



**Samoa International  
Finance Authority**

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**2007**

**Annual  
Report**

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GOVERNMENT OF SAMOA

OFFICE OF THE MINISTER OF FINANCE

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

30 July 2010

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 ended 30<sup>th</sup> June 2007, together with the audited accounts for that period and the report of the Auditor on those accounts.



(Niko Lee Hang)  
**MINISTER OF FINANCE**



# Samoa International Finance Authority

Please address correspondence to  
THE CHIEF EXECUTIVE OFFICER

19 July 2010

Honourable Niko Lee Hang  
Minister of Finance  
Ministry of Finance  
APIA

Dear Honourable Minister

I have the honour of submitting the Annual Report of the Samoa International Finance Authority as required by the Samoa International Finance Authority Act 2005 for the financial year 1 July 2006 to 30 June 2007.

The report comprises:

- a report on the Authority's operations during the twelve (12) months to end 30 June 2007; and
- the Authority's audited accounts for the twelve (12) months ended June 2007 together with the auditor's report.

Yours faithfully

Erna Va'ai-Aiono  
CHIEF EXECUTIVE OFFICER



**SAMOA INTERNATIONAL FINANCE AUTHORITY**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2007**



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## MESSAGE FROM THE CHAIRMAN



*As Chairman of the SIFA Board, I have been able to lend my support and encouragement to the Chief Executive Officer, her Management Team and Staff on a diverse number of developments during its second year of operation.*

*As Governor of the Central Bank and Head of the Money Laundering Unit, I am ideally placed to assist in charting the course of the offshore sector's future development.*

*The involvement of other Government officials in the Board namely the Attorney General, the Chief Executive Officer Ministry of Finance and SIFA ensures that all views relevant to the smooth operation of the Authority are incorporated in the structure.*

*The global initiatives that have major implications on the Authority's operations are taken seriously hence our active participation in various international forums.*

*I have been privileged to have been appointed since 2003 as the Co Chair with Japan's representative of the Sub Group on the Level Playing Field and more importantly the Global Forum on Harmful Tax Competition. Leadership in this area provides the assurance to all our offshore investors that our mutual interest in of protecting our reputation is given first priority. The combined support and efforts of the Board in relation to the global initiatives has often meant my joint attendance of the Sub Group usually in London at the Commonwealth Secretariat Office with our Attorney General and CEO of SIFA.*

*The Attorney General Ms Brenda Heather-Latu's decision to depart for greener pastures in the private sector means that she will be greatly missed by our colleagues. We wish her well in her future endeavors.*

*It is clear from the regulatory activities in the Authority that its extensive involvement in international issues has not deflected from its core functions to properly administer the offshore legislations and promote its business to the world at stage.*

*I am happy to note that subsequent to the IMF assessment on our Offshore Finance Centre (OFC) in late February to early March 2007, substantial improvements have been accomplished over the past year in terms of the prudential oversight of the licensed financial institutions. These improvements bring Samoa's financial system significantly in line with internationally recognised standards as promulgated by the Basel Core Principles of the Basel Committee.*

*The new Money Laundering Prevention Act 2007, which repealed the old Money Laundering Prevention Act 2000, incorporates and implements international standards of best practice set by the Financial Action Task Force (FATF). Other new additions to our armoury of legislations are the Mutual Assistance in Criminal Matters Act and the Proceeds*



*of Crime Act which also became effective this year. The new Acts reflect Samoa's efforts and commitment to combat money-laundering activities on a global basis and the Authority continues to operate a credible operation which is committed to joining the international community in combating money-laundering activities.*

*The Authority intends to further diversify its product base and to effectively compete with other international finance centres hence various legislative amendments and Bills are in the pipeline which will assist these efforts.*

*As a way forward, the Authority has initiated the preliminary phase of its online registration system which allows trustee companies to conduct name checks via broadband connections. Ensuring efficiency and effectiveness, the system also provides immediate feedbacks on the availability of international company names as per trustee company request. The Authority is determined to fully implement this initiative in the future and to broaden its market reach into new geographical areas.*

*Furthermore, the Authority has in its past years of operation made extensive injections into the model economy of Samoa due to its continual generation of employment opportunities and additional business for our law and accounting firms. Its substantial and direct financial input into the Government budget as per financial year also proves its commitment in boosting the economy.*

*SIFA's promotional roadshow this year coincided with our national Rugby Sevens team victory in Hong Kong to which a greater extent enhanced Samoa's reputation as an investment destination. The Authority's continuous support of our local community through sponsorship of the Manu Samoa National Teams has been a successful vehicle to promote our international finance centre based on the Authority's audited accounts provided in page 23.*

*To this end, I extend my heartfelt appreciation on behalf of the Board to the Chief Executive Officer, her management and staff for the excellent work over the past years. The achievements of the Centre are credited to their ongoing commitment and dedication to the Authority's development and Samoa's economy. Fa'amalo le galulue.*

