



16TH EDITION

**ANNUAL
REPORT**

2021

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Government of Samoa
OFFICE OF THE MINISTER OF FINANCE

8 November 2021

The Honourable Speaker
Legislative Assembly of Samoa

Pursuant to section 20(5) of the *Samoa International Finance Authority Act 2005*, I have the honour to submit the report of the Samoa International Finance Authority on its operations for the twelve months that ended on the 30th June 2021, together with the audited accounts for that period and the report of the Auditor on those accounts.

SIFA Annual Report and decisions authorised were under the auspices of the previous Minister of Finance and its Administration.

A handwritten signature in blue ink, appearing to read 'Mulipola Anarosa Ale Molio'o', is written over the typed name and title.

Mulipola Anarosa Ale Molio'o
MINISTER OF FINANCE



Samoa International Finance Authority

Please address correspondence to
THE CHIEF EXECUTIVE OFFICER

5 November 2021

Hon. Mulipola Anarosa Ale Molio'o
Minister of Finance
Ministry of Finance
APIA

Dear Honourable Minister

I have the honour of submitting the Annual Report of the Samoa International Finance Authority as required by the *Samoa International Finance Authority Act 2005* for the financial year 1st July 2020 to 30th June 2021.

The report comprises:

- (a) a report on the Authority's operations during the twelve (12) months ending on 30 June 2021; and
- (b) the Authority's audited accounts for the twelve (12) months ending June 2021 together with the auditor's report.

Yours faithfully

Tuifaasisina Sieni Tualega-Voorwinden
CHIEF EXECUTIVE OFFICER

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REPORT FROM THE BOARD OF DIRECTORS

As Chairman of the Board of Directors of the Samoa International Finance Authority (SIFA), I am pleased to present the Annual Report for SIFA for the financial year 2020/2021.

In our previous Annual Report, we highlighted a year of unprecedented events, with the onset of the Covid-19 pandemic which has had profound effects not just globally but domestically. But just as the world, Samoa included have accepted the harsh reality of the Corona Virus, the world is now grappling with the next iteration of this deadly virus with the onset of variants such as the delta variant, which is proving to be a much more contagious and deadly strain. Resulting in some leading experts in the field of viruses to predict that we will never return to normal.

So as a Board of Governance how do we navigate through uncharted and turbulent conditions? This has been our focus in the previous financial year and looking beyond. Deciding to do things differently, embracing change and accepting that the way in which SIFA previously conducted its business will never be the same. We have embraced technology and taking full advantage of the many opportunities that it brings, notably through the way we conduct promotion and marketing activities, by charting a new promotion and marketing strategy and sourcing different modes of delivery of our promotional activities, through Virtual Webinars, Seminars and Workshops. A key milestone achieved in December 2020, was the establishment of the Samoa International Business Finance Company (SIBFC), a wholly owned subsidiary of SIFA, for the purpose of carrying out this very important function of SIFA to promote and market, Samoa as a premiere jurisdiction for international financial services. This achieves the purposes of separating the regulatory function of SIFA from its promotional functions which is an important consideration and further signs of the progress SIFA has made since its establishment back in 1988.

We continue to witness the pressures from international standard setting bodies like the OECD, who have been relentless despite the many struggles faced by small jurisdictions, economic strains as a result of the Global pandemic, on its quest to re-organise the entire international tax system through a series of steadily escalating elements, paired with coercion and threats targeting low tax jurisdictions. Coupled with the situation of Samoa continuing to be on the EU Blacklist.

Acutely aware of these pressures the Board and Management in the financial year 2020/2021, prioritised our efforts towards delisting and considerable progress has been made positioning ourselves for achievement of this goal by the financial year 2021/2022. Underpinning these efforts is the reform to Samoa's (through SIFA) international financial services industry, paving a new direction for how we conduct and deliver our services.

Owing to the continuing pandemic coupled by the stringent regulatory environment we now operate in, jurisdictions globally offering International financial services have experienced varying degrees of reduction in revenues and new business and Samoa has not been spared. However, the prudent management by the Board and Management of SIFA revenues through controlled expenditures has assisted SIFA to mitigate the impacts of the pandemic and the tightening up of standards that govern the conduct of our business. Furthermore, despite these major challenges, the Annual report shows how we have advanced the execution of our strategies for the first year of the SIFA Strategic plan 2020-2024, and we are proud of the progress we have made in this financial year.

The net result of SIFAs operations for the year in review is a profit of SAT\$21,447,754. As a result of its re-classification from a Public Beneficial Body to a Public Trading Body, by the Ministry of Public Enterprises, SIFA for the very first time, paid a dividend of SAT\$7,506,713.90, for this financial year being 35% of its profits in accordance with the dividend policy set by the Ministry. I congratulate the Chief Executive Officer, Management and Staff for the hard work.

On the local front, SIFA continues to provide its generous support through sponsorship and financial assistance to local sporting bodies (rugby, netball etc.). Making sure no one is left behind, SIFA has also continued to extend its support with financial assistance to our wider community through several community projects aimed at assisting youth, faith based and most vulnerable groups.

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

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



Taimalie Ernest Betham

CHAIRMAN & ON BEHALF OF THE SIFA BOARD OF DIRECTORS

CHIEF EXECUTIVE OFFICER'S STATEMENT



I am delighted to be introducing the Samoa International Finance Authority (SIFA) Annual Report for the 2020/2021 financial year.

Samoa is home to a thriving financial services industry bolstered on compliance and transparency. Over the past 33 years, SIFA has strived to maintain a robust and prudent financial services industry, that is progressive in providing the right solutions for investors and clients wishing to take advantage of Samoa's product offering but at the same time adhering to various international standards promulgated by international standard setters regulating the conduct of international financial services business globally.

SIFA supervises, regulates, and inspects all Trust Company and Service Providers operating in and from within Samoa. This is in addition to operating the Registry of all international entities registered and licensed, advise the government on financial services issues, and provide assistance to authorities locally and overseas to prevent, detect and prosecute financial crime.

The 2020/2021 financial year was about consolidating the work of the previous year to adapt and operate in an environment of extreme circumstances with the onset of Covid-19 and growing variants like the Delta Variant leading to continuing lockdowns in countries across the globe in many forms. With continuing restrictions and disruptions to travel, both international and domestic, companies and businesses have been compelled to drastically change how they continue to deliver their services, and looking to invest in and take advantage of various technological advancements and so forth to cope, and we at SIFA have done just that.

One of the key highlights for the 2020/2021 financial year, has been the establishment of the Samoa International Business Finance Company charged with SIFA's other core functions to promote Samoa as a credible and premiere international financial services destination, testament of the maturity and new reforms taking place within our international financial services industry.

SIFA has adapted and adjusted accordingly its promotional and marketing activities where we are taking advantage of virtual platforms through zoom, google meet, and others, to deliver promotional and marketing Webinars to Asian clients. This ensures the continuity of our presence in the Asian market until we can again travel and be able to physically visit and run our usual promotional and marketing events in person. We have been intentional in our engagement with our key stakeholders with the introduction of quarterly industry meetings to provide an open forum for stakeholders to provide feedback on our service delivery and any other issues, as well as for SIFA to provide the most up to date information to keep the industry informed of latest developments.

SIFA takes it roles of regulator and maintaining Samoa position as a well-regulated jurisdiction from which to conduct financial services business very seriously. We continue to keep a close eye on international developments and actively participates in regional and international groups and standards-setting bodies. We invest considerably in our employees to enhance their skills by participating in international meetings and other

specialist training. With restriction on travel, we have been able to continue this participation in trainings and seminars through virtual meetings, and there have been several in the past financial year. The trainings and seminars have been provided by Financial Action Task Force (FATF), Asia Pacific Group (APG) on AML/CFT, Organisation for Economic Co-operation Development, Group of International Finance Centre Supervisors (GIFCS), Corporate Registers Forum. (CRF), Group of International Insurance Centre Supervisors (GIICS).

