



Samoa Ports Authority

Annual Report For Year Ended 30 June 2020



Samoa Ports Authority Matautu, Apia, Samoa



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TABLE OF CONTENTS

Statement of Compliance	4
Statement to Parliament	5
Vision and Mission Statement	6
Review Year Highlights	7
Chairman's Report	8-9
General Manager's Report	10-11
SPA Profile	12-13
Orginazational Structure	14-15
Corporate Governance	16-18
Review of Operations	19-25
Major Projects and Significant Events	19-21
Apia Port Statistics	22-25
Review of Financial Results	26-31
Financial Statements	32-55

STATEMENT OF COMPLIANCE

Hon. Tapunuu Papaliitele Unasa Niko LEE HANG
Minister of Works, Transport & Infrastructure
APIA

Dear Honourable Minister

**Re: Samoa Ports Authority Annual Report and Audited Financial Statements for
Financial Year Ended 30 June 2020.**

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 2020 for your information and presentation to Parliament.

The Report consists of the following:

1. Chairman's Report
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.



So'oalo Kuresa SO'OALO
GENERAL MANAGER

STATEMENT TO PARLIAMENT

Hon. Speaker of the House
Parliament of Samoa
Mulino
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 2020.

I am pleased to announce that the Financial Year from 01 July 2019 to 30 June 2020 was another good financial year for the Authority despite the challenges in the last seven months.

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

Ma le faa'alo'alo tele lava.

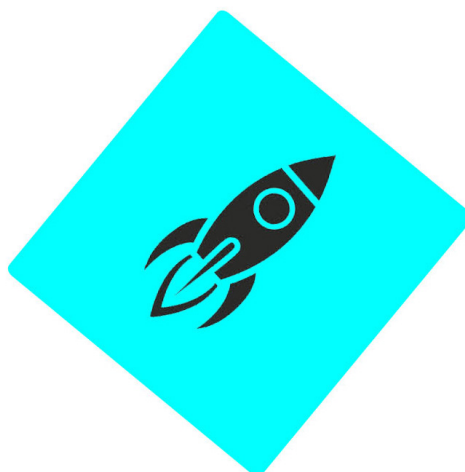


Hon. Tapunuu Papaliitele Unasa Niko LEE HANG
MINISTER OF WORKS, TRANSPORT & INFRASTRUCTURE



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 IT'S ECONOMIC AND SOCIAL REQUIREMENTS,
- IN PROVIDING SAFE, SECURE, EFFICIENT, RELIABLE AND PROFITABLE PORT SERVICES, AND
- BY MEETING INTERNATIONAL PORT STANDARDS"

REVIEW YEAR HIGHLIGHTS



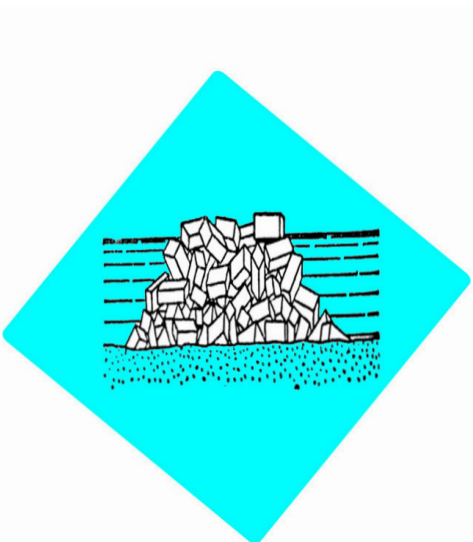
OPERATIONS

- Revenue tonnage (GRT) recorded – 2.5 million compared to 3.7 million last year; a decline of 32%.
- Number of Containers (TEUs) handled – 41,200 compared to 42,102 in 2019; a drop of 2%.
- Number of Vessels – 637 compared to 621 last year; a rise of 3%
- Number of Cruise Ships – 2 compared to 17 in 2019; a drop of 88%



FINANCE

- Net Profit of WST\$7.6million compared to WST\$8.7million in 2019; a drop of 13%
- Declared and Paid Dividend of WST\$2.0million
- Cash Flow Balance of WST\$10.4 million compared to WST\$8.0million in 2019 – increased by 30%.



MAJOR DEVELOPMENT PROJECTS

- ADB Samoa Ports Improvement Project to cost USD\$62.23 million
- Feasibility studies for the Vaiusu Port & Asau Channel Project.
- Manono Jetty Project.

CHAIRMAN'S STATEMENT

Introductory remarks

I am honoured in this third year of my SPA chairmanship to report on yet another-year of significant achievements, despite the Authority's operations slowing down due to the global impact of Covid-19 and to a lesser extent the Measles virus crisis in late 2019.

Major activities, dividend information and overall performance

In July 2019, SPA celebrated the important milestone of its 20th anniversary. It was a moment to look back and to reflect on the challenges and accomplishments of the past two decades. At this time the Authority was honoured to host in Apia, the meeting of the Pacific Maritime Transport Alliance (PMTA), which brought many participants from around the Pacific region including Australia and New Zealand, and was pleased to see the SPA General Manager/CEO assume the PMTA presidency.

The financial period the subject of this report has been another year of general productivity and overall economic and financial success with SPA generating a net profit of \$7.6 million, a consequential drop by 12% from 2019 due to the double impacts of the Measles crisis in 2019 and the Covid19 pandemic since March 2020

From this net profit SPA was able to continue dividend payments to the Government of Samoa as a return on its investment. Total dividends paid for this financial year amounted to \$2.0 million.

With stringent restrictions on border protection, new and improved vessel clearance procedures have been introduced as precautionary measures to continuously monitor the pandemic situation, in order to protect our nation from the invasion of the deadly Covid19 virus and any other threat of transmissible diseases we may face in the future

Capital projects

SPA is proceeding with the planned Project for Enhancing Safety, Security and Sustainability of Apia Port valued at USD\$62.2 million and funded by Asian Development Bank (ADB). The grant Project agreement was signed in September 2019. Initial phases of the Project are well underway with tenders for the Tug-boat, the Civil Works Phase1 and the Green Port Initiative components already completed and actioned.

Feasibility fieldwork studies of the proposed Vaiusu Bay and the Asau Port channel improvement projects have also been completed. These proposed developments will have potential to enhance the serviceability of Samoa's ports to foreign vessels and capitalising on the opportunities identified as a catalyst for SPA's competitive advantage in the Pacific region, as well as opening up greater economic and commercial opportunities for Savai'i, indeed for the country as a whole

Acknowledgements

SPA's ability to accomplish and succeed is measured directly by the quality of its service, and by the enabling support and cooperation SPA receives from the Government, the public and all its clients. Resilience building has been a key target to overcome challenges posed by the Measles and also the Corona virus pandemic, and to ensure SPA has the capability to deliver on its mission of providing safe, reliable and profitable services

On behalf of SPA I thank and acknowledge the Hon Tapunuu Papaliitele Unasa Toleafoa Niko Lee Hang, Minister of Works, Transport & Infrastructure, for his stewardship and enduring support to the Board and to Management.

With gratitude, I record particular appreciation to my fellow Directors for their time, energy and dedication during the past year and for the expertise and insights they each bring to steering and overseeing SPA's activities.

The following are the other serving Board Directors:

- o Tuatagaloa Shane Wulf, Deputy Chairman;
- o Luafau Leia Tuulima;
- o Afoa Raymond Pereira;
- o Tevaga Pisaina Leilua Lei Sam;
- o Reverend Nuuausala Siaosi; and
- o Moananu Ioane Filemu, who sadly passed on in January 2020

SPA is fortunate in having well skilled and committed staff led by the General Manager/CEO, with their combined contributions to the efficient management and overall supervision of all Authority functions and activities. On behalf of the Board I warmly acknowledge and thank them all for their loyalty and service and in ensuring another successful year for the Authority in the midst of adversity and uncertainty.

We express to Afioga So'oalo Kuresa So'oalo, a particular tribute of acknowledgement for his fine management and leadership of the Authority. We welcome his re-appointment as SPA General Manger/CEO.

In like manner let me also acknowledge with warm appreciation the role and important contributions of all our stakeholders and other varied players within the Port system which all combine to ensure the functioning efficiency and safety of the Port, and to make this year another successful year for SPA. We thank them for the essential services they render and for their invaluable commitment and cooperation.

Faafetai



A handwritten signature in black ink, appearing to read 'Tuiloma Neroni SLADE'. The signature is stylized and fluid.

Tuiloma Neroni SLADE
Board Chairman

GENERAL MANAGER'S REPORT

It is with much pleasure that I present the 21st Annual Report of the Samoa Ports Authority for the financial year ended 30 June 2020 noting the achievements and challenges endured during the review year.

Operational Overview

Strong trading results in the last record financial year continued during the first quarter of the review financial year before the measles outbreak in the second quarter and the declaration of a state of emergency (SOE) for the Covid-19 pandemic in the third quarter where the operational results were affected.

The number of vessels handled slightly rose by 3%, since the Apia port remained open to accept cargo and fishing vessels only during the State Of Emergency. The unexpected increase was due to the huge increase in the number of fishing vessels from 240 last year to 292 during the review year. The recorded number of port calls in statistical percentage stand at; Fishing Vessels at 46%, Container Vessels at 23% and General Cargo Vessels at 20%. The rest were Gas & Fuel Tankers, Naval and Yachts, Cable ships.

Revenue tonnage (Vessels GRT) declined by 32% below the previous year; recorded tonnage of 2.6 million compare to 3.7 million in 2019. The significant reduction in the number of cruise ships by 88% and container vessels by 12% is the main driving factor for the decrease.

Container volumes also dropped by a marginal 2% below the previous year, a total of 41,2000 TEUs compare to 42,102 TEUs the previous year.

Financial Performance

The past three fiscal years have indicated an upward trend financial wise for the Authority and for this FY, impacted by the measles outbreak and the Covid 19 for the last seven months, the Authority's financial performance declined, producing the second highest Net Profit since its establishment twenty years ago.

The recorded Net Profit of \$7.6 million for this FY is lower than the previous year by 13% and below the annual budget of \$8.6 million by 12%.

The Authority's Cash position continues to remain steadily healthy despite honouring its statutory obligation by paying Dividend to Government. The ending cash balance of \$10.4 million is 30% better than the previous year balance of \$8.0 million.

Total Dividend paid during the period was \$2.0 million to cover 35% Dividend for financial year 2018 and part of 35% Dividend for 2019 financial year profits.

Development Projects

The official signing of the USD\$62 plus Grant Assistance by the ADB to fund the Enhancing Safety, Security and Sustainability of the Apia Port Project (ESSAP) was officiated in Apia by the ADB Regional Director and the Minister of Finance in September 2019.

The Authority also hosted a Team from China in Apia for the official exchange of notes to mark the approval and commencement of the feasibility study for the proposed Vaiusu Port and the rehabilitation of the Asau channel project. The Feasibility Study Teams arrived and commenced their fieldwork in October and completed in January 2020. A full report will be submitted in due course to confirm the next stage for this project.

Outlook

Unexpected events during the year has definitely shaped the way the Authority carry out its normal functions to a certain extent. The new requirements under the SOE remains a challenge for the Authority especially the front-line staff

Looking ahead whilst we still operate under SOE orders, it is a vitally important period for the Authority to review it's security and safety procedures

The authority will continue to pursue its long term plans to develop new ports and improve existing facilities to be able to become the Leading Port in the Pacific in providing safe, efficient and effective port services.

Obituary

The Authority bid farewell to one of its Board Directors; Afioga Moananu John Filemu who passed away at the beginning of 2020. Moananu previously served as the Board Chairman of the Lands Transport Authority before he was appointed as a Board Director and a member of the Authority's Audit Committee. I wish to extend the Authority's deepest sympathy to the family for their loss.

Acknowledgement

On behalf of SPA I wish to acknowledge with appreciation the support and contribution from our business partners, stakeholders and all port-users.

After another strong performance despite the challenges, I would like to thank the Hon Minister of Works, Transport & Infrastructure, Hon. Tapunuu Papaliitele Unasa Niko Lee Hang for the advice and unfailing support rendered during the year.

I would also like to especially thank the SPA 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 operational safety and financial success.

Malo tautua, faafetai lagolago, faamanuia le Atua ia te outou ma

Faafetai.