*Soifua ma ia manuia*



**Leasi Papalii Tommy Scanlan**  
**CHAIRMAN**

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



*A warm welcome to the second SIFA Annual Report for the year ended 30 June 2007. Since our first year of operation, I have been greatly privileged to witness several milestone events which SIFA has achieved in a relatively short period of time.*

*Essential to such achievements is the unwavering support of the Chairman, Board, Management and Staff not to mention their continuous advice and guidance.*

*Some of these accomplishments include:-*

- i). the acquisition of prime real estate for the Authority's future Office at Sogi.*
- ii). the assessment and resulting attainment of a favourable International Monetary Fund (IMF) report pursuant to the Offshore Finance Centre Assessment Programme which recognised many efforts undertaken to rectify regulatory weaknesses identified in the last report in 2001. The assessment on compliance with the Basel Core Principles on Banking Supervision involved an IMF Team examining relevant laws and regulations through interviews with Management and Staff of SIFA and the Central Bank of Samoa. The IMF Report of June 2007 which is posted on the IMF Website underscored joint efforts of SIFA and the Central Bank in heightening standards of regulating Samoa's financial sector in accordance with international standards.*
- iii). a meaningful development from the offshore perspective towards a suite of new laws enacted in early 2007 namely the Proceeds of Crime, Mutual Assistance in Criminal Matters and a new Money Laundering Prevention Act 2007 (the latter repealed and replaced the old regime of 2000). Having in place financial laws that fully embrace international standards is a clear indication of the jurisdiction's commitment to a sterling reputation in the global arena.*
- iv). the commencement of the first phase of a new online registration system allowing trustee companies to check the availability of company names. With the advances in Information Technology, the concept of a paperless registry had been favourably considered, and is anticipated with much excitement by the Authority and the licensed trustee companies.*
- v). the recognition of the important statutory function of the Authority to train its staff which is particularly pertinent in an area of dynamic growth and developments. International bodies that are the watchdogs of the global financial system are vigilant in the supervision and monitoring of cross border financial business. As such, regulatory standards have been introduced and revised continually in accordance with modern user trends. To this end, it is vital for the Authority to sharpen its focus and ensure it is kept apprised of new developments. It is thus incumbent on Management to train its relevant staff in various disciplines in order for the Authority to deliver on many fronts.*



*In this connection, the Management and senior staff attended a variety of training opportunities like the International Conference of Banking Supervisors (ICBS) held in October in Mexico, the International Association of Insurance Supervisors Meeting in October in Beijing in the Peoples Republic of China, the International Monetary Fund Roundtable in Sydney Australia, the Corporate Registers Forum in Kuala Lumpur, Malaysia and the never ending saga of the OECD Harmful Tax Competition Initiative.*

- vi). the foresight of the Steering Committee in the early years of our Centre's development in targeting the Far East continues to resonate and to reap rewards (as shown by the growth in earnings in the audited accounts page). Having capitalised on the Manu Samoa 7s popularity since inception in the early 1990s, the Authority continues to hold its promotional activities to coincide with the Hong Kong Rugby 7s Tournament in Hong Kong and this year also in Shanghai. A Government delegation led by the Hon. Minister of Finance, the Chairman of the Board (also Governor of the Central Bank), the Attorney General and the writer were actively involved in the Asian Promotional Visit. In addition to meetings with potential clients and intermediaries, sessions were also held with existing clients in efforts to keep them advised of new and proposed changes in the Authority's laws and operations.*

*To cap it off, the victory of our Manu Samoa 7s Rugby Team for the 2<sup>nd</sup> time since 1993 in Hong Kong greatly enhanced the profile of Samoa not only as a tourist but an investment destination.*

- vii). given the successful and seemingly seamless synergy between rugby and the Authority's bid to extend its market reach, the Manu Samoa 15s SIFA jersey naming right was secured. Moreover, to assist the women's national team for netball tournaments abroad, SIFA became the major sponsor for Samoa Netball.*

*Many of the International Finance Centres overseas were created by small island countries like Samoa not only to lift the country's profile and reputation worldwide but to assist national aspirations to come to fruition and to ultimately benefit its population. I believe that many people are increasingly recognising that International Finance Centres like SIFA are not ivory glass towers, but important institutions that contribute to the vibrancy of the community and the nation.*

- viii). it would be remiss of me not to acknowledge the substantial contribution of the Attorney General Mrs Brenda Heather-Latu who provided considerable support and assistance to the successive delegations including the Writer since 2001 attending the OECD Global Forum and Sub Group Meetings in various major cities of the world. I am confident that our Lord will continue to bless and prosper your new endeavours with your law firm.*

*With respect, I welcome the appointment of Mr Aumua Ming Leung Wai and look forward to a continued great rapport between our Offices.*

*I trust that SIFA will continue to move ahead in maintaining its efficiency and reputation to ensure its continued success.*

*Soifua ma ia manuia*



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

# BOARD OF DIRECTORS



Standing (Left-Right): Ms Erna Va'ai-Alono, Ms Fatima Strickland, Mrs Brenda Heather-Latu, Ms Hinauri Pelana  
Sitting (Left-Right): Rev. Misiafa Tyrell, Mr Leasi Papalii, Tommy Scanlan (Chairman), Mr Tuatagaloa Alfred Schwalger



# MANAGEMENT



Left-Right: Moana Ah Poe (Asst. Manager Administration), Erna Vaati-Aiono (CEO) Cheshire Malua (Manager-Accounts), Sieni Voorwinden (Asst. Manager-Legal)

## 1.0 FUNCTIONS OF THE SAMOA INTERNATIONAL FINANCE AUTHORITY

Pursuant to Section 4 of the Samoa International Finance Authority Act 2005, the Authority is mandated and empowered to perform core functions which are elaborated more fully in the latter part of this section of our Annual Report.