Despite the Covid-19 state of emergency restrictions issued by our government we have continued to work with industry practitioners to promote and ensure compliance with local and international regulatory and supervisory requirements and best practices through 2 rounds of onsite visits in the 2020/2021 this financial year, as well as carrying out desktop reviews of the operations of our TCSPs and other licenced entities to ensure their compliance with standards and legal requirements in the conduct of international financial services. We champion the idea that compliance and competitiveness go hand in hand. Therefore, maintaining our positive reputation for both is essential and underpins the continuing success of our international financial services industry.

SIFA together with the National Task Force established specifically to address the removal of Samoa from the European Union Blacklist (comprising SIFA, MFAT, MCR, MCIL, MoF, CBS, AG) continued to prioritise this work. Concrete steps have been made with one major milestone achieved in December of the 2020/2021 financial year, with the acceptance by the OECD of Samoa's application of becoming a member of the Base Erosion Profit Shifting Inclusive Framework. The achievement of membership leaves one more criterion for Samoa to satisfy to achieve the objective of being removed from the EU Blacklist. Samoa was on target to achieve removal in October 2021, however the continuing political uncertainty created by the results of the April 2021 elections will result in a missed opportunity, however, we are setting our sights for February 2022, being the next time jurisdictions can be reviewed by the EU for removal.

Amid the many changes on the regulatory front and market fluctuations due to *inter alia*, geopolitical power shifts, not to mention Covid-19, SIFA performed well; shown in its net profit of SAT\$21.4 million for this financial year. Whilst our new companies are still declining, we have been able to reduce this declining trend and our rate of renewal of existing companies is above 90%. This in turn has allowed us to continue our sizeable contributions to the Government budget and continue our financial support through sponsorship of our National Manu Samoa 7s team and Manu Samoa 15s and other sporting codes. We have not neglected our local community through financial assistance to community groups such as faith-based groups, youth programs, health programs and others.

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

Faafetai tapuai aua lea ua tini pa'o le uto i lenei tausaga fa'a le tupe e pei o faiva i vai. A iai ni aleu, lafoia i le alo galo.



Tuifaasisina Sieni Tualega-Voorwinden

CHIEF EXECUTIVE OFFICER

1. Management and Functions of the Samoa International Finance Authority

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

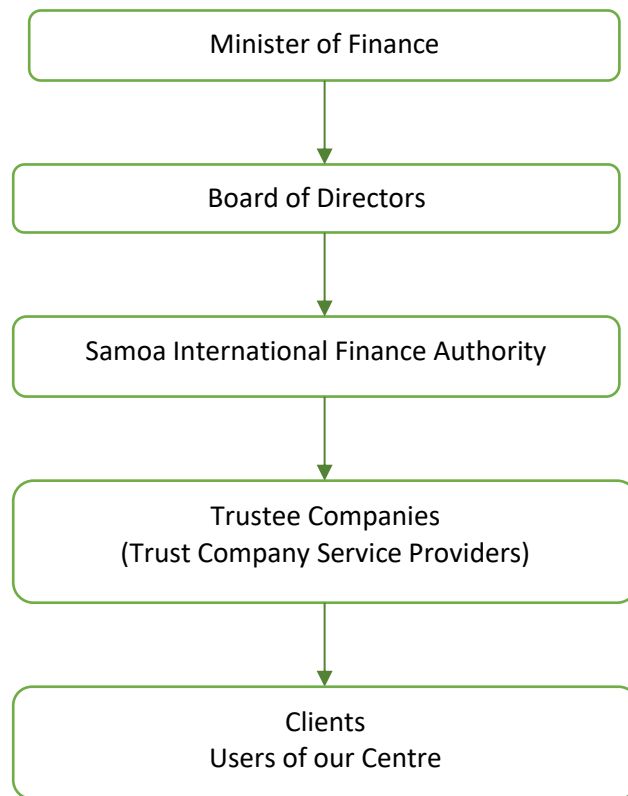
SIFA is administered by a Board of Directors consisting of 2 Government Officials (Chief Executive Officers of the Ministry of Finance and SIFA) and 4 Directors from the Private Sector. The latter must have financial services background with relevant knowledge, experience and expertise to help SIFA in its operations. The Chairman is elected from the 4 Private Sector Directors.

SIFA performs a regulatory and supervisory function where the ultimate objective is to protect and uphold the reputation and integrity of our Centre whilst occasionally raise the awareness of potential investors of its financial facilities and explore ways to enhance the attraction of Samoa as an international finance centre.

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

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

The following represents the Current Structure of Samoa International Finance Authority:



2. Structure of the Samoa International Finance Authority

2.1 Board of Directors

The SIFA Board of Directors are responsible for the policy and general administration of the Authority and report to Cabinet through the Minister of Finance. Representation on the Board of Directors is defined and established under section 6 of the SIFA Act 2005

Current SIFA Board of Directors:

Taimalie Ernest Betham (Board Chairman)

Taima'aiono Agnes Falelua Kerslake

Tufuga Fagaloa Tufuga

Galumalemana Patrick Rasmussen

Leasiosio Oscar Malielegaoi (Ex Official)

2.2 Management

The SIFA Management Team is made up of the Chief Executive Officer (CEO), three Chief Managers, and eight Section Heads. The Management team is responsible for the daily operations of the Authority.

