year ended 30 June 2019

REVENUE	Notes	2019 WST\$	2018 WST\$
Income from operation		12,429,612	10,023,185
Deferred revenue/amortised income	14(a)	3,218,718	1,923,432
Dividend received		185,820	185,820
Interest income		255,942	281,045
Other income	18	616,112	177,052
Proceeds from sale of fixed assets		267,800	250,000
Recoveries overtime and others		3,231,510	2,877,864
Rental income		809,489	687,537
Total Revenue		21,015,003	16,405,935
EXPENDITURES			
Board expenditure	21(i)	159,829	145,947
Depreciation	10	4,971,718	3,829,032
Employee benefit	11(b)	49,077	230
Finance costs	20	147,983	513,213
Operational expenditures	19	3,177,737	2,659,062
Professional Fees		61,142	66,143
Salaries and wages		3,559,190	3,520,388
Sponsorship – PG 2019		200,000	-
Total Expenditures		12,326,676	10,734,014
Net profit		8,688,327	5,671,921

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

Samoa Ports Authority
Statement of Financial Position
As at 30 June 2019

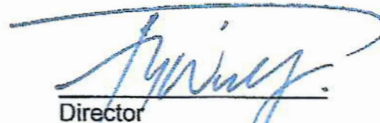
ASSETS	Notes	2019 WST\$	2018 WST\$
Current Assets			
Cash and cash equivalents	3	3,002,941	1,754,615
Term deposits	4	5,012,862	4,821,802
Trade and other receivables	5	1,748,499	1,329,648
Investment	6	3,028,864	2,861,626
Withholding Tax Receivable	15	45,283	23,666
Total Current Assets		12,838,449	10,791,357
Non-Current Assets			
Property, plant and equipment	10	265,284,738	189,959,781
Total Non-Current Assets		265,284,738	189,959,781
TOTAL ASSETS		278,123,187	200,751,138
EQUITY & LIABILITIES			
Capital and Reserves			
Capital		23,479,487	23,479,487
Land revaluation	8	106,803,002	106,803,002
Reserves	7	15,750	15,750
Retained earnings		13,238,417	13,084,572
Total Equity		143,536,656	143,382,811
Current Liabilities			
Trade and other payables	9	585,915	418,030
Provision for employee benefits	11(a)	70,800	35,688
Provision for dividend		4,541,791	-
Other provisions	12	55,478	59,000
Term loan - current portion	13	-	4,725,488
Deferred revenue-current portion	14(b)	3,174,369	1,923,432
Retention	16	22,614	27,548
VAGST payable	17	1,273,913	847,834
Total Current Liabilities		9,724,880	8,037,020
Non-Current Liabilities			
Deferred revenue- non current portion	14(b)	124,861,651	49,331,307
Total Non-Current Liabilities		124,861,651	49,331,307
Total Liabilities		134,586,531	57,368,327
TOTAL EQUITY & LIABILITIES		278,123,187	200,751,138

Signed on behalf of the Board:



Chairman

Date: 30/10/19



Director

Date: 30/10/19

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

Samoa Ports Authority
Statement of Changes in Equity
For the year ended 30 June 2019

	NOTES	Share Capital WST\$	Revaluation WST\$	Reserves WST\$	Retained Earnings WST\$	Total WST\$
Balance as at 30 June 2016		35,570,307	106,803,002	15,750	(10,158,347)	132,230,712
Net profit for the year ended 30 June 2017		-	-	-	6,985,382	6,985,382
Dividend paid		-	-	-	(1,005,204)	(1,005,204)
Balance as at 30 June 2017		35,570,307	106,803,002	15,750	(4,178,169)	138,210,890
Balance as at 1 July 2017		35,570,307	106,803,002	15,750	(4,178,169)	138,210,890
Net profit for the year ended 30 June 2018		-	-	-	5,671,921	5,671,921
Dividend paid		-	-	-	(500,000)	(500,000)
Balance as at 30 June 2018		35,570,307	106,803,002	15,750	993,752	143,382,811
Restatement 2019 - Transfer of wharves		(12,090,820)	-	-	12,090,820	-
Restated 30 June 2018 balance	22	23,479,487	106,803,002	15,750	13,084,572	143,382,811
Balance as at 1 July 2018		23,479,487	106,803,002	15,750	13,084,572	143,382,811
Net profit for the year ended 30 June 2019		-	-	-	8,688,327	8,688,327
Dividend paid		-	-	-	(3,992,691)	(3,992,691)
Dividend payable		-	-	-	(4,541,791)	(4,541,791)
Balance as at 30 June 2019		23,479,487	106,803,002	15,750	13,238,417	143,536,656