The functions alluded to below broadly represents the varying functions performed on a daily basis by the Authority. Moreover it reflects the diverse nature of operations of the Authority. On the one hand the Authority performs a regulatory and supervisory function where the ultimate objective is to protect and uphold the reputation and integrity of our Centre whilst on the other hand promote the financial facilities and explore ways to enhance the attraction of Samoa as an international finance centre.

The diverse nature of the Authority's functions balances out the reputational risks with the commercial interests of the stakeholders in our finance centre.



### Functions of SIFA:

1. To monitor and supervise the conduct of international financial services provided within Samoa.
2. To protect and maintain the good repute of Samoa as a centre for international financial services.
3. To promote Samoa as a centre for international financial services.
4. To make recommendations for the creation and improvement of any facilities likely to enhance the attraction of Samoa as a centre for international financial services.
5. To be responsible for the general administration of international financial services legislation and for the collection of all fees, charges and other receives thereunder.
6. To make recommendations for the introduction, amendment, or replacement of legislation pertaining to international financial services, companies and other forms of business structures
7. To develop national objectives, policies, and priorities for the orderly administration of international financial services in Samoa.
8. To carry out research and commission studies on the international financial services in Samoa.
9. To ensure coordination and cooperation between the public sector agencies, private corporations and non-governmental organisations concerned in any way with international financial services.

## 2.0 STRUCTURE OF SAMOA INTERNATIONAL FINANCE AUTHORITY



Central Bank of Samoa Building

The Authority or SIFA was established in May 2005 after the enactment of the Samoa International Finance Authority Act 2005.

Previously, Samoa's International Finance Centre was regulated by the Office of the Registrar of International and Foreign Companies with a different structure operating as a quasi government unit within the Central Bank of Samoa.

The present-day structure of the Authority (figure 1) reflects a major transformation; the Steering Committee is replaced by a Board of Directors which is presided over by the Governor of the Central Bank. The new Board of seven (7) directors retains four (4) Government officials, the Governor of the Central Bank of Samoa who is also Chairman, Chief Executive Officer – Ministry of Finance, Attorney General, Chief Executive Officer – Samoa International Finance Authority and three (3) private sector directors.

In accordance with the Trustees Companies Act 1987, licensed trustee companies are the local agents through which clients enter our jurisdiction. Trustee companies must necessarily be "fit and proper" in terms of their integrity, competence and solvency. Trustee companies perform a crucial role in our operations, being in the frontline of our Centre. Rather than clients engaging our services directly, for registration of offshore entities, our government contrived a policy at inception, to license

companies (also called Corporate Services Providers) to deal directly with users of our Centre. Such policy was deliberate to ensure that only established professionals, with international connections and of good standing, are licensed, as agents, can provide corporate services to clients. Licensed trustee companies are obliged to "know their clients" and have pre-acceptance criteria in place for such purpose.

Overall, the creation of SIFA was an acknowledgement that to address new challenges, we needed to adopt a new structure, new approach and new solutions. Only in this way can SIFA become more responsive to the rapid changes in the global financial environment.

The following represents the current structure of SIFA:

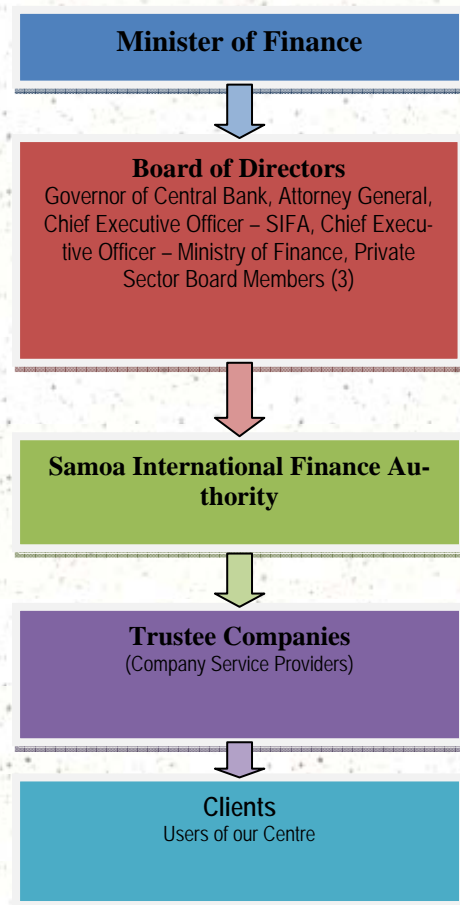
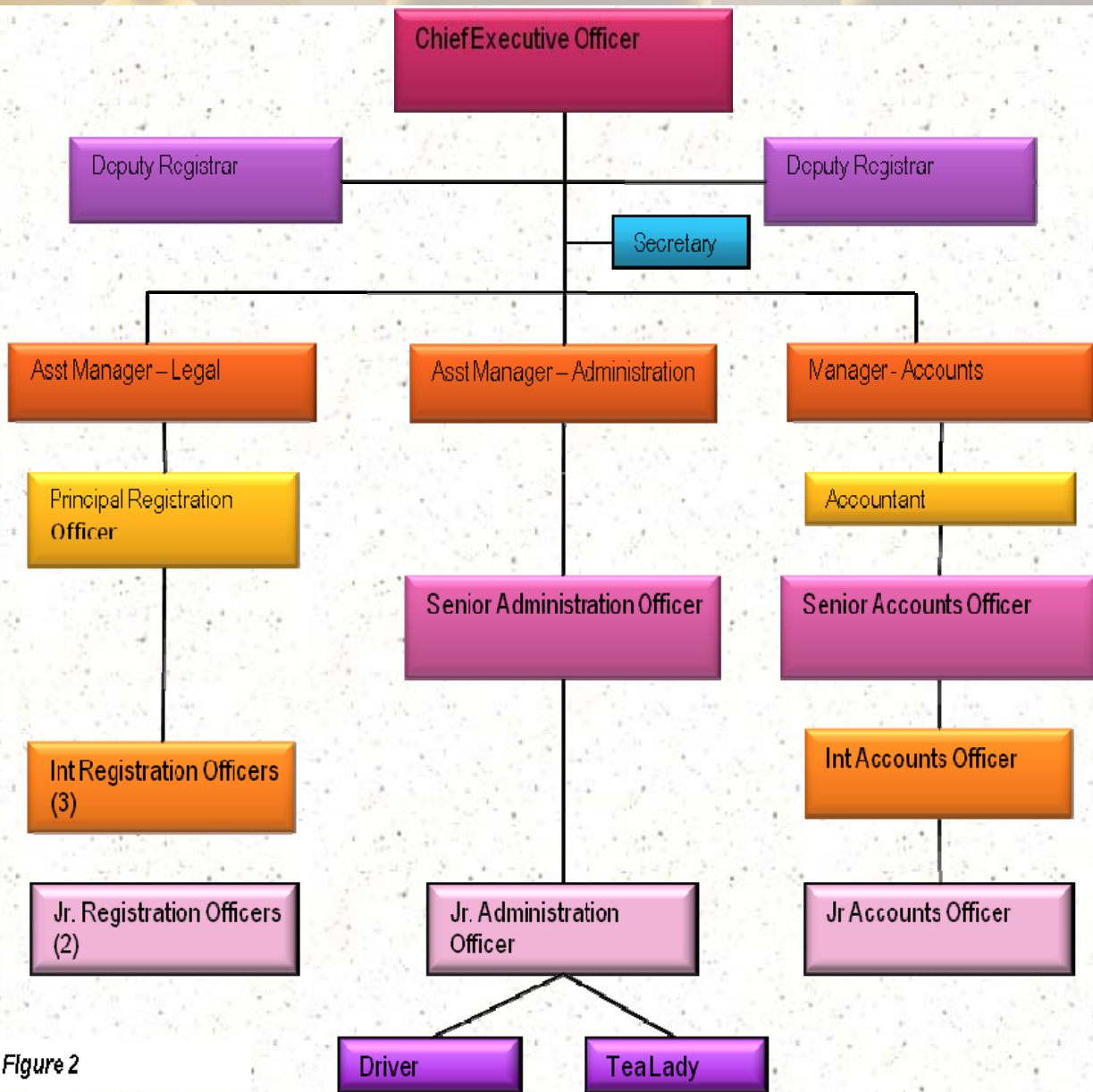


Figure 1



**Figure 2**

The daily operations of the Authority have been mandated to the supervision of the Chief Executive Officer, Management and Support Staff. The Authority employs nineteen (19) staff members, whom are divided into three (3) sections: Registration, Accounts and Administration as illustrated by the organisational chart in Figure 2. The three (3) sections broadly represent the main functions within the Office as outlined in the reports from each section.

**2.1 REGISTRATION**

A crucial feature of the Authority's operations is the provision of registration services for international companies and other corporate entities for the international investor desiring to take advantage of our Centre's international financial services. The Registration team which comprises an Assistant Manager and a team of six (6) Registration Officers facilitates this significant feature of the Authority's operations.

The Registration Team is responsible for the performance of several transactions to effect the registration process of International Companies and various other corporate vehicles i.e. International Trusts, Limited Life Companies, Long Term Companies and so forth. As time is of the essence for clients who utilise our services the Registration Team strives to register all companies lodged with the Authority for incorporation within a twenty four hour period or less. During busy periods (January and February) the Registration Team are often besieged with as many as one hundred (100) to two hundred (200) companies to be incorporated in a single day.