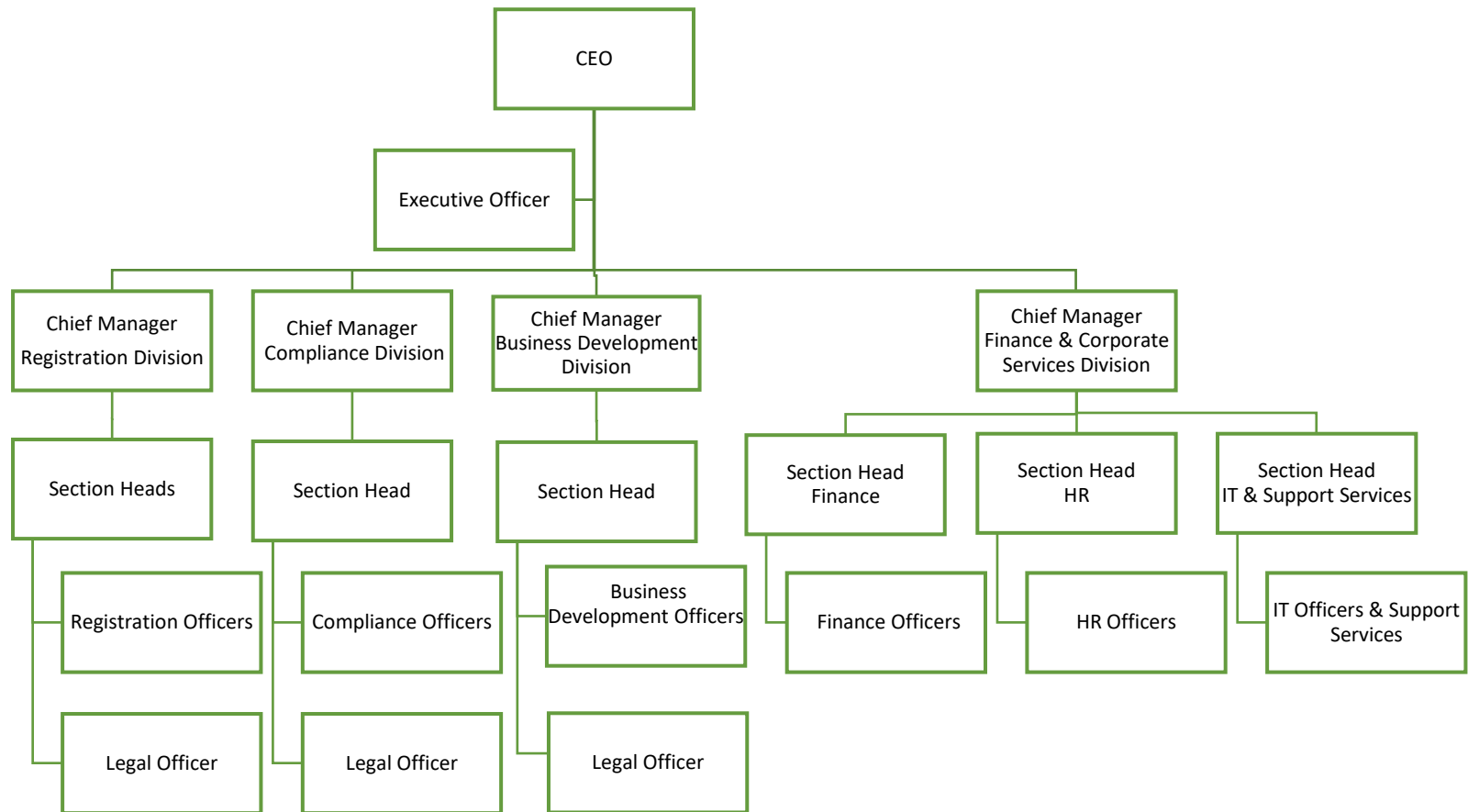


Standing (L-R): Cheshire Malua – Chief Manager Compliance, Li’o Heinrich Siemsen – Chief Manager Registration, Aliimalemanu Kolisi Simamao – Section Head Compliance, Desmond Chan Ting – Section Head Finance.

Sitting (L-R): Moana Ah Poe – Section Head IT & Support Services, Ramona Rimoni-Jahnke – Section Head Archives, Apostilles & Charges, Tuifaasisina Sieni Tualega-Voorwinden – Chief Executive Officer, Tuala Mesepa Tapuitea Lafaialii-Petaia – Chief Manager Business Development, Watsonia Fereti – Section Head Business Development, Taofinu Kalala Mataia – Section Head Quality Assurance.

Absent: Tagaloa Koroseta Lesatele – Section Head Human Resources, Luaipou Iosefa – Section Head Registration & SRS.

2.3 Organisational Structure



2.4 Staff Members



3. Governing Legislation of SIFA

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

- 1. International Companies Act 1988*
- 2. International Insurance Act 1988*
- 3. International Partnership and Limited Partnership Act 1998*
- 4. Segregated Fund International Companies Act 2000*
- 5. Samoa International Finance Authority Act 2005*
- 6. International Banking Act 2005*
- 7. International Mutual Funds Act 2008*
- 8. Electronic Transactions Act 2008*
- 9. Special Purpose International Companies Act 2012*
- 10. Trusts Act 2014*
- 11. Foundations Act 2016*
- 12. Trustee Companies Act 2017*

4. *Activities of the SIFA*

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

- ⇒ Corporate Registers Forum (CRF);
- ⇒ Group of International Insurance Centre Supervisors (GIICS);
- ⇒ International Tax Planning Association (ITPA);
- ⇒ Group of International Finance Centre Supervisors (GIFCS);
- ⇒ OECD's Global Forum and the Global Forum's Peer Review Group on Transparency and Exchange of Information for Tax Purposes.
- ⇒ International Association of Insurance Supervisors (IAIS)

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

4.1 Registration Division: Provides registration services for international companies, segregated fund international companies, international mutual fund companies, special purpose international companies and limited and International limited partnership companies. In addition, the Registration team is also responsible for maintaining up to date records of all entities registered and licensed by SIFA thus ensuring the accuracy of all Registers kept.

The Registration Division is divided into three (3) Teams: the Registration and SRS Team, the Archives Apostille and Charges Team, and the Quality Assurance Team.

An application for incorporation and/or registration of an entity is made to the Registrar of International and Foreign Companies through a licensed trustee company. The fee for incorporation is USD300.00 whereas the fees for re-domiciliation is USD100.00. An incorporated entity is required to lodge an application together with the company's Memorandum and Articles of Association, Certificate by Trustee Company and a Notice of situation of registered office. The registration process is relatively simple and has a 24 hours turnaround time. Registration of other types of companies are guided under the relevant legislations and have separate registration fees available on the SIFA and Invest Samoa websites.

Apart from the incorporation and registration of new entities, the Registration team also deals with other services incidental to the operation of registered entities such as the issuance of a Certificate of Good Standing, Name change, Winding Up, Renewal, share capital maintenance, etcetera.

January and February are peak months for new incorporations, whereas November and December is the busiest time of the year being the renewal period for all international companies on the Register.

The total number of new incorporation registered with SIFA for this financial year is 1,314. The number of live international companies as at 30 June 2021 is 30,609. SIFA since inception has registered a total of 87,554 gross number of companies.

The prevalent pressures from various international standards has greatly impacted our business thus the decrease in the number of new registrations for the financial year. There are currently 11 licensed trustee companies or trust company service providers that link Samoa to global investors.

The demanding pace and high standards expected by our clientele challenges the Registration Team to constantly strive for excellence in delivering a professional service that is world class.

4.2 Compliance Division

The Compliance Division supervises entities licensed under various international financial services legislation such as trustee companies, international banks, international insurance companies and international mutual fund companies. These licensed entities file their quarterly financial returns, half-yearly financial returns, annual audited accounts to confirm their financial position, financial performance, capital level, solvency and liquidity positions. They also file annual report to confirm that all the important changes such as in business activities, key persons, shareholders and beneficial owners have been approved by the Chief Executive Officer in accordance to the relevant legislation. The international companies and other vehicles that are not licensed or regulated are monitored with the keeping of their beneficial ownership information and accounting records.

There are seven (7) members of the Compliance Team ensuring that licensed and unlicensed entities comply with the relevant laws that take into account international standards. Our compliance officers continue to build their supervisory and regulatory experience by attending seminars and trainings organised by international standard setters that have been done through virtual platforms due to the pandemic, Covid19. These virtual meetings provide a wider opportunity for the entire compliance team to participate as before only one or two can travel to such trainings

The principal legislation providing products and services to the users of our international finance centre and governing their supervision are the *International Companies Act 1988*, *International Insurance Act 1988*, *International Partnership & Limited Partnership Act 1998*, *International Banking Act 2005*, *International Mutual Funds Act 2008*, *Trusts Act 2014*, *Foundations Act 2016*, *Special Purpose International Companies Act 2012*, *Samoa Segregated Fund International Companies Act 2000*, *Trustee Companies Act 2017*, *Samoa International Finance Authority Act 2005*, *Money Laundering Prevention Act 2007*, *Tax Information Exchange Act 2012* and the *Counter Terrorism Act 2014*.

The Compliance Team carried out two (2) rounds of onsite visits during the financial year covering five (5) trustee companies with the most registered international companies; the availability and accessibility of their clients accounting records and beneficial ownership information were the main focus of those visits. These onsite visits are a testament of Samoa's efforts in maintaining and improving its rating of 'Largely Compliant' with OECD's Global Forum on its Standard on Transparency and Exchange of Information for Tax Purposes from September 2019. The global lockdowns in trying to contain the pandemic have presented difficulties and forced the delay of our onsite visit scheduled for the first quarter of 2020. However, the compliance team was able to carry out that onsite visit in the second quarter of the year, and another one in the first quarter of 2021.

The compliance team is also committed with our overall efforts to remove Samoa from the European Union's list of non-cooperative tax jurisdictions as soon as we can to preserve the offshore industry and to be able to continue its valuable contribution to Samoa's economy; as well as maintaining its credible reputation as one of the most stable offshore jurisdictions in the world.