So'alo Kuresa SO'OALO
GENERAL MANAGER

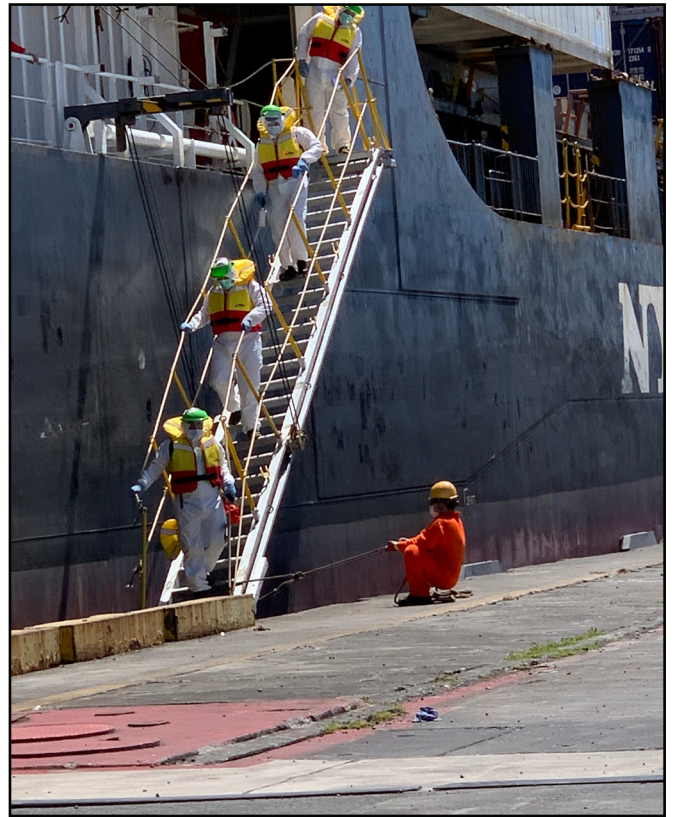
SPA PROFILE

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

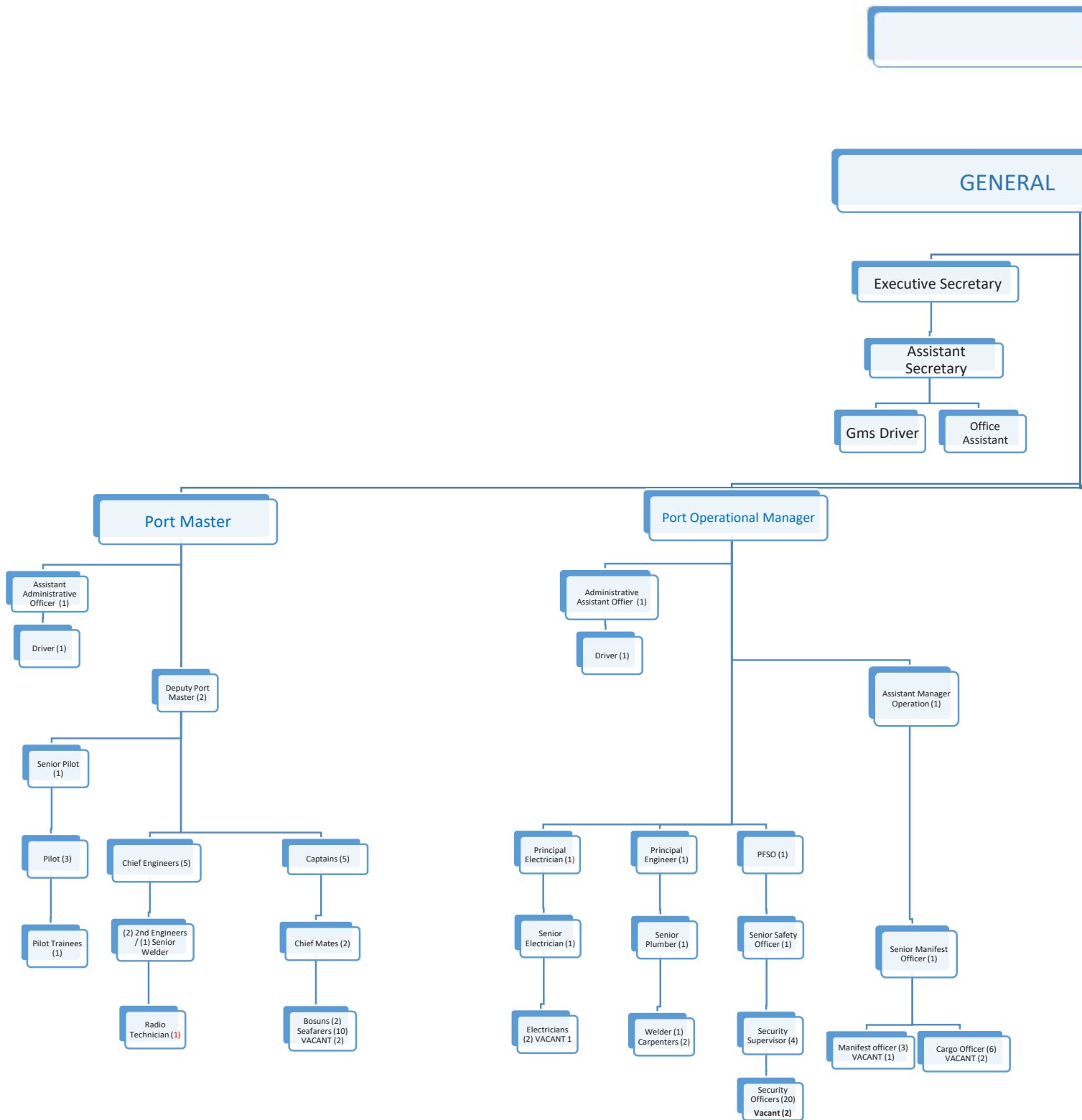
As a State Owned Entity (SOE), the Authority must also comply with the provisions of the following legislations:

- 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



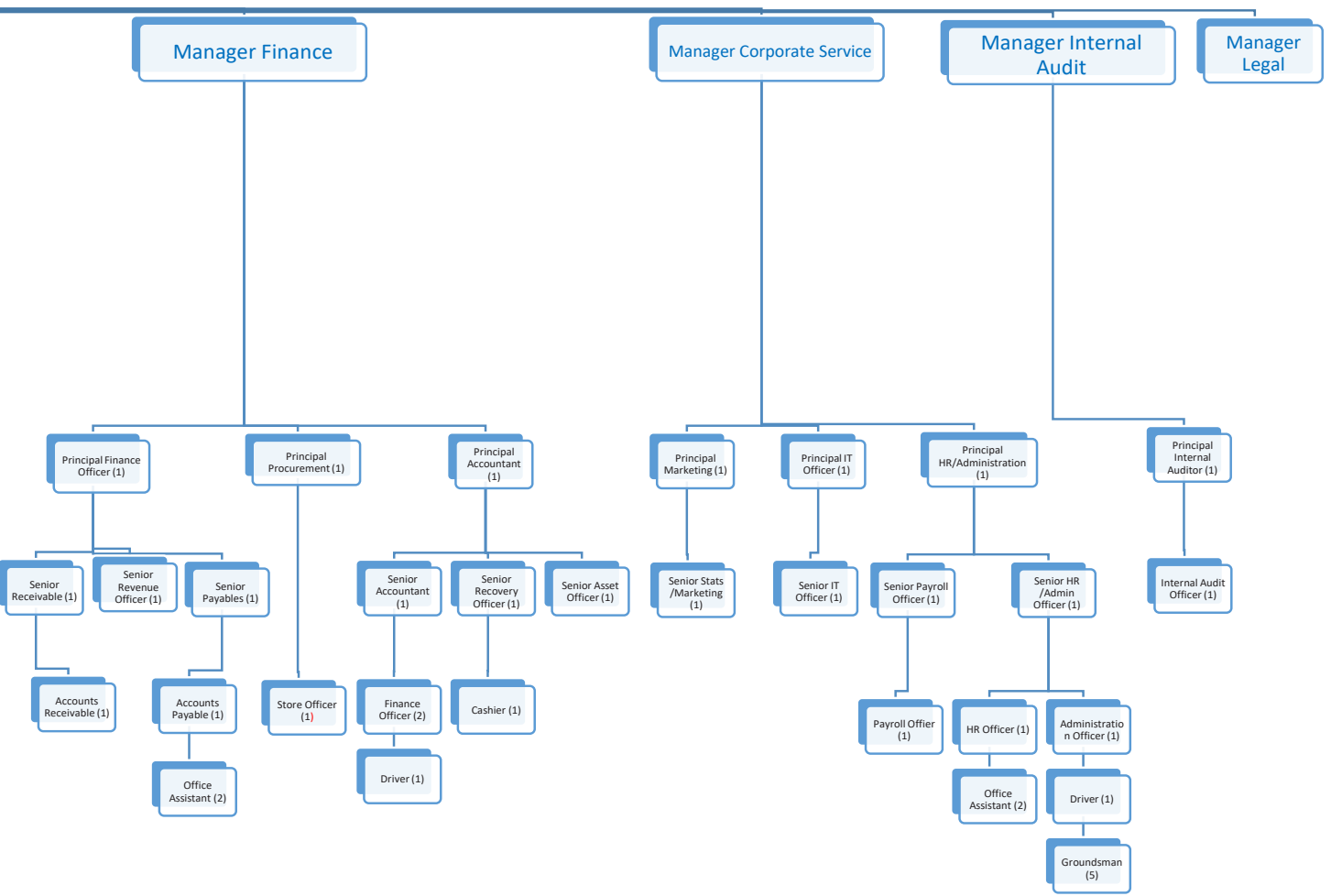


ORGANISATIONAL STRUCTURE



BOARD

MANAGER



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 state 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 define 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.

Our Board

Collectively, our Board of Directors hold experience developed during successful careers in Government, International & Regional Organisations, Law, Finance, Insurance, Agriculture, shipping, logistics, transport and management in Samoa and abroad and have extensive experience at both executive and board levels

Tuiloma Neroni SLADE – Chairman



Afioga Tuiloma was appointed Chair 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

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



Tevaga Pisaina LEILUA – LEI SAM

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.



Afoa Raymond PEREIRA

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.



Rev Nuuausala Siaosi SIUTAIA

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 missions for many years. Rev Nuuausala was appointed a Director for the Authority in 2017

SPA Senior Management TEAM



GENERAL MANAGER / Board Secretary
So'oalo Kuresa SO'OALO



PORT MASTER
Seinafolava Capt Lotomau TOMANE



PORT OPERATIONS MANAGER
Lealaiauloto Capt Tafai TOILOLO



FINANCE MANAGER
Moe LENE



CORPORATE SERVICES MANAGER
Peter Gafa LOKENI



MANAGER INTERNAL AUDIT
Tuitama Nia VAIFALE

REVIEW OF OPERATIONS

Major Projects & Significant Events

ADB – Enhancing Safety, Security and Sustainability of the Apia Port Project (ESSAP)

- September 2019

The official signing of the USD\$62.26 million Grant by the ADB to fund the Enhancing Safety, Security and Sustainability of the Apia Port Project (ESSAP) was officiated in Apia by the ADB Regional Director and the Minister of Finance in September 2019.

This project will greatly enhanced the safety, security and sustainability of the Apia Port for many years to come.

It is expected that construction will commence early 2021 for approximately two years.

VAIUSU PORT & ASAU CHANNEL FEASIBILITY STUDIES

- September 2019

The Authority hosted a Team from China in Apia for the official exchange of notes to mark the approval and commencement of the feasibility studies for the proposed Vaiusu Port and the rehabilitation of the Asau channel project.

The Feasibility Assessors and Survey Teams from China arrived in October 2019 to commence the Feasibility studies field work for the Vaiusu proposed new port and the rehabilitation of the Asau port channel.

The Feasibility studies fieldwork and assessment were completed in January 2020 with the Full Report expected to be available by the Chinese Government before the end of 2020

SENIOR MANAGEMENT APPOINTMENTS.

- October 2019

In October 2019, the Board approved the reappointment of Mr Lealaiauloto Tafai Toilolo to the position of Port Operations Manager for another three year contract. This will be Lealaiauloto's second three year term in this position.



PACIFIC MARITIME TRANSPORT ALLIANCE (PMTA)

- July 2019

The financial year kicked start with the hosting by the Authority of the 44th Pacific Maritime Transport Alliance (PMTA) Annual Conference. It was well attended by most of the Pacific Ports Executives and many port related business partners. The PMTA Executive meeting was held on the first day before the official opening of the conference by the Hon Prime Minister of Samoa with the Hon Minister of Works Transport & Infrastructure officiated the official closing

The Annual conference voted in the GM of SPA as the President of the PMTA for the next three years and confirmed the relocation of the PMTA Secretariat to Apia.

The PMTA 44th Conference coincided with the commemoration of the SPA 20th Anniversary on 1st July 2019.

MEASLES & COVID 19 PANDEMIC

- Dec 2019 – Mar 2020

The Measles Outbreak in December 2019 caused panic across the community and five confirmed cruise ships calls for the month were cancelled which had an impact on the Authority's operation and results. To assist the National Emergency Operations Center (NEOC) work during the outbreak, the SPA Board approved a cash donation of \$100,000 tala

Whilst the country was slowly recovering from the measles outbreak scare, Government declared a State of Emergency (SOE) in March 2020 and enforce restrictions when the news of the Covid 19 reached us especially on travel and gatherings in preparations in the event the coronavirus arrives. The Apia International Port remained open for much needed supplies and enforcement of wearing personal protective equipment (PPEs) within the port area became mandatory immediately with the Police presence during the vessels operations to assist SPA Security for security and safety reasons.