**REGISTRATION STAFF**

Fea'isili Su'a, Ramona Jahnke, Sieni Voorwinden (Asst. Manager) Salometaihoa Peteli, Kalala Mata'ia, Fialupe Uelese

The Registration Team also deal with the processing of various differing requests incidental to the entities already registered for example requests for the provision of Certificates of Good Standing, the winding down of operations of an entity, the change of name of an entity and so forth.

Additionally the Registration Team is responsible for keeping and the continuing maintenance of records for all entities registered, to ensure the integrity and accuracy of such records and the registry as a whole.



*Fiaese receiving Incorporation documents from a Trustee employee for registration in the Authority*

In performing its routine functions (previously detailed) the Registration Team is committed to providing a service that is world-class and in accordance with international standards of best practice. Similarly the Registration Team is acutely aware of the demanding pace and high standards expected from our clients; hence the team is constantly striving towards delivering a service that is professional, efficient and within a timely manner.

For this financial year we have witnessed an increase in the number of International Companies registered with the Authority.

In the past twelve months, we have incorporated six thousand five hundred and sixty two (6,562) new International Companies as opposed to the five thousand and six (5,006) from the previous year. There are twenty nine (29) new long term companies and seven (7) new trusts.

Entities on the register as at 30 June 2007 show eighteen thousand one hundred and eighteen (18,118) international companies, one hundred and seventy nine (179) long term companies, one hundred and seventy five (175)



international trusts, four (4) international insurance, six (6) international banks and seven (7) trustee companies. Since establishment in October 1988, the total numbers of entities that have been registered amounted to twenty six thousand six hundred and twenty one (26,621) international companies, two hundred and fifty four (254) long term companies, three hundred and fifty four (354) international trusts, nineteen (19) international insurance, twenty seven (27) international banks and seven (7) trustee companies.

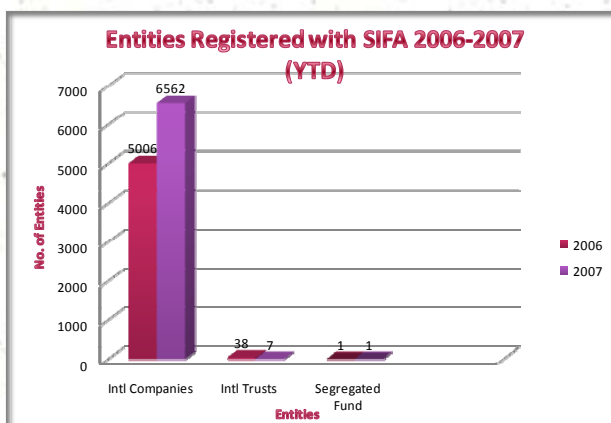


Figure 3

The figures alluded to above demonstrate the enormity and importance of the work performed by the Registration Team on a daily basis. At times the workload is overwhelming and demanding however the Registration Team are committed and hard working individuals who function well as a team ensuring SIFA meets and caters to the dynamic needs of its clients.

## 2.2 ACCOUNTS

The Accounts Section of the Authority is in charge for recording and maintaining accurate and complete records of its financial transactions and assets. This incorporates keeping account and managing of monies received and expended by the Authority.

The financial accounts are currently audited by the external auditor, Isitolo Leota Public Accountant.



### ACCOUNTS STAFF

Cheshire Malua (Mgr), Ala Meleisea, Sefo Lemo, Koroseta Lesatele

#### 2.2.1 Supervision

In addition, the Accounts Section assists the Chief Executive Officer in the licensing and supervision of international banks, insurance and trustee companies. The Authority on a regular basis receives and evaluates statutory returns on key aspects of these licensed entities' financial and operational activities. This is referred to as offsite supervision.

To confirm the accuracy of the said statutory returns filed with the Authority and to ensure implementation of the international standards, the Accounts Team also conducts on-site inspections for the enhancement of the Authority's supervisory role.

Moreover the Accounts Team advocates the Authority's efforts in strengthening the institutional infrastructure to combat Money Laundering and Financing Terrorism. This is driven by adopting international standards such as the Financial Action Task Force's (FATF) 40+9 Recommendations on Anti-Money laundering and Combating Financing of Terrorism and ensuring that such standards are being implemented by the licensed entities.



Accountant at work

As at 30 June 2007, six (6) international banks are licensed under the International Banking Act 2005 to transact from within Samoa offshore banking business. Similarly, two (2) captive insurance companies, one (1) general and life insurance company and one (2) insurance managers are registered under the International Insurance Act 1988. A total of seven (7) trustee companies are registered to carry on business as Trustee companies under the Trustee Companies Act 1987.