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

Samoa Ports Authority
Statement of Cash Flows
For the year ended 30 June 2019

	2019 WST\$	2018 WST\$
Cash Flows from Operating Activities		
Cash received from customers	19,390,866	13,369,658
Cash paid to employees and suppliers	(9,469,056)	(6,761,157)
Interest received	202,130	264,798
Net Cash Inflow/(Outflow) from Operating Activities	<u>10,123,940</u>	<u>6,873,298</u>
Cash Flows to Investing Activities		
Purchase of property, plant and equipment	(296,675)	(632,134)
Proceeds from sales of assets	80,300	69,100
Proceeds from disposal of wharves	250,000	250,000
Dividend paid to Government of Samoa	(3,992,691)	(500,000)
Net Cash Inflow/(Outflow) from Investing Activities	<u>(3,959,066)</u>	<u>(813,034)</u>
Cash Flows from Financing Activities		
Loan repayments	(4,725,488)	(5,392,451)
Net Cash Inflow/(Outflow) from Financing Activities	<u>(4,725,488)</u>	<u>(5,392,451)</u>
Net increase/ (decrease)	1,439,386	667,813
Cash and cash equivalents at beginning of year	6,576,417	5,908,604
Cash and Cash Equivalents at Year End	<u>8,015,803</u>	<u>6,576,417</u>
Represented by :		
Cash on hand	1,300	1,300
Cash at Bank - ANZ Bank (Samoa) Ltd	940,950	1,753,315
Cash at Bank - Bank South Pacific Ltd	2,060,313	-
Cash at Bank - National Bank of Samoa Ltd	378	-
Term deposits - Bank South Pacific Ltd	3,318,734	3,205,812
Term deposits - National Bank of Samoa Ltd	1,694,128	1,615,990
Total Cash on Hand and at Bank	<u>8,015,803</u>	<u>6,576,417</u>

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

Samoa Ports Authority
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. General information

The Authority was established on 1st July 1999 under the Ports Authority Act 1998. The main functions and powers of the Authority are stipulated in section 8 of the Ports Authority Act. Samoa Ports Authority is a Statutory Authority domiciled in Samoa and is involved in the provision and management of port services and cargo handling facilities on the island of Upolu and Savaii and its main Office is located at Matautu-tai.

2. Statement of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Public Finance Management Act 2001 which requires the adoption of International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) in preparing its financial statements.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis unless otherwise stated. The principal accounting policies are stated to assist in a general understanding of these financial statements. Reporting financial statements in accordance with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period and future periods.

c. Comparative Information

Comparative information's have been restated where necessary to achieve consistency in disclosure with current financial year amounts. Note 22 refers to correction of prior period error relating to material misstatement of transferring of domestic wharves to Samoa Shipping Corporation which affects Retained Earnings and Capital.

d. Functional and Presentation Currency

The financial statements are presented in Samoan Tālā (WST\$), which is the Authority's functional currency and all values presented in Samoan Tālā have been rounded to its nearest tālā.

e. Foreign Currency

Transactions in foreign currency are translated to Samoan Tālā at the foreign exchange rate ruling at the date of the transaction. Amounts receivable and payable denominated in foreign currencies are translated at the rates of exchange ruling at balance sheet date. Foreign exchange differences arising on translation are recognized in the statement of financial performance.