Six cruise ships confirmed bookings for March to May 2020 were cancelled because of the coronavirus which continued to have a significant impact on the overall operational and financial results of the Authority. To assist its Port Users, the Board approved the stimulus assistance below as part of the overall Government Stimulus Package:



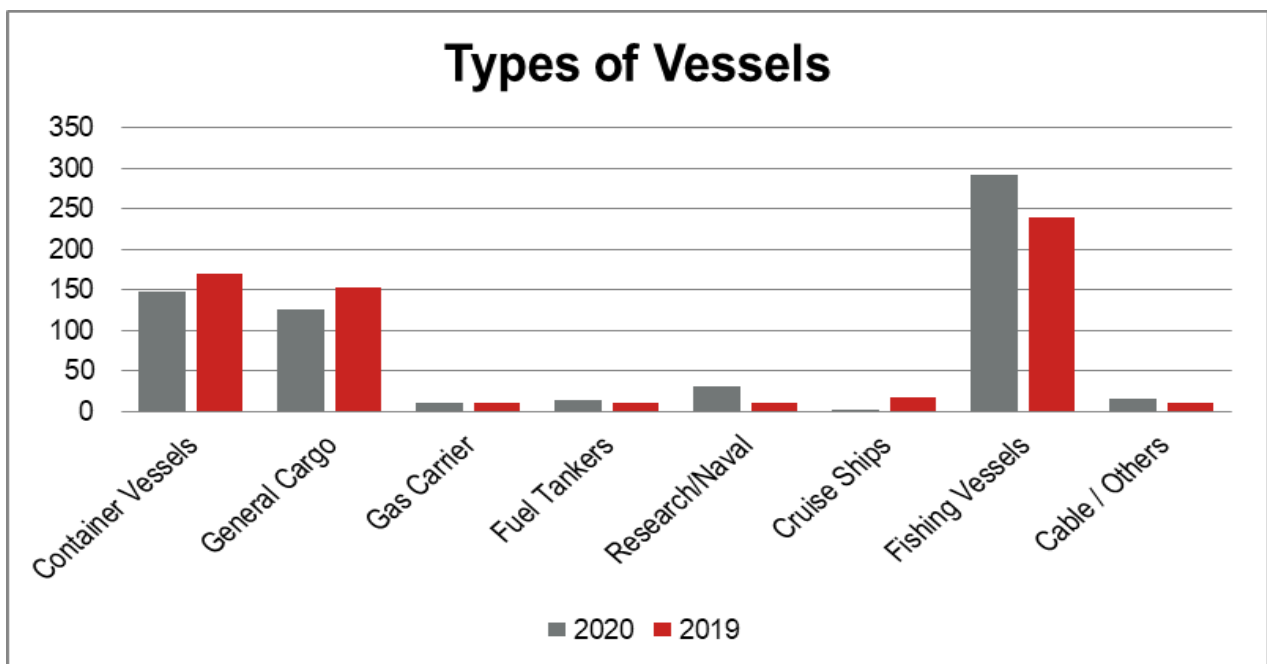
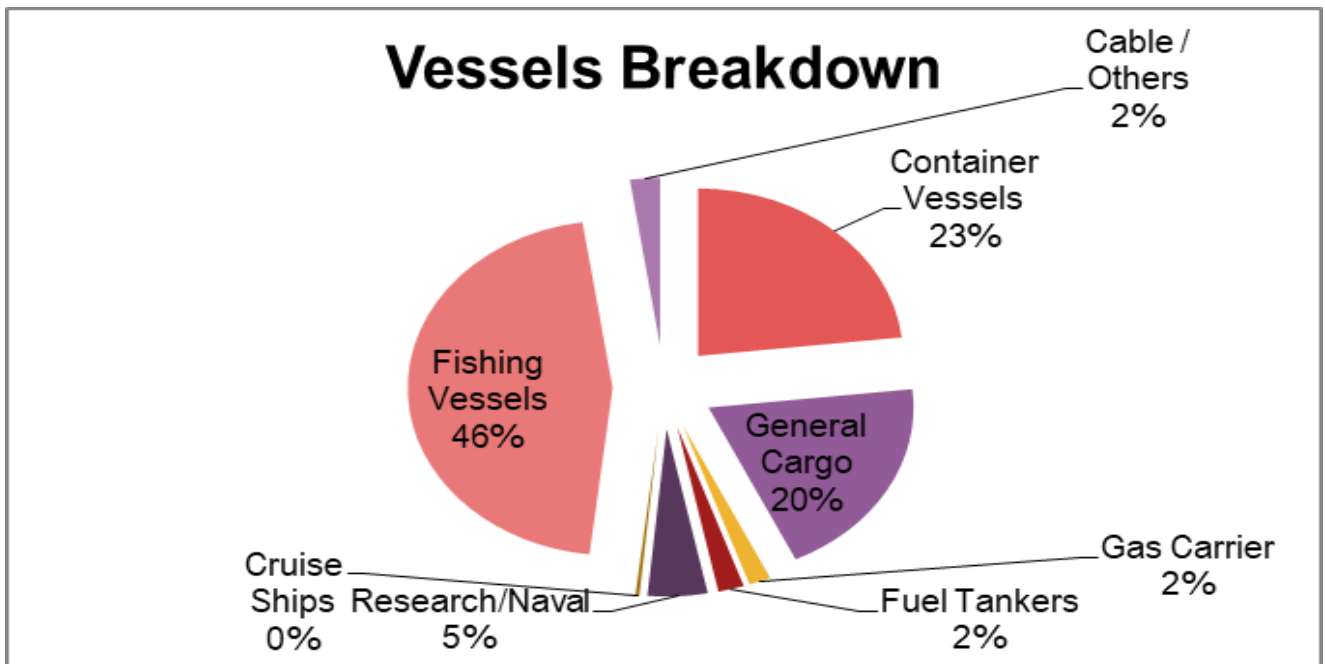
1. Rent Free for all SPA Tenants for three months (April – June 2020)
2. 20% Discount on wharfage fees for commercial & individual customers for three months (April – June 2020)
3. Refund of three month Stevedoring Companies Licence fees

The overall operation during the financial year was dominated by the additional safety requirements during vessels operation to curb potential arrival of Covid-19 virus through the Apia Port. In collaboration with the National Emergency Operation Centre (NEOC), Ministry of Health (MOH) and other government agencies, new protective measures were introduced and immediately enforced:

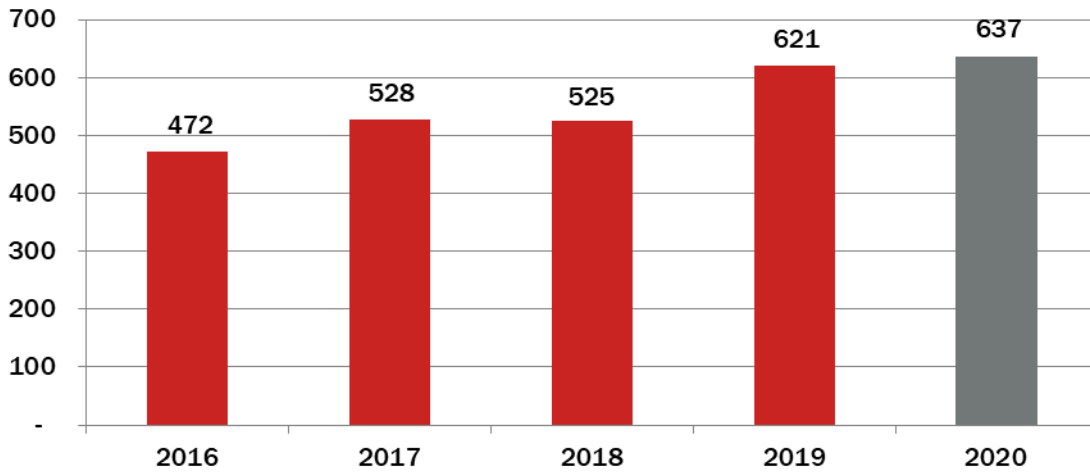
- Mandatory health screening by MOH at quarantine buoy for all vessels
- SPA pilots to be in full PPE during pilotage and berthing operation
- Stevedoring employees to be in full PPEs during operation to be disposed before leaving the port
- No crew shore leave, no crew is allowed to disembark
- All PPE to be disposed before leaving the port
- Port Securities and Police presence during vessels operations
- One cargo and two fishing vessels were denied entry by MOH when the coronavirus new measures were enforced since March

PORT STATISTICS

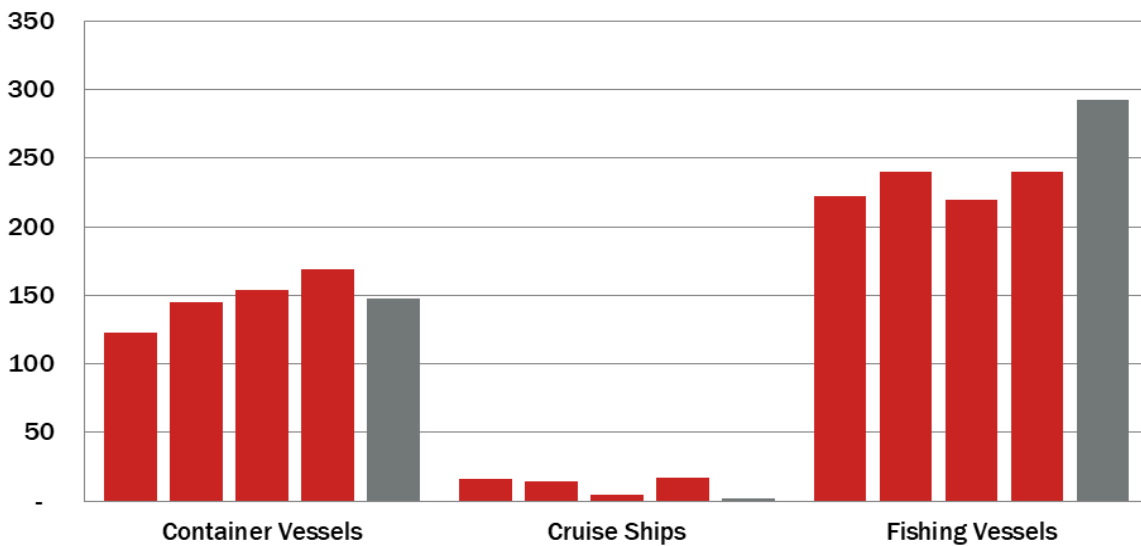
	2019	2020
Number of Vessels Calls	621	637
Container Vessels	169	148
Cruise Ships	17	2
Fishing Vessels	240	292
Vessels GRT	3,672,558	2,498,536
No of Containers (TEUs)	42,102	41,200



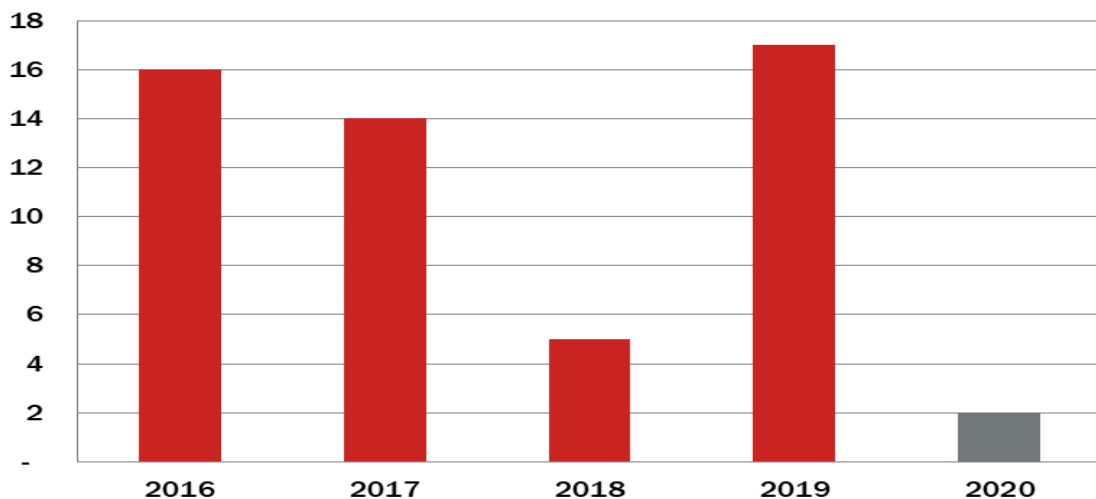
Vessels Calls - Five Years



Vessels Types - Five Years



Cruise Ships



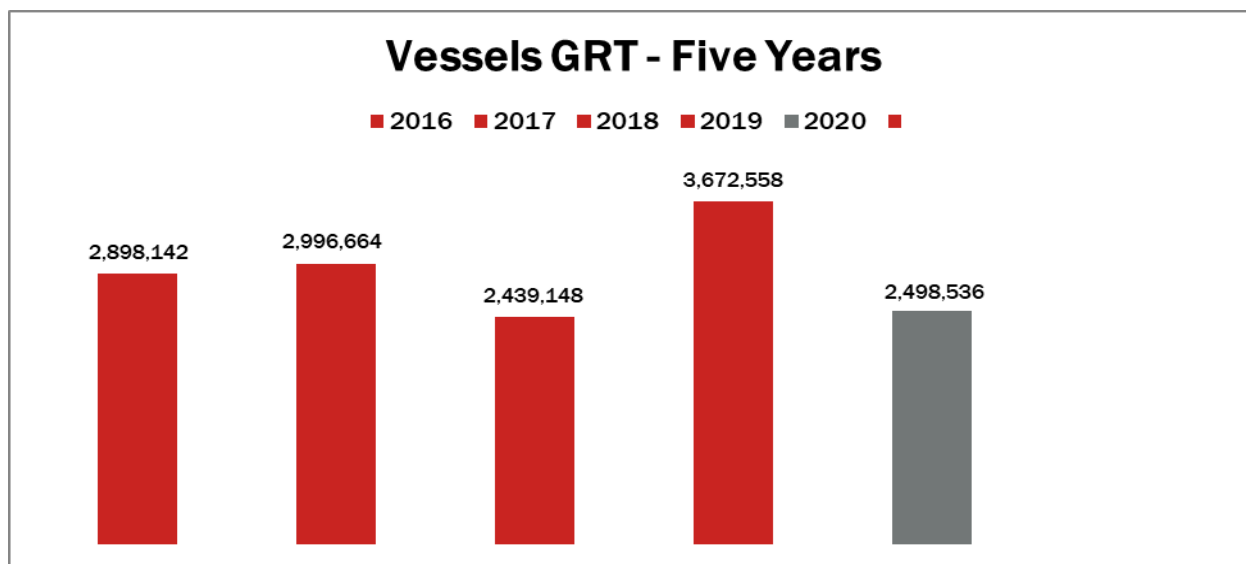
The number of vessels recorded at the Apia Port during the financial year was 637 compare to 621 in the previous year; increase by 3%. Container vessels declined by 12% from 169 last year to 148, General Cargo vessels also decreased by 18% from 153 to 126. The number of cruise ships slumped by a massive 88% from 17 last year to only 2 during this financial year and fishing vessels rose by 22%.