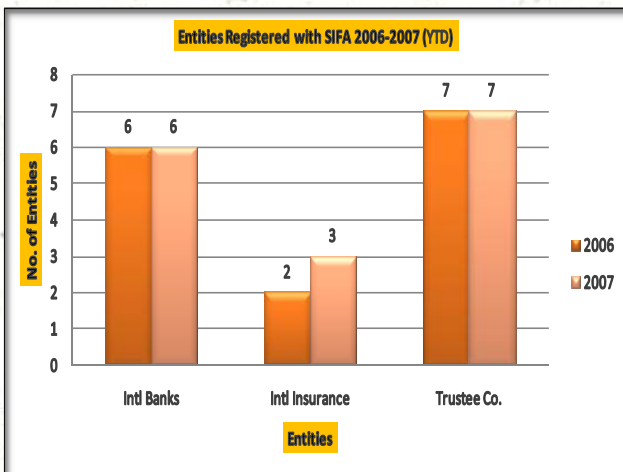


Figure 3

The above figure depicts a slight increase in registered international insurance companies since 30 June 2007.

## 2.3 ADMINISTRATION

The administration section was established in May 2005 when SIFA became a newly established Statutory Body. Its core functions are to administer the Authority's rules and regulations together with the management of staff resources.



Administration Staff

Tiso Lemaota, Sauni Peteli, Maletile Smith, Siuta Mase, Epenesa Laban, Moana Ah Poe (Asst. Manager)

### 2.3.1 Staff Development

The Authority recognises the importance of ensuring its employees perform their respective functions to the highest standards possible therefore one of the Authority's main objectives is to provide training for its employees on a regular basis, through its local training programs and securing relevant attachment training opportunities overseas. Moreover, in an endeavour to achieve higher qualifications, staff members are encouraged to pursue further studies at the tertiary level relevant to their work and other areas within the office.



Administration officer at work



### **2.3.2 Staff Promotion**

The Authority values the work of its employees, to this end the Authority has designed an appraisal system whereby on an annual basis each employee is given the opportunity to assess and comment on their performance throughout the year. The self appraisal together with the appraisal carried out by the immediate supervisor provides management with the necessary information to make an informed decision regarding the level of the employee's performance and reward the employee accordingly through increments on top of the employees existing salary. .

The appraisal system is a great incentive for employees to perform to the highest level. In addition to the increment awarded for excellence demonstrated by an employee in the performance of his/her duties the Authority also rewards its employees through promotion of employees to higher positions.

### **2.3.3 Student Work Experience**

The Authority has over the years provided opportunities for part-time work experience for students from local institutions such as the Samoa Polytechnic now affiliated with the National University of Samoa. This scheme presents students with the opportunity to acquire firsthand practical experience within a workforce environment to further expand the skills and knowledge achieved during their studies which will ultimately assist them with their future careers.

The Authority has been very fortunate to receive students possessing essential qualities of commitment, hard-work and ability to acquire skills quickly which have assisted the Authority immensely during very busy and strenuous periods for the Office.



*Part-time student receiving documents for incorporation within the Registration section.*

Students demonstrating excellence during their service with the Authority have secured employment with the Authority subject to there being a need for additional staff and also provision within the operational budget.

### 3.0 LAWS GOVERNING SAMOA INTERNATIONAL FINANCE AUTHORITY (SIFA)

To meet the evolving and sophisticated needs of the international investor, our Centre has been proactive in ensuring it meets the dynamic needs of investors.

The Authority regularly reviews its laws against international standards and also with a view to further diversifying its product base and to further broaden the range of corporate vehicles already available.



*Deputy Prime Minister and Minister of Finance Hon. Misa Telefoni Retzlaff*

In offering cross border financial services, Samoa does recognise its responsibilities to the international community and has enacted laws and continue to review and make relevant amendments as a reflection of this commitment. New Laws that have been enacted in addition to these efforts are the Money Laundering Prevention Act 2007, Mutual Assistance in Criminal Matters Act 2007 and the Proceeds of Crime Act 2007.



*Parliamentary House at Mulinu where Legislations are passed.*

Summaries of the Legislations currently administered by SIFA are provided below, (complete copies of the Legislations can be downloaded or viewed on our website at [www.sifa.ws](http://www.sifa.ws)).

#### 3.1 **Samoa International Finance Authority Act 2005**

The SIFA Act 2005 established a new independent statutory government body to undertake the regulation, administration and supervision of the offshore sector. It formalised the role and functions of the board by statute. Moreover it allows the centre to develop and maximise potential growth as a one stop regulatory shop e.g. to drive policy in the international financial services sector and manage a new area of international business.

#### 3.2 **International Companies Act 1987**

Provides for the incorporation and registration of international and foreign companies. Incorporating an international company is relatively simple and only exceptionally will it take more than one day.

There is no prescribed application form and no prior Government approval required. Application is made to the Registrar of International and Foreign Companies through a licensed trustee company, accompanied by the company's Memorandum and Articles of Association, the incorporation fee of US\$300.00 which is fixed and notice of registered office.

The Act provides a Schedule of Standard forms of Memorandum and Articles of Association which can be adopted with or without variation. There need only be one subscriber and normally this would be a trustee company or a nominee company acting on behalf of the beneficial owner, whose name need not be disclosed.