As at the end of June 2021 two (2) international banks have recorded total assets of USD23 million an increase by 20% from the last financial year. This increase is due to amount due from related companies. In terms of capital, USD7.2 million was recorded.

The two International insurance companies, reported a reduction in total assets by 2% to USD57.2 million. The decrease is due to the decrease in amounts from ceding/related companies. Capital of international insurance companies increased slightly by 1% to USD34.1 million.

The total number of International entities licensed and registered with SIFA as at the end of this financial year are as follows:

<i>Licensed Entities</i>	<i>No</i>
<i>Trustee Companies</i>	11
<i>International Banks</i>	2
<i>International Insurance Companies</i>	2
<i>International Mutual Fund Managers and Administrators</i>	3
<i>International Mutual Fund Companies</i>	4
<i>International Insurance Managers</i>	2
<i>Registered Auditors</i>	17
<i>Registered Liquidators</i>	14

4.3 Finance & Corporate Services

4.3.1 Finance

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

With the newly custom-made **FRONT ACCOUNTING**, the Finance Team is able to prepare the monthly, quarterly and annual reports in speed let alone maintaining efficiency and reliability.

Our audit for the financial year 2021-2021 commenced on the 6th July 2021 and was completed and signed on the 25th October 2021.

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

4.3.2 Human Resources

The Human Resource Section is responsible for managing, assisting and dealing with all employee related matters including such functions as regulation/policy administration, assets and resources management, develop and maintain a skilled and knowledgeable workforce to effectively and efficiently carry our SIFA's functions.

4.3.3 IT & Support Services

There are 10 members of the IT & Support Services Division, three (3) IT officers are assigned to provide and uphold policies as well as installation of ICT equipment, software and networks. They also ensure continuous support for all SIFA users on the utilization, maintenance and safety of all ICT equipment, software and networks. The IT Officers have been afforded the opportunity to gain further knowledge through virtual trainings online and consultations on ICT matters, to keep up to date with changes globally and in local Government ICT policies and legislation.

Our (7) support officers, provide general administration services in relation to Office needs such as leasing, procurement, reception, transportation, maintenance and cleaning.

4.4 Business Development Division

The Business Development Division (BDD) carried out its core functions as alluded to in the SIFA Act 2005 successfully within this financial year and alongside the challenges posed by Coronavirus.

On the promotional front, marketing work took a complete new pathway in the delivery of its activities via the digital platform which saw physical meetings being replaced with Webinars and zoom sessions.

The issue of Samoa's geographical isolation was remedied with information about Samoa become easily available through the delivery of online webinars as well as virtual participation of international conferences.

In December 2021, a milestone achievement was realized and celebrated with the registration and establishment of the SIFA marketing company, namely Samoa International Business Finance Centre (Samoa IBFC). The concept of Samoa establishing its own marketing company has been part of discussions and consultation over the years. However, with the competitive nature of the international finance it was timely to establish the SIFA marketing company to ensure robust marketing and promotional activities are conducted as well as undertake other broad functions such as research and marketing.

Samoa IBFC launched its 'marketing logo' and will roll out its marketing strategy in different phases to eventually become a fully independent company in the near future.

Due to the closure of international borders, all promotional trips and international conferences were postponed. Nonetheless, online promotions were rolled out with the BDD team taking the lead in delivery of presentations on Samoa as a resilient international finance Centre as well as highlighting salient features of Samoan solutions. Our partnership with marketing company MX Media continued with additional features such as the focus on infrastructural support in terms of market leads, bank account support and in-market representation within China continued. Collaboration also enabled the delivery of targeted Webinars within Mainland China with trust company services providers, lawyers and professional advisors. Samoa IBFC were able to host its first Webinar Presentation in March 2021 and another in September 2021.

Major research work has also taken place to address the EU List concerns which will eventually see an overhaul revision in the structure of SIFA and its marketing solutions.

On the sponsorship front, the global pandemic saw many of the local events which are usually supported by our Sponsorship Portfolio cancelled or postponed particularly the HSBC Sevens and other international tournaments. However, the opportunity for local events to take place continued with SIFA assisting church and community groups with fundraising events such as golf tournaments, educational programs, spiritual events, corporate tables and various projects.

5. Development

5.1 Professional Webinars, Conferences and Seminars

- OECD 35th PRG Meeting – July 2020
- GIICS Annual General Meeting – July 2020
- Review Team, Solomon Islands Follow-Up Report after their MER 2019
- The Global Forum on Transparency and Exchange of Information for Tax Purposes and the Asian Development Bank jointly organised conference – “Fourth Virtual Conference on the availability of beneficial ownership information in Asia and the Pacific” – September 2020
- Group of International Insurance Centre Supervisors Workshop on Data Analytics and Research (Host: Bermuda) – September 2020
- Group of International Finance Centre Supervisors Plenary Meeting – October 2020
- Biennial International Conference of Banking Supervisors (ICBS) – October 2020
- OECD 36th PRG Meeting on the Exchange of Information upon Request Framework – November 2020
- APG FATF Virtual Meeting on Private Sector Consultative Forum in regards to the transparency and beneficial ownership of legal persons – November 2020
- APG Mutual Evaluation Committee Meeting – December 2020
- IAIS AGM and 27th Annual Conference Virtual Meeting – December 2020
- IMF Article IV Mission Virtual Meetings – January 2021
- RAK ICC Foundations Webinar, February 2021
- APG Typologies Workshop – February 2021
- BIS Correspondent Banking Seminar – February 2021
- Samoa IBFC Webinar – Resilience and Reinvention: Samoa’s Solution to Global Change - March 2021
- BIS Innovation Summit – March 2021
- ECOFEL Regional Cooperation & Information Sharing – April 2021
- APG Operations Committee Meeting on Mitigating Unintended Consequences of FATF Recommendations – April 2021
- APG Ad Hoc Committee Meeting on FATF Strategic Review – April 2021
- APG PSCF Virtual Assets Meeting – April 2021
- The Japanese Banking Crisis Virtual Seminar with BIS – April 2021
- APG Regional Webinar on DNFBP Supervision – April 2021
- GIICS CAT RISK Supervision Session – April 2021
- GIFCS Plenary Meeting – April 2021
- APG Mutual Evaluations Committee Meeting – April 2021
- China Offshore Virtual Summit – Spring Edition, May 2021
- OECD 37th PRG Meeting – May 2021
- APG Ad Hoc Committee Meeting on the FATF Strategic Review – May 2021
- FATF AGSR Meeting – May 2021
- APG Regional Webinar DNFBP Supervision – June 2021
- IAIS Global Seminar – June 2021

5.2 Online Registration System (SRS)

SIFA continues to develop and further strengthen its SIFA Registration System (SRS) together with the addition of new features to eliminate some manual processing whilst ensuring that the information remains secure.

One of these new features is the Renewal Confirmation notice. This electronic notification is automatically generated by the system for successful renewals and the Trustees can securely download and print for their records. The Renewal Confirmation notice comes in a PDF format and is the first e-document generated by the system.

5.3 Social Club

The following are some of the highlights of our social club's journey during the last 12 months: Fundraising activities included, Walkathon, Canteen, and Monthly Casuals. Office events include Superhero, Karaoke competitions, gospel singing competitions, Mother's/Fathers' Day/White Sunday celebrations, Public Service Day, End-of-Year Christmas Dinner, Guest Speakers, and Donut Days. Furthermore, we celebrated the birth of 6 new babies, marriages, fare-welled colleagues, visited those who were sick, and honoured the lives of loved ones who passed away during the course of the year. As a result, the Social Club continues to serve its objective, which is to provide a platform that promotes a healthy working environment for all SIFA employees.