The fishing vessels represented 46% of the total for the year, container vessels at 23%, general cargo at 20%, and the others sharing the rest.

The above data portrays the impact of the measles outbreak and the covid 19 pandemic that severely impacted the operation in the last seven months of the financial year. The cancellation of confirmed cruise ships bookings from December 2019 and the restricted type of ships allowed to berth of only cargo and fishing when the state of emergency orders were enforced in March.

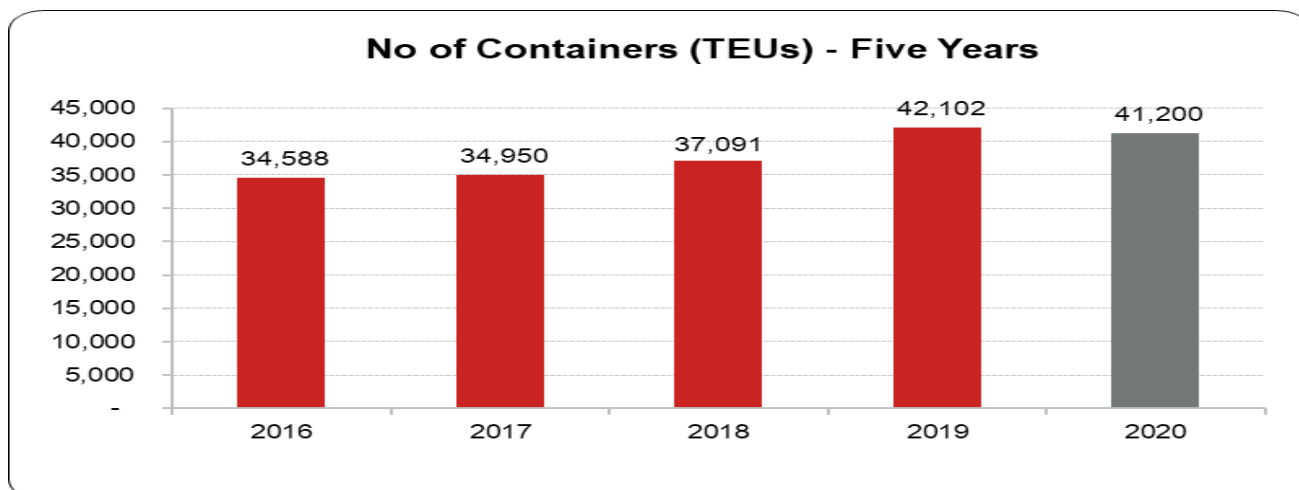
The number of vessels berthed at the Apia Port steadily rose over the last five years, specifically rose by 35% from only 472 in 2016 to 637 in 2020.

Revenue Tonnage (Vessels GRT)

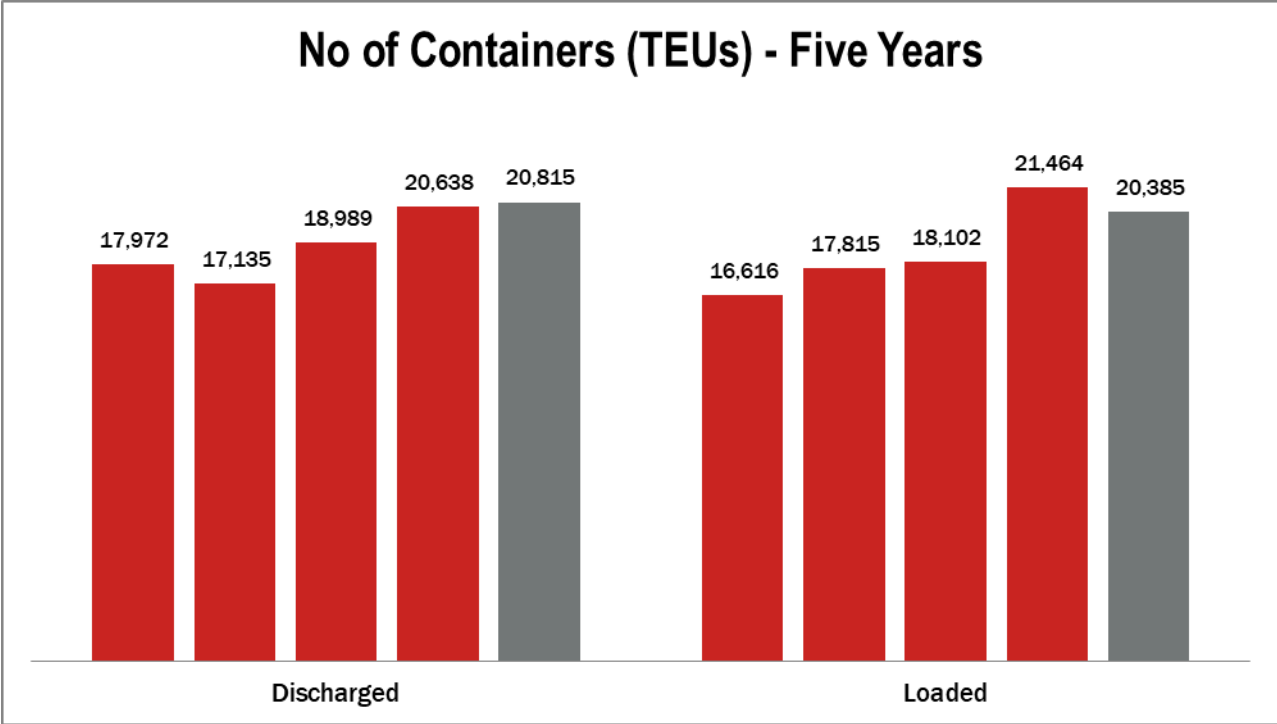


The total vessels GRT recorded of 2.5 million is 32% lower than the previous year amount of 3.7 million tons. The significant drop of 88% in the number of cruise ships from 17 to 2 and the reduction in the number of container vessels by 12% caused by the measles outbreak and the covid 19 pandemic is the main contributing factor for the significant variance.

Number of Container (TEUs)



No of Containers (TEUs) - Five Years



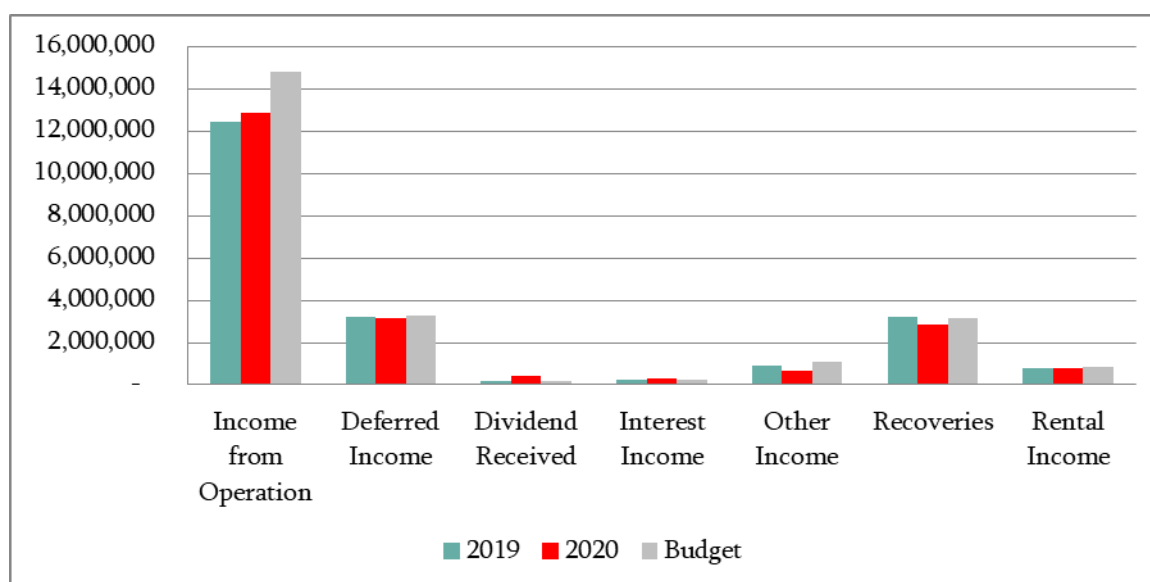
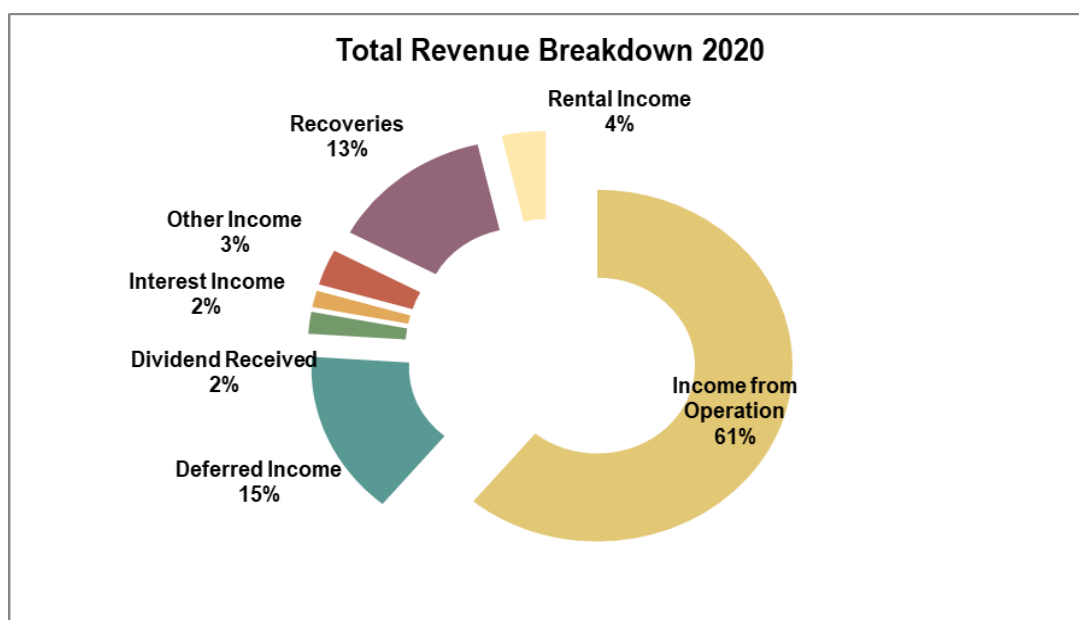
The number of containers (TEUs) handled at the Apia Port steadily rose over the last four years as indicated above but slightly dropped during the financial year by 2% due to the reduction in the number of container vessels by 12%. The breakdown of the total is almost 50/50 between discharged and loaded containers.



REVIEW OF FINANCIAL RESULTS

REVENUE

	2019	2020	Budget
Income from Operation	12,429,612	12,842,564	14,822,703
Deferred Income	3,218,718	3,174,369	3,256,766
Dividend Received	185,820	422,176	200,000
Interest Income	255,942	319,466	255,409
Other Income	883,912	694,860	1,097,911
Recoveries	3,231,510	2,846,119	3,149,828
Rental Income	809,489	765,722	859,635
Total Revenue	21,015,003	21,065,276	23,642,252



Total Revenue earned of \$21.07million slightly increased by 0.2% in comparison to the sum attained in the previous year of \$21.02million but short of the annual budgeted total of \$23.64million by 11%.