### **3.3 International Trusts Act 1987**

Provides for the registration of international trusts thus enabling it to enjoy certain privileges and exemptions. An international trust is a trust in respect of which one trustee at least is either a trustee company, an international or foreign company and the beneficiaries are at all times non-residents.

In relation to legal issues concerning a trust, the Court will apply the Act and the English common law and equity in force in Samoa but to validate the trust instrument, it may apply the law of the country where the trust instrument was executed or where the trust property is situated or where the trustees, the settler or the beneficiaries are normally resident or domiciled. An international trust is not required to file any accounts or reports.

### **3.4 Trustee Companies Act 1987**

Provides for a company incorporated as a domestic company to be licensed to conduct trustee company business for non residents of Samoa (offshore clients).

Trustee companies, also known as corporate service providers are the core of the offshore industry, being the only entities allowed to engage in the incorporation and servicing of international companies.

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

The Act governs the licensing of international and foreign companies registered under the International Companies Act 1987 and other overseas companies who wish to carry on international banking business from within Samoa.

The Inspector of International Banks is appointed by the Minister responsible for the regulation and supervision of

licensees. The licensing and disciplinary powers reside with the Minister.

The Act provides a 3 tiered licensing system for **A**, **B1** and **B2** class offshore banking licenses. The categories of licenses vary according to capital requirement and authorised scope of activities, for example whether deposits can be accepted from the public or whether the bank is a captive bank.



*SIFA's CEO at the opening of the TIEA Workshop*

### **3.6 International Insurance Act 1998**

Regulates offshore insurance business carried on by international and foreign companies registered under the International Companies Act 1987. There are four (4) types of insurance licenses i.e. general, long term, reinsurance and captive insurance business.

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

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

Applications must be lodged together with Memorandum and Articles of the proposed company, Notice of registered office, the prescribed fee(s) and certificate by the



trustee company confirming all requirements of the Act have been complied with.

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

The Act provides for exempt International Partnerships and Limited Partnerships. An international or limited partnership is defined as being registered under the Act and in respect of which all partners are at all times non-residents of Samoa; and the partnership does not carry on business or engage in a trade in Samoa; and one of the partners or limited partner of the limited partnership is either an international company, registered by a foreign company or a licensed trustee company. Every partnership is required to have a registered office in Samoa, which must be the office of a trustee company.

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

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

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

The Act enables cooperation in respect of criminal matters between Samoa and any other foreign state or development of other forms of such cooperation. Criminal matters refer to criminal investigations and criminal proceedings and includes a matter (whether arising under the laws of

Samoa or another foreign state) relating to the forfeiture or confiscation of property and offence or restraining of dealings in property that may be forfeited or confiscated for an offence.

### **3.11 *Money Laundering Prevention Act 2007***

This Act repealed and replaced the old Money Laundering Prevention Act 2000. It incorporates and implements international standards of best practice set by the Financial Action Task Force (FATF). The Act defines "money laundering" as engaging whether directly or indirectly in any transaction that involves property which is the proceeds of crime or having reasonable grounds for believing the property represents proceeds of crime. A maximum period of seven (7) years and/or a fine not exceeding SAT\$1,000,000 (approximately USD4300, 000) is the penalty for an offence committed under this Act.

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

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



## 4.0 PROMOTIONAL ACTIVITIES OF SIFA

Consistent with previous Government practice of sending high level Government delegations to Asia for promotional purposes, 2007 was no different with the official delegation approved by Cabinet, led by the Hon. Minister of Finance. Other members of the delegation were the Chairman of the SIFA Board (also the Governor of the Central Bank), the Attorney General, and the Chief Executive Officer-SIFA.



*Samoa Delegation in Hong Kong, for the Hong Kong Leg of its Asian Promotion May 2006.*

Our Asian promotional visit this year was scheduled to coincide with the Hong Kong 7s Rugby Tournament in late March exploiting our Rugby team's popularity. Advantageously, the Manu Samoa Sevens Team for the second time since 1993 was the titled Champs for this particular Leg of the Tournament.

The reasons for the continued promotion of our international financial services in Asia, since the early 1990s by a high level government delegation are as follows:

i. The newly created umbrella regulatory authority for the offshore sector; the Samoa International Finance Authority (SIFA) needs to keep the momentum of its efforts, to promote Samoa as the leading jurisdiction in the South Pacific.

- ii. The need to assure our investors at the highest level, of our Government's steadfast support, and continued commitment to maintain our Centre's operations, despite the threat of global initiatives of major countries, calculated to close down small developing financial centres.
- iii. The significant importance of personal contact and status of our delegation members, to the Asian market, as illustrated by their positive and continued support, since our promotional visits started nearly 20 years ago.