f. Bad and doubtful provision

Collectability of trade receivables is reviewed on an ongoing basis. A provision is raised for any doubtful debt based on a general review of the outstanding amounts at the end of the reporting period. Bad debts are written off against the provision for doubtful debts in the period in which they are identified as unrecoverable.

g. Revenue Recognition

Revenue from various operational services is recognised in the statement of financial performance when the service is performed. Revenue from the sale of goods is recognised in the statement of financial performance when the significant risks and rewards of ownership have been transferred to the customer. No revenue is recognised if there are significant uncertainties regarding collection of the revenue due or on the possibility of goods being returned.

Samoa Ports Authority
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2019

h. Expense Recognition

Operating expenses according to the statement of financial performance consist of selling and advertising costs, administrative, occupancy and other costs.

i. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank and on hand and term deposits with maturities of less than 365 days.

j. Trade and other receivables

Accounts and other receivables are recorded at expected realization value after providing for bad and doubtful debts. At the end of each reporting period, the carrying amounts of accounts and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately recoverable. If so, an impairment loss is recognised immediately in the statement of financial performance.

k. Provisions

A provision is recognised in the statement of financial position when the Authority has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

l. Trade and other payables

Accounts and other payables are recognised at cost and represent liabilities for goods and services provided to the Authority before the end of the financial year that are unpaid and arise when the Authority becomes obliged to make future payments in respect of the purchase of these goods and services.

m. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses except for land cost which is measured at revaluation method. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment.

Lands	Nil
Wharves	30 - 60 years
Buildings	10 - 30 years
Breakwaters	60 years
Workboats	10 - 30 years
Motor Vehicles	4 - 10 years
Office Equipment	7 years
Office Furniture's	4 - 10 years
Wharf furniture's, equipment and others	3 - 5 years
Machineries	5 -20 years

n. Value added goods and services tax (VAGST)

All amounts are shown exclusive of VAGST, except for accounts receivables and payables which are stated inclusive of VAGST (where applicable).

o. Income tax

The Authority is not subject to income tax.

p. Dividends

Dividends are recognised as a liability in the period in which they are due and payable pursuant to the Public Bodies (Performance & Accountability) Regulations 2001.

Samoa Ports Authority
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2019

q. **Borrowing costs**

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

r. **Employee entitlements**

Liabilities for employees' entitlements to salaries and wages, annual leave, long service leave and other current employee entitlements (that are expected to be paid within twelve months) are accrued at undiscounted amounts, and calculated at amounts expected to be paid as at reporting date.

Liabilities for other employees' entitlements, which are not expected to be paid or settled within twelve months of reporting date, are accrued in respect of all employees at the present value of future amounts expected to be paid

s. **Grants, aids in assistance, donations and capitalization**

The above are treated in the accounts in accordance with their nature and the form in which they are received;

(i) All items which are intended for the support of the Authority's operations and received in cash are taken to income on receipt.

(ii) All items which are received in the form of depreciable assets, are taken to income in the year of receipt.

The Authority has adopted IAS 20 in the presentation of donated assets by setting up the grant as deferred income and writing it off as income to the finance performance on a rational and systematic basis over the useful life of the donated assets.

t. **Investment Unit Trust of Samoa (UTOS)**

Units held at the Unit Trust of Samoa are stated at fair value based on monthly unit price.

3. **Cash and cash equivalent**

Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

	2019 WST\$	2018 WST\$
Petty Cash Imprest	1,000	1,000
Cashier's Float	100	100
Lady Naomi's Float	200	200
National Bank of Samoa	378	-
ANZ Bank General Account	940,950	1,753,315
Bank South Pacific	2,060,313	-
	<u>3,002,941</u>	<u>1,754,615</u>

4. **Term Deposits**

	2019 WST\$	2018 WST\$
Bank South Pacific	3,318,733	3,205,812
National Bank of Samoa	1,694,129	1,615,990
	<u>5,012,862</u>	<u>4,821,802</u>

The short term deposits have an average maturity of 180 days and a weighted average interest rate of 5.40% per annum. The carrying value of the term deposits equal their fair value.