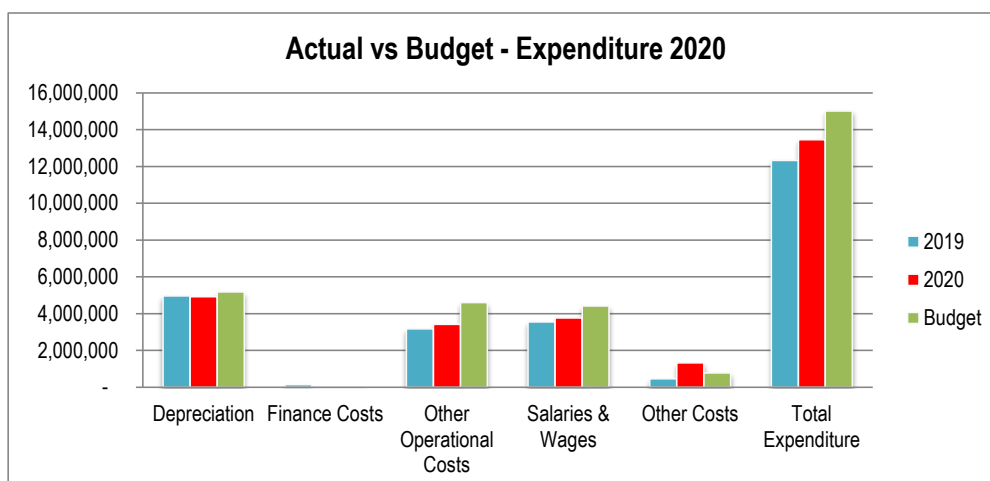
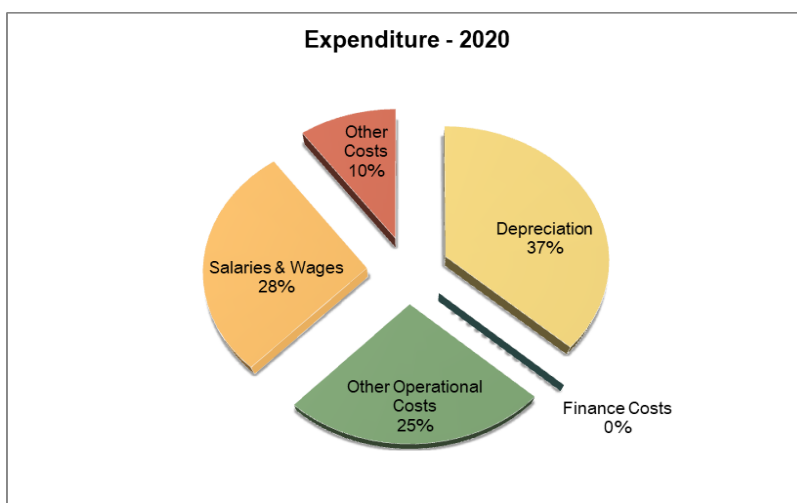
Income generated from Core Operations made up 61% of the total revenue and recorded an increase of 3% over the prior year results, but lower than the annual budget by 13%. Revenue from Recoveries made up 13% of the total revenue posted a decline of 12% below last year and less than annual budget by 10%.

The increase in the number of vessels as reported herein especially the rise in the number of fishing vessels attributing factor to better revenue performance results despite the negative impacts of the measles and covid 19 pandemic during the financial year.

It is also noteworthy that the Authority honouring its community support commitment, donated to assist during the measles outbreak and offered discounts to all its customers for three months as part of the Government overall stimulus assistance.

EXPENDITURE

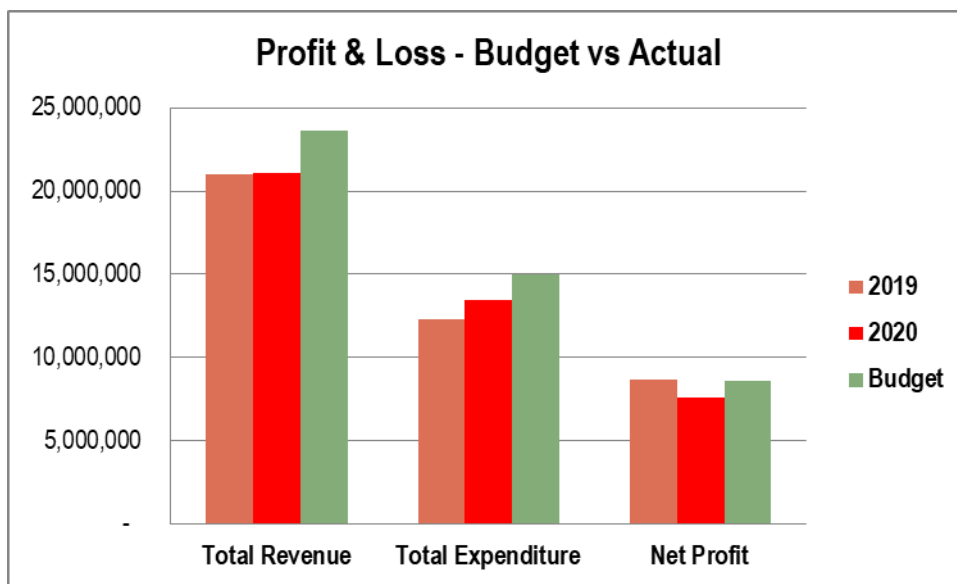
	2019	2020	Budget
Depreciation	4,971,718	4,930,855	5,181,891
Finance Costs	147,983	4,589	4,500
Other Operational Costs	3,177,737	3,423,524	4,611,713
Salaries & Wages	3,559,190	3,768,769	4,429,399
Other Costs	470,048	1,338,976	787,341
Total Expenditure	12,326,676	13,466,713	15,014,844



Total Expenditure rose by 9% compare to the previous financial year but lower than annual budgeted total expenditure by 10%. Depreciation dominates the cost structure at 37% (2019: 40%), followed by Salaries & Wages at 28% (2019:27%), Other Operational Costs at 25% (2019:26%), and Other Costs at 10% (2019:4%).

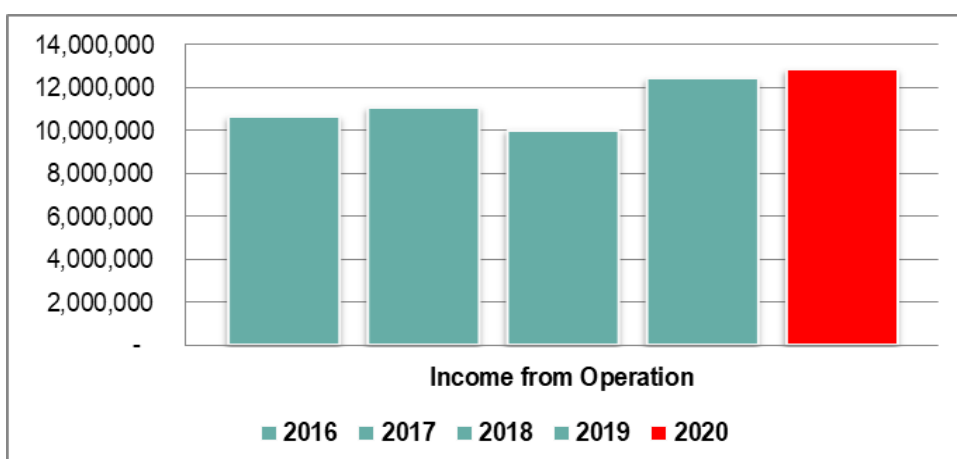
Depreciation marginally declined by 1% over the last financial year and below annual budget by 5%. Other Operating Cost increased by 8% over last year but lower than annual budget by 26%. Salaries & Wages slightly rose above last year by 6% but below annual budget by 15%.

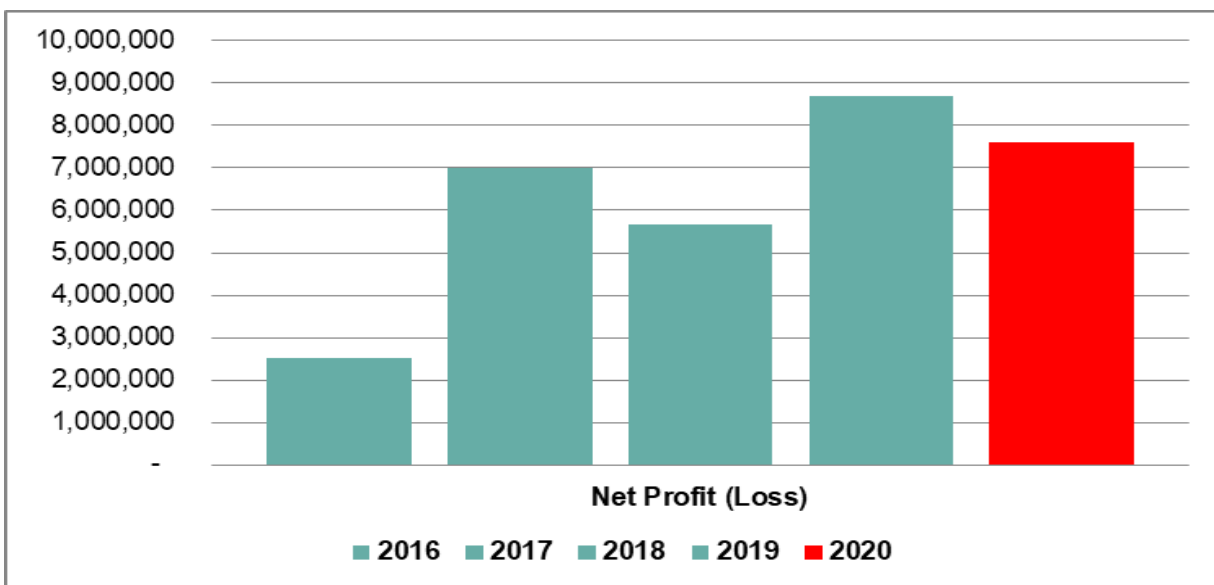
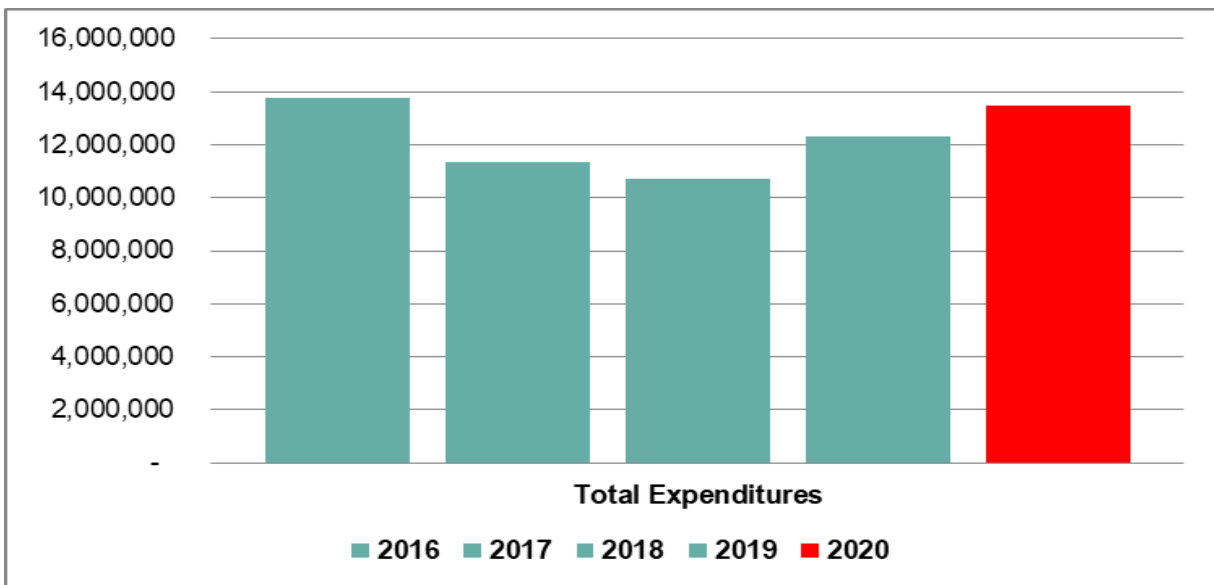
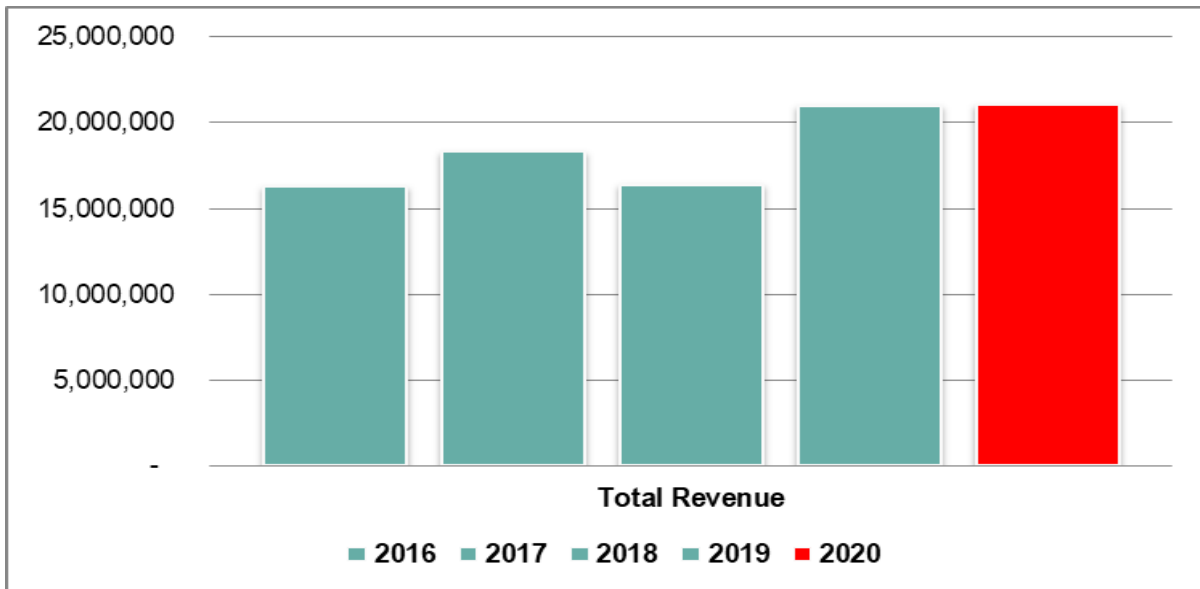
	2019	2020	Budget
Total Revenue	21,015,003	21,065,276	23,642,252
Total Expenditure	12,326,676	13,466,713	15,014,844
Net Profit	8,688,327	7,598,563	8,627,408