6. Samoa International Finance Authority Financial Performance

Audited Accounts Summary:

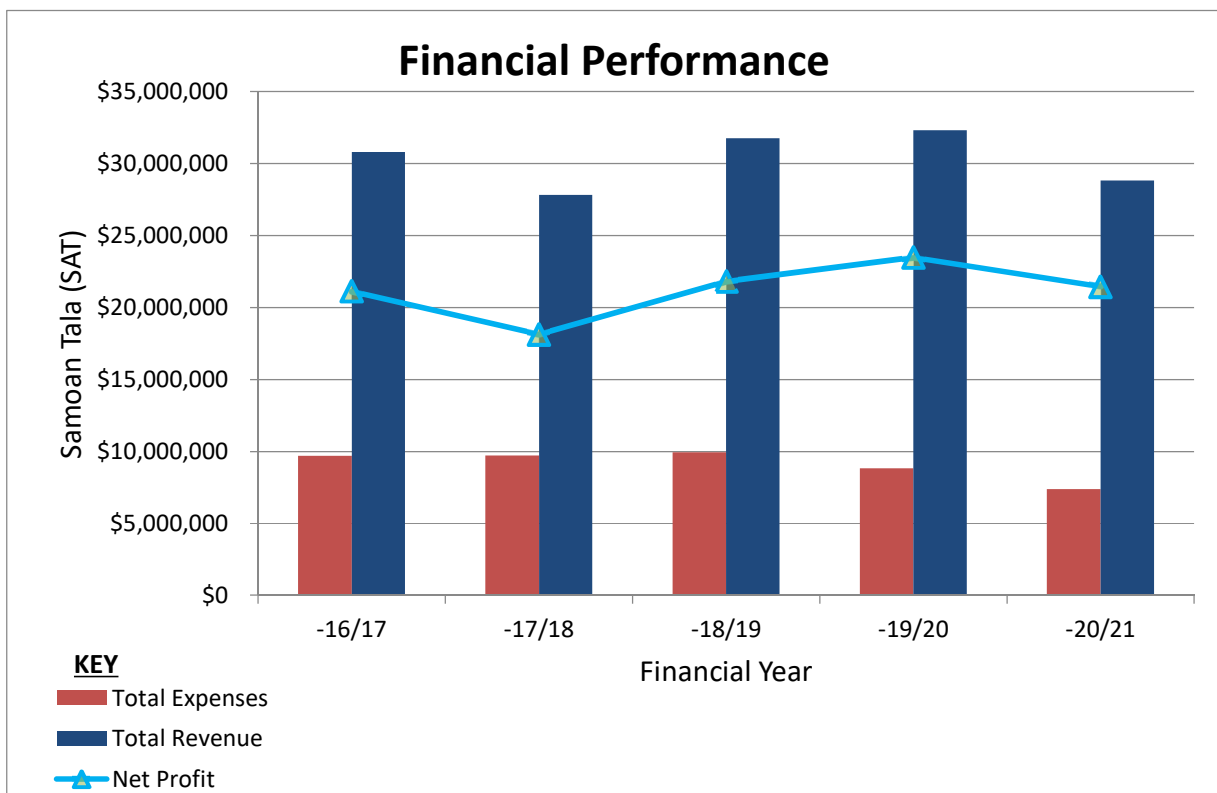
Financial position:

SIFA recorded an increase of approximately 0.60 percent in Total Assets from SAT98.6million in the prior year to SAT99.2million this financial year. These assets are mainly cash and term investments representing 93 percent of Total Assets.

Financial Performance:

SIFA recorded a decrease of 6.5 percent of total income from SAT30.8 million to SAT28.8 million recorded at the end of June 2021. This decrease is mainly due to the reduction of its core revenue from renewals, new incorporations and lower interest rates for term deposits offered by the commercial banks. The Total Expenses decrease by 1.1 percent from SAT7.4 million to SAT7.3 million in the current financial year. The decrease is mainly due to no charges written off for the building at the end of June 2021 compared to SAT .272 million in 2020. The Authority's total Net Comprehensive Income for the year ending 30 June 2021 has decrease by 8.2 percent from SAT23.3 million to SAT21.4 million.

CHART 1:



FINANCIAL STATEMENTS

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Samoa International Finance Authority
Directors' Report
For the Year Ended 30 June 2021

The Directors of the Samoa International Finance Authority (SIFA) present their Report for the year ended 30 June 2021 together with the Financial Statements as set out on the accompanying pages and the Auditor's Report thereon in accordance within the Samoa International Finance Authority Act 2005 (SIFA Act).

Directors

The following persons were Directors of the Authority during the financial year and up to the date of this report:

Taimalie Ernest Betham (Board Chairman)

Galumalemana Patrick Rasmussen

Taima'aiono Agnes Falelua Kerslake

Leasiosio Oscar Malielegaoi (Ex Official)

Tufuga Fagaloa Tufuga

Tu'u'u Amaramo Sialaoa's service ended in October 2020 and is replaced by Taima'aiono Agnes Falelua Kerslake. The Board Members were appointed for a term of three years.

Principal Activity

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

State of Affairs

In the opinion of the Directors:

- (i) The accompanying Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash Flows are drawn up so as to give a true and fair view of the operations and results of SIFA for the year ended 30 June 2021.
- (ii) The accompanying Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of SIFA as at 30 June 2021.

Operating Results

The net profit for the year is SAT21,447,754 (2020: net profit SAT23,362,925).

General Fund

The Directors approved \$22,295,549 to be paid from the General Fund to the Government for the year ended 30 June 2021. The total relate to SAT 15,000,000 for contribution to the Government budget and SAT 7,295,549 of dividend payment to the Ministry of Public Enterprise.

**Samoa International Finance Authority
Directors' Report (continued)
For the Year Ended 30 June 2021**

Dividends

The total dividend of SAT 7,295,549 was paid to the Ministry of Public Enterprise at the end of the financial year 30 June 2021.

Events subsequent of balance date

No matters or circumstances have arisen since the end of the financial year which would require adjustment to or disclosure in the Financial Statements.

Dated at Apia, this 25th day of October 2021.

Signed in accordance with a resolution of the Directors.



Taimalie Ernest Betham (Board Chairman)
CHAIRMAN



Galumalemana Patrick Rasmussen
DIRECTOR

**Samoa International Finance Authority
Management Responsibility Statement
For the Year Ended 30 June 2021**

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

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

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

The Samoa Audit Office has audited our Financial Statements. The accompanying independent Auditor's report outlines the scope of their examination and their opinion.



Tuifaasisina Sieni Voorwinden

CHIEF EXECUTIVE OFFICER

Dated: 25 October 2021



*Please address all correspondences
to the Controller and Auditor General*

REPORT OF THE AUDIT OFFICE

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

Audit Opinion

We have audited the accompanying Financial Statements of the Samoa International Finance Authority which comprise the Statement of Financial Position as at 30 June 2021, 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 Firm of the XSAO Consult Ltd assisted in the audit. The Engagement Partner on the audit resulting in this Independent Auditor's Report is Violet Roebeck-Fasavalu.

In our opinion, the financial statements give a true and fair view of the financial position of the Samoa International Finance Authority as at 30 June 2021, and of its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Samoa International Finance Authority in accordance with the ethical requirements that are relevant to our audit of financial statements in Samoa, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Responsibilities of Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with these International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



AUDIT OFFICE

*Please address all correspondences
to the Controller and Auditor General*

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to 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 Directors and Management regarding, among other matters, the significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

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

We also confirm that:

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

Our audit was completed on the 25th October 2021 and our opinion is expressed as at that date.