Samoa Ports Authority
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2019

5. Trade & Other Receivables

	2019 WST\$	2018 WST\$
Accounts receivables	1,676,943	1,202,669
Debtors pending legal action	796	1,796
Other debtors - Others	4,175	5,425
Less: Provision for doubtful debts	<u>(275,954)</u>	<u>(138,205)</u>
	1,405,960	1,071,685
Dividend receivable	185,820	185,820
Other receivables & Prepayments	<u>156,719</u>	<u>72,143</u>
	<u>1,748,499</u>	<u>1,329,648</u>

6. Investment

	2019 WST\$	2018 WST\$
Unit Trust of Samoa	<u>3,028,864</u>	<u>2,861,626</u>

7. Reserves

	2019 WST\$	2018 WST\$
Reserve Oil Spillage	<u>15,750</u>	<u>15,750</u>

8. Land Revaluation

	2019 WST\$	2018 WST\$
Matautu	105,328,685	105,328,685
Aleipata	266,317	266,317
Asau	<u>1,208,000</u>	<u>1,208,000</u>
	<u>106,803,002</u>	<u>106,803,002</u>

9. Trade & Other Payables

	2019 WST\$	2018 WST\$
Accounts payable	109,353	138,735
Other Payables	234,281	122,294
Accruals	<u>242,281</u>	<u>157,001</u>
	<u>585,915</u>	<u>418,030</u>

Samoa Ports Authority
NOTES TO FINANCIAL STATEMENTS
For the year ended 30 June 2019

10. Property, Plant & Equipment

Cost	Wharves	Lands	Buildings	Br'kwater	Workboats	Office	Office	Motor	Wharf	Machin's	Totals
	WST\$	WST\$	WST\$	WST\$	WST\$	Fur'tures	Equip'ts	vehicles	furnitures & equipmen ts	WST\$	WST\$
Balance as at 1 July 2017	88,814,707	111,447,995	14,594,343	6,585,012	15,657,638	257,586	762,808	1,045,604	523,484	8,066,363	247,755,540
Additions	95,611	-	76,020	-	54,316	4,609	203,795	183,621	10,859	3,304	632,134
Disposals	-	-	-	-	-	-	-	226,792	66,888	-	293,680
Balance as at 30 June 2018	88,910,318	111,447,995	14,670,363	6,585,012	15,711,954	262,195	966,603	1,002,433	467,455	8,069,667	248,093,994
Balance as at 1 July 2018	88,910,318	111,447,995	14,670,363	6,585,012	15,711,954	262,195	966,603	1,002,433	467,455	8,069,667	248,093,994
Additions	80,017,943	-	36,180	-	-	-	70,684	159,183	12,685	-	80,296,675
Disposals	-	-	-	-	-	-	-	313,931	-	-	313,931
Balance as at 30 June 2019	168,928,261	111,447,995	14,706,543	6,585,012	15,711,954	262,195	1,037,287	847,684	480,140	8,069,667	328,076,738
Accumulated depreciation											
Balance as at 1 July 2017	26,439,169	-	6,053,798	2,715,212	12,173,206	205,308	675,574	1,006,187	246,467	5,017,052	54,531,973
Depreciation	1,655,655	-	440,708	109,751	784,579	23,046	238,251	39,689	74,063	463,290	3,829,032
Disposals	-	-	-	-	-	-	-	226,792	-	-	226,792
Balance as at 30 June 2018	28,094,824	-	6,494,506	2,824,962	12,957,785	228,354	913,825	819,084	320,530	5,480,342	58,134,213
Balance as at 1 July 2018	28,094,824	-	6,494,506	2,824,962	12,957,785	228,354	913,825	819,084	320,530	5,480,342	58,134,213
Depreciation	2,990,633	-	445,943	109,750	784,838	13,272	26,837	64,644	72,317	463,484	4,971,718
Disposals	-	-	-	-	-	-	-	313,931	-	-	313,931
Balance as at 30 June 2019	31,085,457	-	6,940,449	2,934,712	13,742,623	241,626	940,662	569,797	392,847	5,943,826	62,792,000
Carrying amount											
30 June 2018	60,815,494	111,447,995	8,175,857	3,760,050	2,754,169	33,841	52,777	183,349	146,925	2,589,325	189,959,781
30 June 2019	137,842,804	111,447,995	7,766,094	3,650,300	1,969,331	20,569	96,625	277,887	87,293	2,125,841	265,284,738