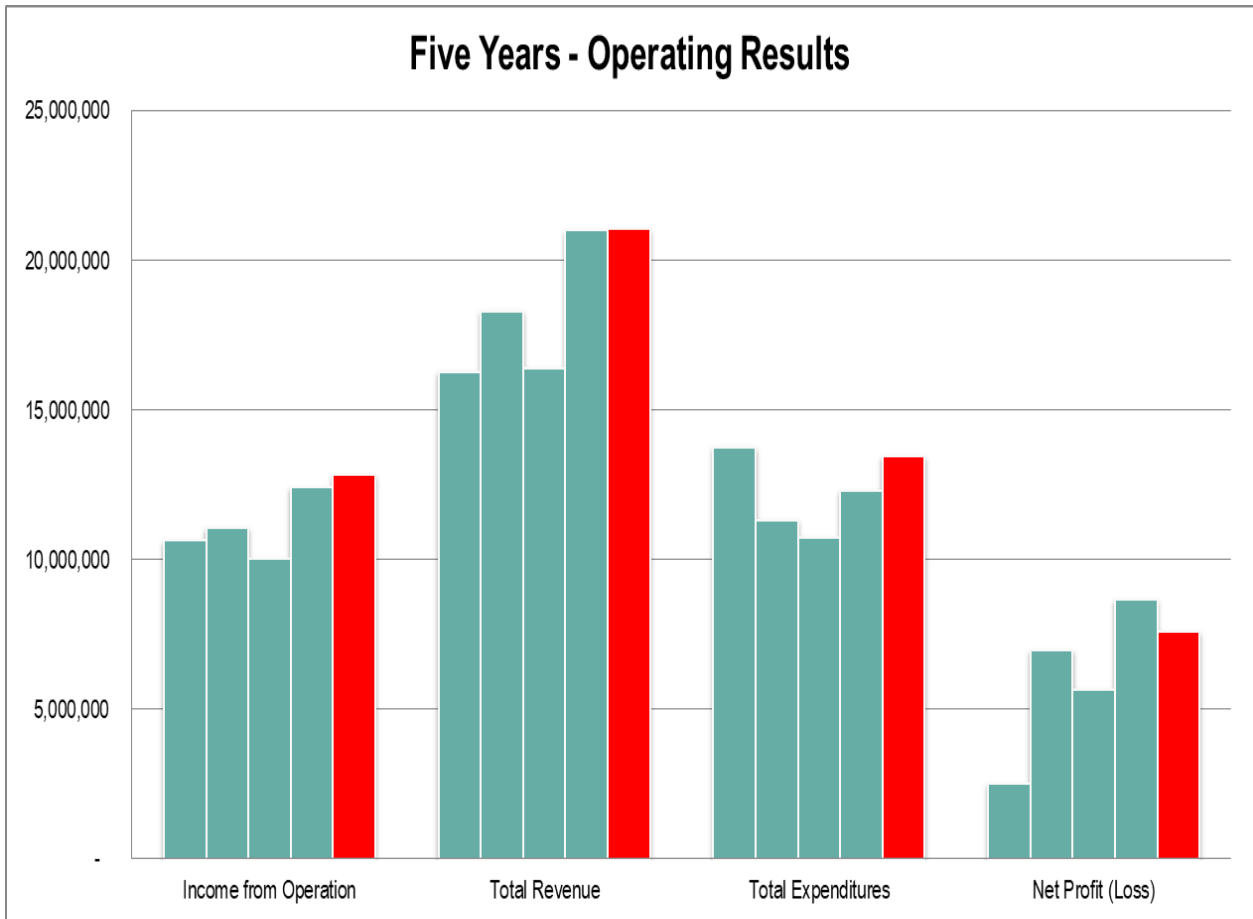


Overall, a Net Profit of \$7,598,563 was recorded for the financial period which is lower than the previous year result of \$8,688,327 by 13% and short of the Annual Budget by 12%. With the cancellation of twelve (12) confirmed cruise ships from December 2019 till the end of the year and the approval of community support financial assistance of WST\$578,540 when the state of emergency for covid 19 pandemic was enforced, the above result is considered good and encouraging. Under such adverse operational conditions for seven months of the financial year, the Authority managed to achieve the second highest Net Profit since its establishment 20 years ago.

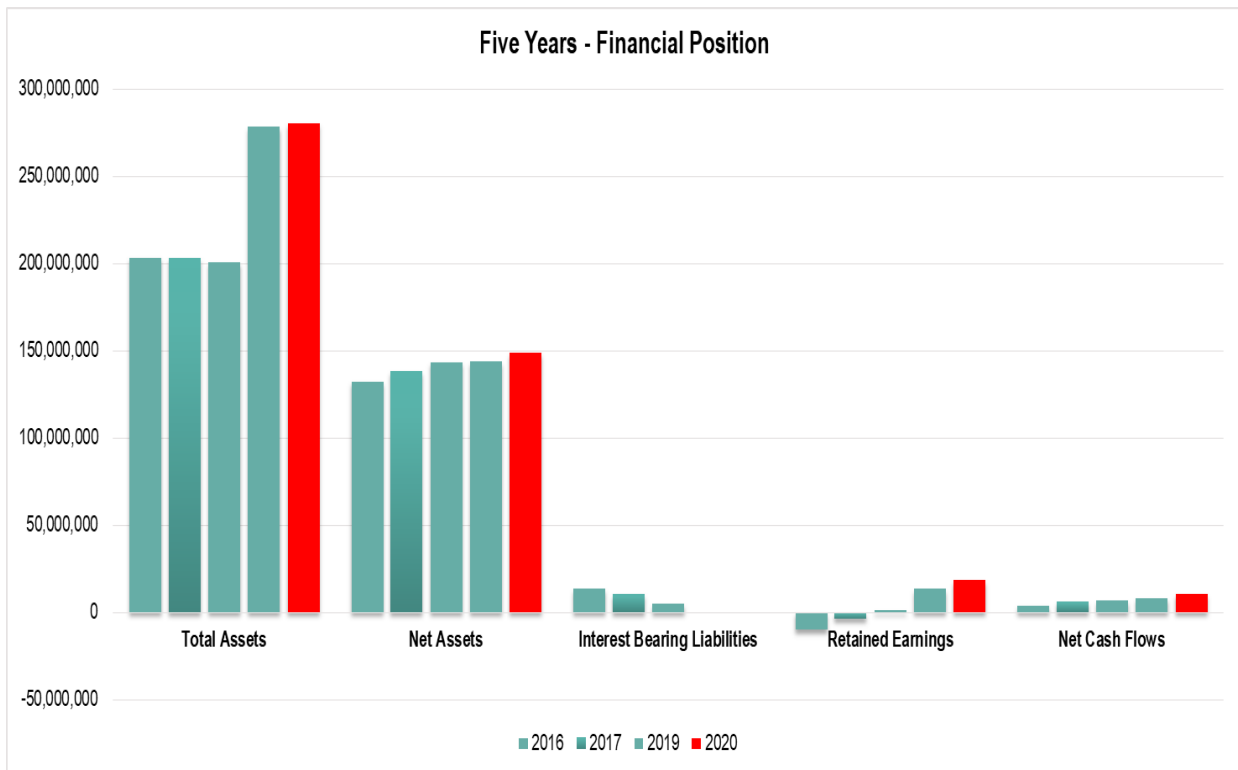
FINANCIAL PERFORMANCE – FIVE YEAR TREND

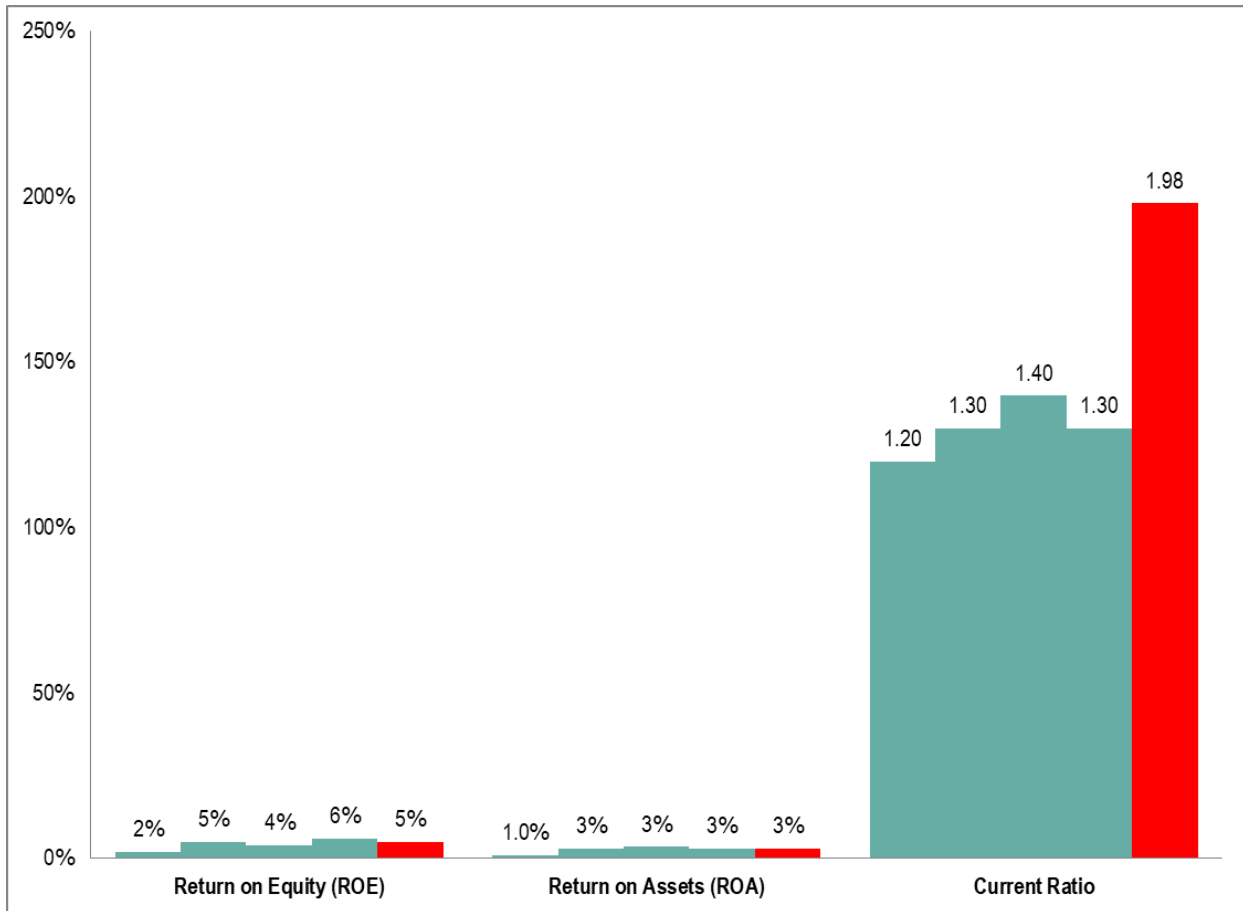






FINANCIAL POSITION – FIVE YEAR TREND





The above figures illustrate a positive trend in the last four years. Notably to say that Interest Bearing Liabilities totalled WST\$13.4million in 2016 was drastically reduced to WST\$4.70million in 2018, a reduction of 65% over three years, and was paid off in the second quarter of the last financial year.