Apia, Samoa
29th October 2021

Mua'ausa Marshall Maua
ASSISTANT CONTROLLER AND AUDITOR GENERAL

Samoa International Finance Authority
Statement of Financial Position
For the Year Ended 30 June 2021

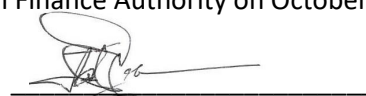
	Note	2021 WS\$	2020 WS\$
ASSETS			
Non-current assets			
Plant and equipment	6	5,642,847	5,407,308
Intangible Assets	7	191,838	260,107
Receivables and prepayments	8	865,852	1,051,612
Investments	9	26,424,064	29,632,544
Right of use of Asset (ROU)	16	284,606	388,723
Total non-current assets		33,409,206	36,740,294
Current assets			
Cash and cash equivalents	10	64,133,778	60,454,078
Receivables and prepayments	8	1,685,084	1,437,559
		65,818,862	61,891,637
TOTAL ASSETS		99,228,068	98,631,931
Non-current liability			
Lease Liability	16	63,007	242,432
Current liabilities			
Deposits and payables	11	2,936,894	1,375,539
Provisions	12	76,672	76,650
Lease Liability	16	241,340	181,923
Total liabilities		3,317,913	1,876,545
Net assets		95,910,156	96,755,386
Equity			
General Fund		95,910,156	96,755,386
Total equity		95,910,156	96,755,386

The accompanying notes form part of these Financial Statements

Signed for and on behalf of the Directors of the Samoa International Finance Authority on October 2021.



Taimalie Ernest Betham
Chairman



Galumalemana Patrick Rasmussen
Director

Apia, Samoa
25th October 2021

Apia, Samoa
25th October 2021

Samoa International Finance Authority
Statement of Financial Performance
For the Year Ended 30 June 2021

	Note	2021 WS\$	2020 WS\$
Income			
Incorporation and annual fees		22,673,518	24,386,393
Licence fees		177,361	181,967
Other income and gains	3(d)	1,716,705	1,734,382
Interest Income		3,044,770	3,404,318
		27,612,353	29,707,060
Expenses			
Audit fees		31,536	31,536
Depreciation Costs	6	162,827	207,948
Amortisation Costs	7	116,269	125,952
Interest (Lease Liability)	16	48,897	58,179
Depreciation (ROU Asset)	16	225,628	222,074
Communication		148,032	77,637
Directors Fees		71,002	69,387
Doubtful loans expense		22,559	23,610
Printing and stationery		84,074	63,201
Promotions	13	843,313	2,165,696
Occupational Costs		133,943	126,784
Personnel costs		3,048,311	2,703,523
Others		2,443,148	1,310,003
		7,379,538	7,185,530
Total Expenses			
Other Gains/Losses			
Exchange Gain / (Loss)		423,419	454,568
Impairment on building design costs		-	(272,773)
		423,419	181,795
Total Other Gains/(Losses)			
		20,656,234	22,703,325
Net profit for the year			
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss:			
Net change in fair value of equity investment	9	791,520	659,600
		21,447,754	23,362,925
Total Net Comprehensive Income			

The accompanying notes form part of these Financial Statements.

**Samoa International Finance Authority
Statement of Changes in Equity
For the Year Ended 30 June 2021**

	Note	2021 WS\$	2020 WS\$
Balance in General Fund at beginning of year		96,755,386	88,428,094
Add:			
Net profit for the year		20,656,234	22,703,325
Other comprehensive income for the year		791,520	659,600
Less Payment for contribution to the Government Budget		(15,000,000)	(15,000,000)
Less Payment for dividend to the Ministry of Public Enterprise		(7,295,549)	-
Less Lease restatement as per IFRS 16		2,564	(35,632)
Balance in General Fund at end of year		<u>95,910,155</u>	<u>96,755,386</u>

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

Samoa International Finance Authority
Statement of Cash Flows
For the Year Ended 30 June 2021

	Note	2021 SAT	2020 SAT
Cash flows from operating activities			
Fees and license revenues		23,451,012	25,190,747
Cash paid to employees		(3,213,224)	(2,817,383)
Cash paid for rent and maintenance		(29,761)	(276,365)
Cash paid for promotional expenses		(884,967)	(2,094,649)
Cash paid for other expenses		(2,285,345)	(1,800,256)
Net advanced deposits		1,383,701	209,987
Net cash generated from Operating activities		18,421,416	18,412,082
Cash flows from investing activities			
Interest received from Term Deposits		2,808,463	3,340,143
Gain on Sale of Fixed Asset		-	4,548
Acquisition of fixed assets		(536,126)	(197,171)
Investment in UTOS		4,000,000	-
Dividend and interest received from UTOS		858,077	527,680
Net cash generated from Investing activities		7,130,414	3,675,199
Cash flows from financing activities			
Payment for the contribution to the Government Budget		(15,000,000)	(15,000,000)
Payment for dividend to the Ministry of Public Enterprise		(7,295,549)	-
Net cash generated from Financing activities		(22,295,549)	(15,000,000)
Net Increase/Decrease in Cash		3,256,281	7,087,281
Cash and cash equivalent as at beginning of year		60,454,078	52,912,229
Plus: Effect of Exchange Differences		423,419	454,568
Cash and Cash Equivalents at end of year	10	64,133,778	60,454,078

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

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

1. General Information

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

2. Adoption of new and revised Standards

New standards adopted as at 1st January 2018

IFRS 15 'Revenue from Contracts with Customers'

In 2018 the Authority has adopted new guidance for the recognition of revenue from contracts with customers. This guidance was applied using a modified retrospective ('cumulative catch-up') approach under which changes having a material effect on the statement of financial position as at 1 January 2018 are presented together as a single adjustment to the opening balance of retained earnings. Accordingly, the Authority is not required to present a third statement of financial position as at that date.

There has been no change on the date of initial application, 1 January 2018, in the classification and measurement of the Authority's revenues.

IFRS 9 'Financial Instruments'

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets. When adopting IFRS 9, the Authority has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in retained earnings.

The adoption of IFRS 9 has impacted the following areas:

- the classification and measurement of the Authority's financial assets. Management holds financial assets to hold and collect the associated cash flows. The UTOS promissory notes previously classified as held-to maturity (HTM) investments under IAS 39 continue to be accounted for at amortised cost as they meet the held to collect business model and contractual cash flow characteristics test in IFRS 9.
- the Authority's investments in convertible notes that were measured at fair value through profit and loss (FVTPL) continue to be measured at FVTPL.
- the Authority's investments in equity instruments (i.e.: UTOS units that were not held for trading) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been designated as at FVTOCI.
- the impairment of financial assets applying the expected credit loss model. This affects SIFA's trade receivables and investments in debt-type assets measured at amortised cost. The expected credit loss model requires the Authority to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. In particular, IFRS 9 requires the Authority to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Authority is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

On the date of initial application, 1 January 2020, the financial instruments of the Authority were reclassified as follows:

	<u>Measurement category</u>		<u>Carrying Amount</u>		
	Original IAS 39 category	New IFRS 9 category	Closing balance 30 June 2020 IAS 39	Adoption of IFRS 9	Opening balance 1 July 2020 IFRS 9
Non-current financial assets			SAT	SAT	SAT
UTOS units	Available for sale	FVTOCI	22,954,064		22,954,064
UTOS promissory notes	Held to Maturity	Amortised cost	3,470,000		3,470,000
UTOS convertible notes	FVTPL	FVTPL	-		-
Staff loan receivables	Loans and receivables	Amortised cost	886,635		886,635
Current financial assets					
Cash at bank and term deposits	Loans and receivables	Amortised cost	64,133,778		64,133,778
Total financial asset balances			91,444,477		91,444,477

Standards, amendments and interpretations not yet effective and not early adopted by the Authority

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Authority.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Authority's financial statements.

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

IFRS 16 'Leases'

IFRS 16 will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right of use asset and a lease liability. There are two important reliefs provided by IFRS 16 for assets of low value and short-term leases of less than 12 months.

IFRS 16 is effective from periods beginning on or after 1 January 2019. The Authority has implemented the Modified Retrospective Approach under IFRS 16 to account for the leases in the Financial Statements for the year ended 30 June 2021.