11. Employees Benefits

	2019 WST\$	2018 WST\$
(a) Provisions		
Provision for staff leave	70,800	35,688
(b) Employees entitlements for the year		
Staff 30% sick leave & long service leave	49,077	230
Contract staff leave & long service leave	-	-
Total	49,077	230

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12. Other Provisions

	2019 WST\$	2018 WST\$
Provision for audit fees	<u>55,478</u>	<u>59,000</u>

13. Term Loan

	2019 WST\$	2018 WST\$
(a) Due within 12 months		
Unit Trust of Samoa - term loan	<u>-</u>	<u>4,725,488</u>
	<u>-</u>	<u>4,725,488</u>
(b) Due after 12 months		
Unit Trust of Samoa - term loan	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>4,725,488</u>

14. Deferred Revenue

	2019 WST\$	2018 WST\$
(a) Deferred revenue amortised during the year		
Deferred revenue	<u>3,218,718</u>	<u>1,923,432</u>
	<u>3,218,718</u>	<u>1,923,432</u>
(b) Deferred revenue		
Current portion	3,174,369	1,923,432
Non current portion	<u>124,861,651</u>	<u>49,331,307</u>
	<u>128,036,020</u>	<u>51,254,739</u>

<u>Donated Assets</u>	<u>Cost</u>	<u>Year</u>	<u>Yearly Depreciation</u>
Wharf Extension - 2004	68,000,000	60	1,062,922
Atafa - 2002	13,757,872	20	687,894
Tafola - 2000	1,804,400	20	90,220
Wharf Extension - 2018	80,000,000	60	<u>1,333,333</u>
			<u>3,174,369</u>

Accounting for Government Grants

The Authority has adopted IAS 20 in the presentation of donated assets by setting up the grant as deferred revenue and writing it off as income to the statement of financial performance on a rational and systematic basis over the useful life of the donated assets.

15. Withholding Taxes

	2019 WST\$	2018 WST\$
Withholding tax 10%	<u>45,283</u>	<u>23,666</u>

The Authority is to deduct 10% withholding tax from payments made to their suppliers for services provided so as to comply with the section 95 on the Income Tax Act 2012.

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16. Retention	2019 WST\$	2018 WST\$
Retention 10%	<u>22,614</u>	<u>27,548</u>
<p>For work contracts, a retention sum will be withheld to ensure compliance by the contractor with its warranty or maintenance obligations for the period of six to twelve months after completion of the contract in an amount of not more than 10% of the total contract price as per Section B14 Guidelines for Government procurement and contracting</p>		
17. VAGST Payable	2019 WST\$	2018 WST\$
VAGST 15%	<u>1,273,913</u>	<u>847,834</u>
18. Other Income	2019 WST\$	2018 WST\$
Advice fee	46,698	38,169
Devanning	1,483	1,119
Other income	<u>567,931</u>	<u>137,764</u>
	<u>616,112</u>	<u>177,052</u>
19. Other Operational Expenditure	2019 WST\$	2018 WST\$
Administration and operational costs	1,236,503	1,087,653
Repairs and maintenance	181,989	238,288
Utilities	1,686,958	1,268,601
Amenities	56,003	61,617
Promotion	<u>16,284</u>	<u>2,904</u>
	<u>3,177,737</u>	<u>2,659,062</u>
20. Finance Costs	2019 WST\$	2018 WST\$
Interest on loan	141,923	507,549
Bank charges	<u>6,060</u>	<u>5,664</u>
	<u>147,983</u>	<u>513,213</u>