The Cash Flow position of the Authority has steadily improved from WST\$3.8million in 2016 to WST\$10.4million in 2020, a huge increase of 174% over five years.

Retained Earnings rose sharply from negative \$10.2million in 2016 to \$18.2million in 2020.

Return on Equity (ROE) over five years consistently achieved a positive 2% in 2016, 5% in 2017 and 4% in 2018 and 6% in 2019 and 5% this financial year



FINANCIAL STATEMENTS

Samoa Ports Authority

CERTIFICATION BY DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2020

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 2020;

- 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 Ad2001 (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)
- Tuatagaloa Shane Wulf
- Luafau Leia Tuulima Aimaasu
- Afoa Raymond Pereira
- Tevaga Pisaina Leilua-Lei Sam
- Reverend Nuuausala Siaosi
- Moananu Ioane Filemu (appointed since February 2019)

Operating Results

The net profit for the year 2020 is **\$7,598,563** (2019: **\$8,688,327**).

Principal activities

The principal activity of the Authority is the provision and management of port services and cargo handling facilities on the islands of Upolu and Savaii. Its main office is located at Matautu-tai.

Dividends

The Directors approved the payment of dividend of **WST \$2,659,497** based on the rate established by Cabinet directive FK (18) 11. The Authority has paid **WST \$1,985,172** during the financial year ended 30 June 2020.

Going concern

The financial statements of the Authority have been prepared on a going concern basis. We consider the application of such basis to be appropriate in the preparation of these financial statement as we believe the Authority has sufficient funds to settle its obligations over the next 12 months from the date of the Directors report.

Related party

All related party transactions are adequately disclosed in the notes to financial statements.

**Samoa Ports Authority
CERTIFICATION BY DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2020**

Events subsequent to balance sheet date

Directors are not aware of any matters or circumstances that would have a major adjustment or disclosure in the financial statements succeeding 30th June 2020.

However, the effect of COVID-19 pandemic does not have a significant financial impact nor year-end adjustments in the financial statements of the Authority. The Directors completed an assessment on the consequence of the pandemic on the Authority and has determined it may not significantly influenced the organization for the time being. The Authority still enable to earn profits at year end and not very significantly decrease compared to the previous financial year, that is, the Authority still able to made collection of revenues.

Unusual transactions

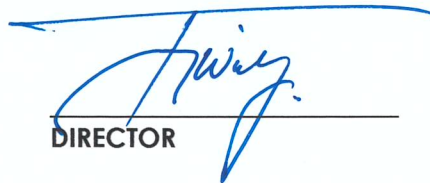
The Authority's year-end results and up to date of this report, has not in the opinion of the Directors nor substantially affected by any item or event of a material and unusual nature other than those disclosed in the financial statements.

Dated at Apia: 23rd October 2020

Signed in accordance with a resolution of the Directors.



CHAIRMAN



DIRECTOR

SAMOA PORTS AUTHORITY INDEPENDENT AUDIT REPORT For the year ended 30 JUNE 2020

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 2020, 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 2020, 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

SAMOA PORTS AUTHORITY INDEPENDENT AUDIT REPORT For the year ended 30 JUNE 2020

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AUDIT OFFICE

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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 23rd October 2020 and our opinion is expressed as at that date.

Apia, Samoa
26 October 2020

Jaslyn T. Mariner-Leota
ASSISTANT CONTROLLER AND AUDITOR GENERAL

SAMOA PORTS AUTHORITY
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 JUNE 2020

	Note	2020 \$	2019 \$
REVENUE			
Operating income	3	12,842,564	13,083,956
Recoveries	4	2,846,119	2,737,881
Amortization income	20(a)	3,174,369	3,218,718
Dividend received from UTOS		422,176	185,820
Interest income		319,466	255,942
Other income	5	410,859	455,397
Gain on sales of fixed assets		284,000	267,800
Rental income		765,722	809,489
Total Revenue		21,065,276	21,015,003
EXPENDITURES			
Operating costs	7	2,552,311	2,356,125
Administration costs	8	518,253	531,936
Personnel costs	9	4,111,979	3,831,465
Finance costs	6	4,589	147,983
Depreciation	18	4,930,855	4,971,718
Professional fees		83,848	61,142
Employee benefits	19(b)	103,011	49,077
Loss on disposal of fixed assets		442,387	-
Community support	10	578,540	217,400
Board expenditures	23(a)	140,941	159,829
Total Expenditures		13,466,713	12,326,676
NET PROFIT		7,598,563	8,688,327

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

SAMOA PORTS AUTHORITY
STATEMENT OF FINANCIAL POSITION
As at 30 JUNE 2020

	Note	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	11	2,667,612	3,002,941
Term deposits	12	6,518,787	5,012,862
Investment	13	9,542,672	3,028,864
Trade receivables	14	1,099,059	1,405,960
Other receivables and prepayments	15	224,904	202,002
Dividend receivable from UTOS		227,206	185,820
Total Current Assets		20,280,240	12,838,449
Non-Current Assets			
Property, plant and equipments	18	260,119,796	265,284,738
Total Non-Current assets		260,119,796	265,284,738
TOTAL ASSETS		280,400,035	278,123,187
EQUITY & LIABILITIES			
Capital and Reserves			
Capital		23,479,487	23,479,487
Land revaluation	16	106,803,002	106,803,002
Reserve – Oil Spillage		15,750	15,750
Retained Earnings		18,177,483	13,238,417
Total Equity		148,475,722	143,536,656
Current Liabilities			
Trade payables		6414	109,353
Other payables and accruals	17	399,640	476,562
Dividend payable to Government of Samoa		5,216,115	4,541,791
Provision for employee benefits	19(a)	128,110	70,800
Provision for audit fees		57,000	55,478
Deferred revenue – 12 months	20(b)	3,174,369	3,174,369
Retention	21	-	22,614
VAGST payable	22	1,255,383	1,273,913
Total Current Liabilities		10,237,031	9,724,880
Non-Current Liabilities			
Deferred revenue – long term	20(b)	121,687,282	124,861,651
Total Non-Current Liabilities		121,687,282	124,861,651
Total Liabilities		131,924,313	134,586,531
TOTAL EQUITY & LIABILITIES		280,400,035	278,123,187

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

Signed for and on behalf of the Board on 23rd October 2020.


 Chairman


 Director

SAMOA PORTS AUTHORITY
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 JUNE 2020

	Share capital WST\$	Revaluation WST\$	Reserves WST\$	Retained Earnings WST\$	TOTAL WST\$
Balance as at 01 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	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 2019	-	-	-	(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
Balance as at 1 July 2019	23,479,487	106,803,002	15,750	13,238,417	143,536,656
Net profit for the year ended 30 June 2020	-	-	-	7,598,563	7,598,563
Dividend payable 2020	-	-	-	(2,659,497)	(2,659,497)
Balance as at 30 June 2020	23,479,487	106,803,002	15,750	18,177,483	148,475,722

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 2020

	2020	2019
	\$	\$
Cash Flows from Operating activities		
Cash received from customers	22,163,531	19,390,866
Cash paid to employees and suppliers	(10,397,555)	(9,469,056)
Interest received from cash at bank	40,333	16,310
Dividend received from UTOS	194,970	185,820
Net Cash Inflow/(Outflow) from Operating Activities	12,001,279	10,123,940
Cash Flow to Investing Activities		
Purchase of property, plant and equipment	(208,299)	(296,675)
Proceeds from sales of fixed assets	34,000	80,300
Proceeds from disposal of wharves	250,000	250,000
Dividend paid to Government of Samoa	(1,985,172)	(3,992,691)
Term deposits (BSP and NBS)	(1,300,000)	-
UTOS investments	(6,420,000)	-
Net Cash Inflow/(Outflow) to Investing Activities	(9,629,471)	(3,959,066)
Cash Flows from Financing Activities		
Loan repayments	-	(4,725,488)
Net Cash Inflow/(Outflow) from Financing Activities	-	(4,725,488)
Net increase/(decrease) in cash and cash equivalents	2,371,808	1,439,386
Cash and cash equivalents at the beginning of the year	8,015,803	6,576,417
Cash and Cash Equivalents at Year End	10,387,611	8,015,803
Represented by:		
Cash on hand	1,300	1,300
Cash at Bank – ANZ Bank (Samoa) Ltd	909,248	940,950
Cash at Bank – Bank South Pacific	1,756,730	2,060,313
Cash at Bank – National Bank of Samoa	333	378
Term deposits (new) – Bank South Pacific	500,000	3,318,734
Term deposits (new) – National Bank of Samoa	800,000	1,694,128
Investment (new) – Unit Trust of Samoa	6,420,000	-
Total Cash on hand and at Bank	10,387,611	8,015,803

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 2020

1. General information

The Authority was established on 1st July 1999 under the Samoa 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.

- i. *New and revised International Financial Reporting Standards effective on or after 1st January 2018*

International Accounting Standards Board (IASB) officially issuing a number of new and revised standards effective for annual periods beginning on or after 1st January 2018; and earlier adoption was also permitted. However, the Authority has not early adopted some of these new and revised standards in preparing these financial statements given the implication is not applicable to the Authority. Such standards comprised the following:

a. IFRS 9 'Financial Instruments'

IFRS 9 issued on 24th July 2014 is the IASB's replacement of IAS 39 *Financial Instruments: recognition and measurement*. The Standard includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after 1st January 2018 with early adoption permitted (subject to local endorsement requirements).

Recognition and de-recognition

Financial assets and financial liabilities are recognised when the Authority becomes a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

Classification and measurement of financial assets

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not a fair value through profit or loss, transaction cost. Except for those trade receivables that do not contain a significant financing component and are measured at fair value adjusted for transaction costs (where applicable).

Financial assets of the Authority are classified into the amortised cost category only and consist of cash and cash equivalents, bank term deposits and trade receivables. The classification is determined by both:

SAMOA PORTS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

- the entity's business model to hold the financial asset to collect contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise fair value changes)
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial item.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Authority's cash and cash equivalents, investments, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Authority first identifying a credit loss event. Instead Authority considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

1. stage 1 – financial instruments that have not deteriorated significant in credit quality since initial recognition or that have low credit risk; and
2. stage 2 – financial instruments that have deteriorated significant in credit quality since initial recognition and whose credit risk is not low
3. stage 3 – would cover financial assets that have objective evidence of impairment at the reporting date

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

SAMOA PORTS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The application of expected credit loss through provision matrices on trade and other receivables is generally not required in the Authority's situation. The Authority do not have a trade or other receivable with a significant financing component, hence, are measured on initial recognition at the transaction price determined under IFRS 15 *Revenue from Contracts with Customers*, and do not have a contractual interest rate. This implies that the effective interest rate for these receivables is zero.

Equity instruments – Unit of Trust of Samoa investments

All equity investments in scope of IFRS 9 are to be measured at fair value in the statement of financial position, with value changes recognised in profit or loss, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income'.

The Authority's investments at Unit of Trust of Samoa are measure at fair value, the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price), in the financial position with changes in fair value recognised in financial performance under "other income".

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Authority's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Authority's financial liabilities include trade and other payables and are classified into the amortised cost category.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Authority designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

b. IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard provides a single, principles based five-step model to be applied to all contracts with customers except for: leases within the scope of IAS 17 *Leases*, financial instruments and other contractual rights or obligations within the scope of IFRS 9 *Financial Instruments*; and non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers.

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

SAMOA PORTS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

- Step 1 – Identify the contract(s) with a customer
- Step 2 – Identify the performance obligations in the contract
- Step 3 – Determine the transaction price
- Step 4 – Allocate the transaction price to the performance obligations in the contract
- Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

Application to the Authority:

The Authority signed contracts with the public for using land, office space/units, warehouse; and anchorage area for fishing boats. These contracts are at a maximum of 20 years including the transaction price which the Authority expects to receive before a particular customer commence their operation. The contract does not specified a performance obligation towards the Authority of exchange for transferring promised services or goods to the customer with revenue recognition to depict transferring of agreed transaction. Therefore, the Authority's contract with customers is complied with IAS 17 Leases under Lessor scope.

Hence, IFRS 15 is not applicable nor have an implication on the Authority.

c. IFRS 16 'Leases'

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

The standard provides a single lessee accounting model, requiring lessee to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. Lessor accounting model required classification of lease whether as an operating lease or finance lease if certain circumstances satisfied the definition of the types of lease. That is, a lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise, a lease is classified as an operating lease.

Application to the Authority:

The Authority is leasing out its properties, including land, office space/units, anchorage area for fishing boats and warehouse, at Mata'utu wharf to several Shipping Agents, it allows lessee's to use the Authority's properties but they do not convey ownership rights of the assets at the end of the lease term. The Authority's assets held for operating leases are presented in the statement of financial position under Property, plant and equipments; and the lease income recognised over the lease term on a straight-line basis in accordance with IAS 17.

Hence, IFRS 16 is not applicable nor have an implication on the Authority.