3. Statement of significant accounting policies

The principle accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied throughout the financial year, unless otherwise stated.

a. Basis of preparation

The Financial Statements of the Samoa International Finance Authority have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Financial Statements have been prepared on historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical Cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Authority takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

b. Foreign currency translation

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Authority operates ("Functional Currency") which is the Samoan Tala (SAT). The Authority operates in Samoa and therefore the Financial Statements are presented in Samoan Tala which is the Authority's functional and presentation currency.

Foreign Currency Transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transactions at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. Monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

Foreign Exchange Gains and Losses that related to borrowings and cash equivalents are presented in profit or loss together with all other foreign exchange gains and losses and are presented in profit or loss at a net amount.

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

3. Statement of significant accounting policies (continued)

c. Comparative figures

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

d. Revenue

Company Incorporation and Renewal Services

The Authority earns most of its revenue from international companies under the International Companies Act 1988. Revenue from companies incorporated and renewed is recognised in the accounting period in which the services are rendered.

Advanced Deposits from Trustee Companies are deferred to current liabilities and recognised as revenue when it is used to pay for company transactions.

Interest

Interest income from financial assets at fair value through profit or loss (FVTPL) is included in the net fair value gains / (losses) on these assets. Interest income on financial assets at amortised cost and financial assets at fair value through other comprehensive income (FVOCI) calculated using the effective interest method is recognised in the Statement of Profit or Loss and Other Comprehensive Income. Interest income relates to interests from Term deposits held at the commercial banks and interest from investment Notes held at UTOS.

Other income and gains	<u>2021</u>	<u>2020</u>
	<u>SAT</u>	<u>SAT</u>
Penalty Fees	282,230	275,404
Application Fees	317,452	346,783
Dividend Received - UTOS	1,055,359	1,055,359
Staff Loan Interest Income	61,663	52,288
Gain on Sale of Fixed Assets	0	4,548
Total	<u>1,716,705</u>	<u>1,734,382</u>

Majority of the other income and gains balance relates to the dividend from UTOS.

Dividends are received from financial assets measured at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI).

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2020

3. Statement of significant accounting policies (continued)

e. Financial instruments

Recognition and derecognition

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

Financial assets are derecognised 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 derecognised when it is extinguished, discharged, cancelled or expires.

Classification and measurement of financial assets

Classification and initial measurement

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial Assets of the Authority, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

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 items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial Assets at amortised cost

Assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'interest income' using the effective interest rate method. This category includes cash balances and staff loan receivables.

Financial Assets at fair value through profit and loss (FVTPL)

Financial Assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. This category includes the UTOS convertible notes. Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

3. Statement of significant accounting policies (continued)

Equity investments at fair value through other comprehensive income (FVOCI)

The Authority accounts for equity investments at FVOCI if they are not held for trading. This category includes investments in UTOS units and the Authority has made the irrevocable election to recognise the equity investment at FVOCI. All fair value changes (i.e.: gains or losses) are recognised in other comprehensive income (OCI) and are not recycled upon derecognition of the asset.

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.

Trade and other receivables and contract assets

The Authority makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Authority uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Authority assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

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 borrowings, 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.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

3. Statement of significant accounting policies (continued)

f. Employee entitlements

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

g. Leases

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

h. Taxation

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

i. Cash and cash equivalents

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

j. Plant and equipment

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

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

k. Intangible Assets

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

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

4. Financial risk management

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

The Authority exposure to credit risk is limited to staff loans. Staff loans are no longer allowed under Government Cabinet directive for all state owned enterprises. The current staff loan balances will continue to be reduced from direct repayments from salaries of existing staff.

On leaving employment with the Authority those who have loans are required to pay the full amount of the outstanding balance at the time of leaving or make necessary repayment arrangements. The inability to repay the amount in full at the time of termination results in a loss that is fully provided for.

Because all loan repayments are deducted from employee wages the ageing analysis for staff loans is always current. The Authority has used the simplified model for calculating lifetime expected credit losses and has applied the probability of default (PD) to those balances that are current as follows:

	PD	Gross carrying amount SAT	Loss allowance SAT	Credit impaired SAT
30 June 2021				
Staff loans gross amounts	2.10%	956,858	70,223	70,223
Staff loans assessed individually				
		956,858	70,223	70,223

Balances which are not current are assessed individually for impairment. The movement in the loss allowance for staff loan receivables is disclosed in Note 8.

ii. Currency risk

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

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

4. Financial risk management (continued)

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

	2021	2020
	SAT	SAT
Financial assets:		
Cash and cash equivalents	370,210	347,074
Financial liabilities		
Customer deposits	(2,148,683)	(951,553)
Net Exposure	(1,778,473)	(604,479)

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

	Higher/(Lower)	Higher/(Lower)
	SAT	SAT
SAT/USD + 5%	(88,924)	(30,224)
SAT/USD - 5%	88,924	30,224

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

06/2021 - 0.3988

06/2020 - 0.3818

iii. Liquidity risk

Liquidity Risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation. The Authority carries out cash flow projections taking into account cash inflows and outflows annually which assist it in monitoring cash flow requirements and optimizing its cash returns on investments. Typically, the Authority ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. Cash position is monitored on a daily basis.

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

4. Financial risk management (continued)

iv. Interest rate risk

Fair value interest rate risk

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

Cash flow interest rate risk

The Authority has interest-bearing asset in the form of term deposits. This is at fixed interest rate and hence, there are no interest rate risks during the period of investment.

For re-investment of term deposits, the Authority negotiates an appropriate interest rate with the commercial Banks and invests with the Banks that offers the highest interest return. Given the fixed nature of interest rates, the Authority has a high level of certainty over the impact on cash flows arising from interest income derived from these term deposits.

Other risks

Operational risk

Operational Risk is the risk of loss arising from systems failure, human error and fraud. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The Authority cannot eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the Authority is able to manage risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment procedures.

5. Critical accounting estimates and judgements

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

a. Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

5. Critical accounting estimates and judgements (continued)

b. Useful lives of depreciable assets

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

c. Impairment of non-financial assets

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

6. Plant and Equipment

	Land & Buildings	Equipment & Furniture	Motor Vehicles	Leasehold improvements	Work in Progress	Total
	SAT	SAT	SAT	SAT	SAT	SAT
Cost						
Balance as at 30/06/20	4,816,000	1,952,951	361,500	156,363	138,210	7,425,024
Additions		297,930			102,540	400,470
Disposals		(7,604)				(7,604)
Balance as at 30/06/21	4,816,000	2,243,278	361,500	156,363	240,750	7,817,891
Accumulated Depreciation						
Balance as at 30/06/20	-	1,499,852	361,500	156,364	-	2,017,717
Depreciation	-	162,827	-	-	-	162,827
Disposals	-	(5,500)	-	-	-	(5,500)
Balance as at 30/06/21	-	1,657,180	361,500	156,364	-	2,175,044
Written down value:						
As at 30/06/20	4,816,000	453,099	0	(1)	138,210	5,407,308
As at 30/06/21	4,816,000	586,098	(0)	(1)	240,750	5,642,847