21. Related Party Transactions

1. Directors' compensation

The Directors of the Authority during the financial period were;

- Tuiloma Neroni Slade (Chairman)
- Pisaina Leilua Lei Sam
- Afoa Ray Pereira
- Rev Nuuausala Siaosi
- Leia Tuulima Aimaasu
- Tuatagaloa Shane Wulf
- Moananu John Filemu
- Taua Paul Phillips (end his term as director of SPA in February)

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Directors and executive management compensation	2019 WST\$	2018 WST\$
Directors' fees	120,983	123,875
Meeting & supplies expenses	10,234	12,932
Trainings & other expenses	6,387	6,387
Travelling allowance	22,225	2,753
	<u>159,829</u>	<u>145,947</u>

II. Management Personnel costs

	2019 WST\$	2018 WST\$
Salaries and short term employment benefits	<u>551,645</u>	<u>458,000</u>

III. Terms and conditions of transactions with related parties

Sales to and purchase from related parties are made through arm's length transactions both at normal markets and on normal commercial term.

22. Correction of Prior Period Error

In July 2014, a cabinet directive FK (14)21 approved the official transfer of Domestic Wharves at Mulifanua and Salelologa to Samoa Shipping Corporation. These wharves which had a net book value of \$12,090,820 at the time were never deducted from Government Share Capital with SPA. The transfer was treated as a Loss on Disposal.

As this material error was made in the financial year prior the comparative year, the change has been corrected by retrospectively applying it to the comparative amounts as follows.

Increase in Retained Earnings by \$12,090,820 to account the reversal of loss on disposal of wharves due to the misinterpretation of accounting treatment at the time.

The net effect of change is retained earnings to increase by \$12,090,820 and Capital to decrease by the same amount.

	Actual 2018	Correction	Corrected Actual 2018
Capital and Reserves			
Capital	35,570,307	(12,090,820)	23,479,487
Land revaluation	106,803,002		106,803,002
Reserves	15,750		15,750
Retained earnings	993,752	12,090,820	13,084,572
Total Equity	<u>143,382,811</u>	-	<u>143,382,811</u>

23. Financial Instruments

This section outlines the Authority's exposure to financial risks and describes the methods used by management to control and monitor these risks. The major risks are credit risk, liquidity risk and market risk of interest rate and foreign exchange risk.

a) Credit Risk Management

Credit risk refers to the risk that a customer will default on its contractual obligations resulting in financial loss to the Authority.

The Authority has adopted a policy of only dealing with creditworthy customers and obtaining sufficient collateral where appropriate, as a means of mitigating the risks of financial loss from defaults. The Authority exposure and the credit ratings of its customers are continuously monitored

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and the aggregate value of transactions concluded is spread amongst approved customers. Credit risk is closely monitored by finance division through regular independent reviews designed to test the quality of credit exposure and to ensure compliance with the Authority policies.

b) *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the board of directors which has built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements.

The Authority manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities by continuously monitor forecast and cash flows and matching the maturity profiles of financial assets & liabilities.

24. Capital Commitments

a) *Major capital commitment*

The major commitment of the Authority is the infrastructure developments to upgrade breakwater and enhance port services and geared towards meeting stakeholder's expectation of the Authority's service delivery. This project will be carried out for two – four (2 -4) years commencing 2019. The project has been approved and will be funded by the Asian Development Bank as a grant to the worth of US\$62.2 million. It is expected to be completed in 2023.

b) *Other capital commitment*

The Directors are not aware of any other capital commitments and not provided for the year end.

25. Contingent Liabilities

The Directors are not aware of any other contingent liabilities at year end. (2018: NIL)

26. Approval of Financial Statements

These financial statements were approved by the board of directors and authorised for issue on the 30 October 2019.