(b) Basis of preparation

The financial statements have been prepared on the historical costs 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 recognised in the period in which the estimate is revised if the revision affects only that period and future periods.

SAMOA PORTS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

(c) Comparative information

Comparative information's have been restated where necessary to achieve consistency in disclosure with current financial year amounts. Note 21 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) Going concern

The Authority's going concern is assured by the Directors based on the grounds that the Authority will be able to settle its obligations as and when they fall due.

(e) 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.

(f) 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 recognised in the statement of financial performance.

(g) Bad and doubtful debts 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.

(h) 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.

(i) Expense recognition

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

(j) 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.

(k) 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.

(l) 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.

SAMOA PORTS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

(m) 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.

(n) 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 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.

Buildings	10 – 30 years
Breakwaters	60 years
Land	0
Machineries	5 – 20 years
Motor vehicle	4 – 10 years
Office equipments	7 years
Office furnitures	4 – 10 years
Wharves	30 – 60 years
Wharf – furnitures, equipments and others	3 – 5 years
Workboats	10 – 30 years

(o) 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).

(p) Income Tax

The Authority is not subject to income tax.

(q) Dividend

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.

(r) Borrowing cost

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

(s) 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

(t) Grants, aids in assistance, donations and capitalisation

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.

SAMOA PORTS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

3. Operating income

	2020	2019
	WST\$	WST\$
Bond fees	497,745	463,174
Bunkering fees and berthage	810,051	1,030,821
Cleaning fess, water and others	126,794	119,020
Devanning and Dockage	268,559	392,206
Dues from light, port and cargos	566,967	641,942
Environmental charges	148,218	213,527
Empty containers and gears storage	1,008,876	646,846
International securities ports	357,759	493,629
Port service charges	4,197,989	4,291,031
Restow	143,204	74,861
Stevedoring license	56,190	63,000
Transhipments and weighbridge	388,961	318,127
Wharfages	2,715,746	2,760,149
Workboat and pilotage	1,555,505	1,575,622
Total Operating income	12,842,564	13,083,956

4. Recoveries

	2020	2019
	WST\$	WST\$
Electricity bill	2,226,383	2,083,290
Overtime	567,541	588,770
Other recoveries	13,570	16,217
Water bill	38,624	49,604
Total Recoveries	2,846,119	2,737,881

5. Other income

	2020	2019
	WST\$	WST\$
Advice fees	44,684	46,698
20% Regulation (overtime)	153,732	165,659
Fair value gain on UTOS investment	93,808	167,239
Miscellaneous income	118,635	75,801
Total Other income	410,859	455,397

6. Finance costs

	2020	2019
	WST\$	WST\$
Bank charges	4,589	6,060
Interest on loan	-	141,923
Total Finance costs	4,589	147,983

**SAMOA PORTS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

7. Operating costs

	2020	2019
	WST\$	WST\$
Allowances	142,147	62,112
Fuel and oil	174,387	205,647
Insurance expenses	206,451	206,735
License and permits	9,812	6,868
Repairs and maintenance	129,175	181,989
Utilities	1,871,290	1,686,958
Waste disposals	19,048	5,815
Total Operating costs	2,552,311	2,356,125

8. Administration costs

	2020	2019
	WST\$	WST\$
Advertising	22,089	21,709
Amenities	96,869	56,003
Doubtful debts	-	137,750
Hirage	25,871	26,295
Ministerial support	12,001	5,069
Office expenses	127,811	139,748
Other expenses	77,592	-
Printing and production	12,891	13,072
Promotion	11,300	16,284
Subscription	15,020	13,910
Telephone, fax, mobiles and internet	116,808	102,097
Total Administration costs	518,253	531,936

9. Personnel costs

	2020	2019
	WST\$	WST\$
Accident Compensation Corporation	37,875	33,654
Ministry of Customs and Revenue (PAYE)	559,572	483,436
Samoa National Provident Fund	305,335	238,622
Salary and wages	3,085,021	2,956,795
Staff training and appraisal	124,175	118,958
Total Personnel costs	4,111,979	3,831,465

Personnel costs comprises principally net base salary for staff holding permanent positions. In exception to Staff training and appraisal, combined these represents 60% of operational salary for Port Operation and Maritime divisions while 40% of administration salary for EMSSU, Corporate Service and Finance divisions.

SAMOA PORTS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

10. Community Support

	2020	2019
	WST\$	WST\$
COVID19 Stimulus package	468,790	-
Measles support	100,000	-
Pacific Games 2019	-	200,000
Other assistance	9,750	17,400
Total Community support	578,540	217,400

11. Cash and cash equivalent

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

	2020	2019
	WST\$	WST\$
Petty cash imprest	1,000	1,000
Cashier's float	100	100
Lady Naomi's float	200	200
National Bank of Samoa	333	378
ANZ Bank	909,248	940,950
Bank of South Pacific	1,756,730	2,060,313
Total Cash and cash equivalent	2,667,612	3,002,941

12. Term deposits

Short-term deposits have an average of 180 days to 365 days; and a weighted average interest rate of 5.25% per annum. The carrying value of the term deposits equal their fair value.

	2020	2019
	WST\$	WST\$
Bank of South Pacific	3,962,115	3,318,733
National Bank of Samoa	2,556,672	1,694,129
Total Term deposits	6,518,787	5,012,862

13. Investments

Units held at the Unit Trust of Samoa are stated at fair value based on the exit unit price as of 30th June.

	2020	2019
	WST\$	WST\$
UTOS Self insurance investments	921,356	-
UTOS other investments	8,621,316	3,028,864
Total Investments	9,542,672	3,028,864

**SAMOA PORTS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

14. Account receivables

	2020	2019
	WST\$	WST\$
Trade receivables	1,348,595	1,676,943
Debtors pending legal action	796	796
Other debtors	1,492	4,175
Total receivables	1,350,883	1,681,914
LESS: Provision for doubtful debts	(251,824)	(275,954)
Total Account receivables	1,099,059	1,405,960

15. Other receivable and prepayments

	2020	2019
	WST\$	WST\$
Interest income receivable	140,045	92,140
Prepaid insurances	4,746	5,080
Other prepayment	-	59,499
Withholding tax receivable	80,113	45,283
Total Other receivables and prepayments	224,904	202,002

16. Land revaluation

	2020	2019
	WST\$	WST\$
Matautu	105,328,685	105,328,685
Aleipata	266,317	266,317
Asau	1,208,000	1,208,000
Total Land revaluation	106,803,002	106,803,002

17. Other payables and accruals

	2020	2019
	WST\$	WST\$
Accrued payroll	123,369	89,640
Accrued utilities, telephone and internet	131,196	232,410
Bond fees	1,871	1,871
Lease and stevedoring license payable	141,191	152,641
*Withholding tax payable	2,013	-
Total Other payables and accruals	399,640	476,562

*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.

**SAMOA PORTS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

18. Property, plant and equipment

COST	Wharves WST\$	Lands WST\$	Buildings WST\$	Breakwater WST\$	Workboats WST\$	Office		Motor vehicles		Wharf furnitures & equipments WST\$	Machin's WST\$	TOTAL WST\$
						Furnitures WST\$	Equip's WST\$	WST\$	WST\$			
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	
Balance as at 1 July 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	
Additions	42,964	-	22,956	-	-	15,243	79,901	-	5,554	-	166,618	
Disposals	1,725,397	-	13,329	-	-	-	2,607	108,762	-	-	1,850,095	
Balance as at 30 June 2020	167,245,828	111,447,995	14,716,170	6,585,012	15,711,954	277,438	1,114,581	738,923	485,694	8,069,667	326,393,261	
ACCUMULATED DEPRECIATION												
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	
Balance as at 1 July 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	
Depreciation	2,989,280	-	426,279	126,774	786,638	10,725	71,171	84,083	57,520	378,385	4,930,855	
Disposals	1,295,237	-	9,399	-	-	-	579	102,492	-	-	1,407,708	
Balance as at 30 June 2020	32,779,500	-	7,357,330	3,061,486	14,529,261	252,351	1,011,253	551,388	450,367	6,322,211	66,315,147	
Work in progress 2019-2020	-	-	41,681	-	-	-	-	-	-	-	41,681	
CARRYING AMOUNT												
30 June 2019	137,842,804	111,447,995	7,766,094	3,650,300	1,989,331	20,569	96,625	277,887	87,293	2,125,841	265,284,738	
30 June 2020	134,466,328	111,447,995	7,400,522	3,523,526	1,182,693	25,087	103,328	187,535	35,327	1,747,456	260,119,796	

**SAMOA PORTS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

19. Provision for employee benefits

	2020 WST\$	2019 WST\$
(a) Provision for employee benefits		
30% sick leave and long service leave	128,110	70,800
(b) Employee entitlements for the year	103,011	49,077

20. Deferred revenue

	2020 WST\$	2019 WST\$
(a) Deferred revenue amortised during the year	3,174,369	3,218,718
(b) Deferred revenue		
Current portion	3,174,369	3,174,369
Non current portion	121,687,282	124,861,651
	124,861,651	51,254,739

<u>Donated Assets</u>	<u>Costs</u>	<u>Useful life</u>	<u>Yearly Amortization</u>
Wharf extension – 2004	\$68,000,000	60 years	\$1,062,922
Tug boat Atafa – 2002	\$13,757,872	20 years	\$687,894
Tug boat Tafola – 2000	\$1,804,400	20 years	\$90,220
Wharf extension – 2018	\$80,000,000	60 years	\$1,333,333

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.

21. Retention

	2020 WST\$	2019 WST\$
Retention (10%)	-	22,614

For the work contracts, a retention sum will be withheld to ensure compliance by the contractor with its warranty or maintenance obligations for a period of 6 to 12 months after the 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.

22. VAGST Payable

	2020 WST\$	2019 WST\$
VAGST on sales/receipts	8,132,795	8,207,860
VAGST on purchases/payments	6,877,412	6,933,947
Total VAGST Payable	1,255,383	1,273,913

**SAMOA PORTS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

23. Related parties transactions

(a) Directors compensation

1. Tuiloma Neroni Slade (chairman)
2. Tuatagaloa Shane Wulf
3. Luafau Leia Tuulima Aimaasu
4. Afoa Raymond Pereira
5. Tevaga Pisaina Leilua-Lei Sam
6. Reverend Nuuausala Siasosi
7. Moananu John Filemu (deceased)

Directors and executive management compensation:

	2020	2019
	WST\$	WST\$
Directors fees	125,213	120,983
Meeting and supplies expenses	9,728	10,234
Membership and other expenses	6,000	6,387
Travelling allowance	-	22,225
Total Directors compensation	140,941	159,829

(b) Management personnel cost

	2020	2019
	WST\$	WST\$
Salaries and short-term employment benefits	568,112	551,645

(c) 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.

24. Correction of FY2017/2018 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 Samoa Ports Authority. 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 by \$12,090,820 and Capital to decrease by the same amount.

SAMOA PORTS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	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	993,753	(12,090,820)	13,084,572
Total Equity	143,382,811	476,562	143,382,811

25. Events after reporting date

The World Health Organization ("WHO") announced a global health emergency on 30th January due to a new strain of coronavirus originating in Wuhan, China, namely "COVID-19 outbreak". The outbreak placed a massive risk both locally and internationally as the virus spreads globally beyond its origin point. The WHO classified the outbreak as a pandemic based on the rapid exposure of the virus globally that have taken hundreds of lives.

Given of such massive disaster, the Government of Samoa imposed restrictions on any social gatherings, temporary close down of airlines and other measures declared in State-of-Emergency order to attempt the slow spread of the corona virus.

In the Authority, the Board conducted an assessment on the impact of the pandemic on the organization and has determined that will not be significantly influenced the Authority for the time being. This reflects from approval of stimulus package offered by the Authority to assist individuals and businesses in such difficult times through: 1) 3 months' rent free for all businesses operating on all wharves, 3 months refund on all stevedoring licenses; and 20% reduction on all wharfage fees for 3 months. Further, the Authority still able to made collection of revenues.

However, the full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Authority's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

26. Financial risk management

This section outlines the Authority exposure to financial risk and describe 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 and the aggregate value of transactions concluded is spread amongst approved customers. Credit risk is closely monitored by finance division through regular independent review designed to test the quality of credit exposure 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.

SAMOA PORTS AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

27. Capital Commitments

a. Major capital commitment

The major commitment of the Authority is the infrastructure development to upgrade breakwater and enhance port services and geared towards meeting stakeholders expectation of the Authority' service delivery. This project will be carried out for 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 USD\$62.2 million 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.

28. Contingent Liabilities

As at year end, the Authority is exposed to a motion filed by Tanoa Hotel (Samoa) Limited for termination of land lease on Matautu wharf to be invalid and claiming damages for trespassing. The Authority terminated the lease due to potential breach of the lease agreement of the amount of rent it has paid since the lease was finalised.

As the date of signing the financial statements, this claim has not progressed any further legal proceedings and both parties are working through other options for early settlement given ongoing travel restrictions as Tanoa representatives are based in New Zealand.

29. Approval of Financial Statements

These financial statements were approved by the Board of Directors and authorised for issue on the 23rd October, 2020.