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

7. Intangible asset	SIFA Registration System SAT	Front Accounting System SAT	Total SAT
Cost			
Balance as at 30/06/20	849,410	225,428	1,020,538
Additions	48,000	-	48,000
Disposals	-	-	-
Balance as at 30/06/21	897,410	225,428	1,122,838
Accumulated Depreciation			
Balance as at 30/06/20	698,093	116,639	814,732
Amortisation	71,183	45,086	116,269
Disposals	-	-	-
Balance as at 30/06/21	769,276	161,724	931,000
Written down value:			
As at 30/06/20	151,317	108,789	260,106
As at 30/06/21	128,134	63,704	191,838
8. Receivables and Prepayments			
	2021	2020	
	SAT	SAT	
Movement in Provision for Doubtful Loans			
Gross amount of staff loans	956,858	1,143,429	
Less provision for doubtful loans	(70,223)	(47,664)	
	886,635	1,095,765	
Represented and classified in the balance sheet:			
Non-Current			
Employee loans - secured	865,852	1,051,612	
	865,852	1,051,612	
Current			
Employee loans - secured	91,006	91,816	
Less provision for doubtful loan	(70,223)	(47,664)	
	20,783	44,152	
Interest receivables	461,754	740,752	
Dividend receivable	1,055,360	527,680	
Prepaid expenses	147,186	124,976	
Total Receivables and Prepayments	1,685,084	1,437,560	

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

8. Receivables and Prepayments (continued)

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

These loans are expected to mature as follows:

	2021	2020
	SAT	SAT
Not later than 12 months	6,339	4,352
Later than 1 year but not later than 5 years	23,971	25,733
Later than 5 years	926,548	1,113,343
Total	956,858	1,143,429

9. Investments

	2021	2020
	SAT	SAT
Units in UTOS at fair value at beginning	22,162,544	20,260,000
Additional value of units purchased during the year	0	1,242,944
Movement in fair value at balance date 30 June 2021	791,520	659,600
Investment in UTOS at fair value at end 30 June 2021	22,954,064	22,162,544
UTOS investment – promissory notes	3,470,000	7,470,000
	26,424,064	29,632,544

10. Cash and Cash Equivalents

	2021	2020
	SAT	SAT
Cash and Bank Balances	1,025,856	2,094,601
Fixed Deposits	63,107,923	58,359,477
Cash and cash equivalent as per Cash Flow Statement	64,133,778	60,454,078

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

10. Cash and Cash Equivalents (continued)

Included in the balances of cash and bank balances are debit balances on SIFA credit cards as follows:

	2021	2020
	SAT	SAT
Total debit balances on credit cards	39,794	38,300
	39,794	38,300

The credit cards have credit limits of NZD10,000.00 and are securely kept in the Safe Box under the custody of the Finance and Corporate Services Division.

Fixed Deposits are held with the local commercial banks at terms ranging from 3 to 6 months at interest rates of between 2% to 3% pa. The spread of the total term deposit as at 30 June 21 which are held by the 4 local commercial banks is shown below:

	%	2021
		SAT
ANZ	9%	5,400,279
BSP	23%	14,708,868
NBS	38%	24,193,689
SCB	30%	18,805,086
Total		63,107,922

11. Deposits and Payables

	2021	2020
	SAT	SAT
Client deposits	2,148,683	951,553
Accrued expenses	788,211	423,986
Trust Fund	-	-
Total	2,936,894	1,375,539

Client Deposits are funds deposited by trustee companies in advance to pay for incorporation and or renewal fees of their clients when due.

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

12. Provision for Leave

	2021	2020
	SAT	SAT
Opening Balance	76,649	62,428
Accrued during the year	19,584	40,681
Utilised during the year	(19,561)	(26,460)
	76,671	76,649

13. Promotions

	2021	2020
	SAT	SAT
Promotions	843,313	2,165,696
	843,313	2,165,696

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

14. Distribution to Government

	2021	2020
	SAT	SAT
Contribution to the Government Budget	15,000,000	15,000,000
Dividend to the Ministry of Public Enterprise	7,295,549	0
	22,295,549	15,000,000

Total budget contribution of SAT 15m was committed to the Government for the Current Financial Year 2020/2021 under section 18 of the Samoa International Finance Authority Act 2005. The dividend payment of SAT 7.2m was based on the 35% of the un-audited net profit at the end of December 2020. Based on the net profit for the year ending 30 June 2021, SIFA will pay an additional dividend of SAT 211k to the Ministry of Public Enterprise. SIFA is subject to the dividend payment after the reclassification from a Public beneficiary to a Public Trading Body.

15. Contingent Liabilities

SIFA remains a defendant in a litigation currently before the Supreme Court of Samoa. However, the court proceedings are yet to be completed and any costs or liability at the date of this financial report are uncertain (2020/2021:nil).

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

16. Lease Commitments

SIFA has adopted the Modified Retrospective Approach to disclose its leases to align with the new requirements under IFRS 16. The right of use assets (ROU) and the lease liability are now recognised on the statement of financial position. The interest on lease and depreciation on ROU are now recognized on the statement of financial performance based on the terms of the lease agreements.

	2021	2020
	SAT	SAT
Lease commitments		
Interest (Lease Liability)	48,897	58,179
Depreciation (ROU Asset)	225,628	222,074
	274,525	280,253
<hr/>		
Lease Assets (ROU)	284,606	388,723
<hr/>		
Lease Liability		
Not later than 1 year (current)	241,340	181,923
Later than 1 year (non Current)	63,007	242,432
	304,347	424,355

17. Key Management personnel disclosures

	2021	2020
	SAT	SAT
Compensation of key management personnel:		
Remuneration	1,135,571	999,278
Directors fees and allowances	71,002	69,387
	1,206,572	1,068,665

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

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

18. Reconciliation for Operating Cash Flow

	2021	2020
	SAT	SAT
Net Profit	21,447,754	23,362,925
Adjustment for:		
Depreciation of property, plant and equipment	162,827	207,948
Impairment of property, plant and equipment	0	272,773
Amortisation of intangible fixed assets	116,269	125,952
Change in value of investment property	(791,520)	(659,600)
Finance Income	(423,419)	(475,146)
Finance Expenses	16,410	20,577
Interest Income	(2,808,463)	(3,456,406)
UTOS Dividends	(1,055,359)	(1,055,359)
Loss/(gain) on sale of property, plant and equipment	-	(4,548)
Increase in trade and other receivables	315,527	627,436
Increase/(Decrease) in trade and other payables	1,441,368	(568,691)
(Increase)/Decrease in provisions and employee benefits	22	14,220
	18,421,416	18,412,082

19. Samoa International Business Finance Centre (SIBFC)

The SIBFC was established and registered with MCIL on the 16th December 2020 in accordance with the Cabinet Directive- FK 20(48)

The creation of the SIBFC marketing company set out to achieve the following objectives:

1. To promote, develop and grow the international financial services industry within Samoa through close corporation with the Regulator being SIFA.
2. To assist in the implementation of promotional activities of SIFA services and solutions.
3. To address the conflicting functions of SIFA, being the Regulator and Promoter at the same time.
4. To research, develop and diversify international financial services and solutions.
5. To work closely with trustee companies, laws firms and accountancy firms on the provision of international financial services within Samoa.
6. To establish a dedicated marketing team in developing solutions to increase the efficiency of SIFA.

No transactions have been recorded under the new company (SIBFC) at the end of the financial year 30 June 2021.

Samoa International Finance Authority
Notes forming part of the Financial Statements
For the Year Ended 30 June 2021

20. Subsequent Events after Reporting Period

Financials

SIFA has forecasted for a negative impact on its core revenues (Renewal/New Incorporation) as a result of COVID-19 in the new financial year starting 1st July 2021. However, the actuals for the first quarter shows positive results and we hope it will continue throughout the financial year ending 30th June 2022.

Dividend Balance

SIFA is expected to pay an additional SAT 211k from the General Fund after 30th June 2021.

SIFA paid SAT 7.2m in the financial year ending 30th June 2021 and the balance of SAT 211k makes up the balance of the 35% dividend based on the audited net profit of SAT 21.4m.

Operations

SIFA has signed a contract with MX Media who will be providing promotional services on behalf of SIFA in Mainland China. The Board and Management have been equipped with laptops and also installed the ZOOM software to ensure that we can communicate from our homes if COVID-19 hits Samoa.

21. Approval of Financial Statements

The Financial Statements were approved by the Board on the date that they were signed by the Board of Directors.