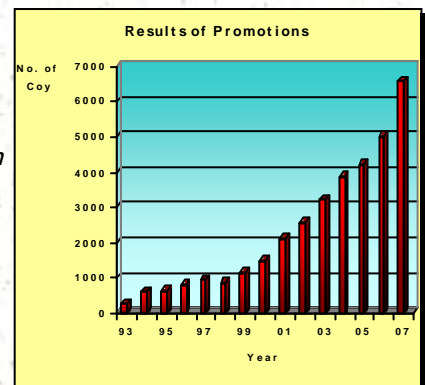


*SIFA CEO-Erna Va'ai and AG-Ming Leung Wai (3<sup>rd</sup> and 4<sup>th</sup> from left, respectively) at a dinner hosted by SIFA in Hong Kong - Asian Promotion 2007.*

- iv. The continued high level usage of our international financial facilities, by the Asian clientele to facilitate investment, into the fastest growing economies of the world i.e. Samoa is rated as one of the top ten investors into the Peoples Republic of China.



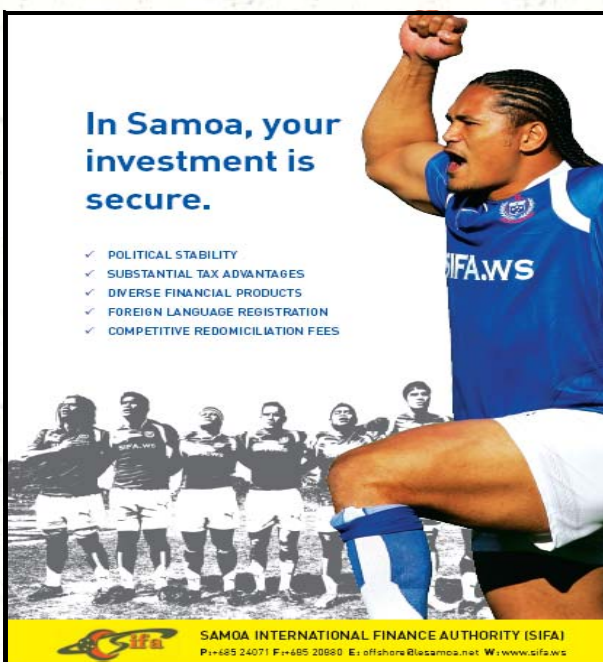
*Graph Depicting an increase in the number of entities registered with SIFA as a direct result of annual promotional efforts by the Authority.*



#### 4.1 OTHER PROMOTIONAL ACTIVITIES

The Authority recognizes the importance of exploring different mediums and creating alternative promotional opportunities through which the Authority can derive maximum exposure thus enticing more foreign investors to our jurisdiction. To this end, the Authority has maintained selected Sponsorship portfolio for the promotion of our Centre.

The most high profile Sponsorship to date for SIFA is its sponsorship of the Samoa International Fifteen (15) aside rugby team, the Manu Samoa, in particular sponsorship of the Manu Samoa preparations for the 2007 Rugby World Cup. SIFA secured Branding rights to the Playing Jerseys of the Manu Samoa Rugby Team. The SIFA logo appeared on the front of the teams playing jersey worn by the Manu Samoa every time they play an international match whether abroad or on island. Additionally the Authority's logo also appeared on the Manu Samoa banner used during press conferences and other promotional events by the Manu Samoa team both locally and abroad.



**In Samoa, your investment is secure.**

- ✓ POLITICAL STABILITY
- ✓ SUBSTANTIAL TAX ADVANTAGES
- ✓ DIVERSE FINANCIAL PRODUCTS
- ✓ FOREIGN LANGUAGE REGISTRATION
- ✓ COMPETITIVE REDOMICILIATION FEES

**SIFA**  
SAMOA INTERNATIONAL FINANCE AUTHORITY (SIFA)  
P:+685 24071 F:+685 20580 E: offshore@isasamoa.net W: www.sifa.ws

Promotional advertisement to attract foreign investors to the Samoa jurisdiction.

As well as the SIFA logo appearing on banners it also features on all documents, publications and other paraphernalia associated with the Manu Samoa Rugby Team. SIFA has also made considerable contributions to the local community through sponsorship. The 2006 Samoa Golf Open, an annual event hosted by the Royal Country Golf Club at Fagali'i attracting several overseas players to partake in the 3 day tournament benefited from sponsorship provided by SIFA. In return for the sponsorship assistance provided, SIFA was granted the right to display a banner bearing the SIFA logo in a very prominent location at the Fagali'i Golf Course. Similarly, the more low profile events organised to raise funds for specific purposes have also derived benefits as a direct result of sponsorship provided by SIFA. Consequently the profile of SIFA within the local community has been raised considerably.

#### 4.2 FEATURES OF OUR FINANCE CENTRE PROMOTED TO FOREIGN INVESTORS

Samoa a conveniently located sovereign nation in the heart of Polynesia, offers the following benefits:

1. Secure investment environment given our more than 40 years of political stability.
2. Stable economy – declared by the IMF & World Bank as the model for the Pacific Region.
3. Advantageous geographical location offering time zone flexibility to the offshore world.
4. Quality transportation infrastructure.
5. Developed communication systems
6. Innovative and user-friendly laws with strict confidentiality.
7. Reasonable incorporation charges.
8. Competitive redomiciliation fees.
9. Foreign Language registration.





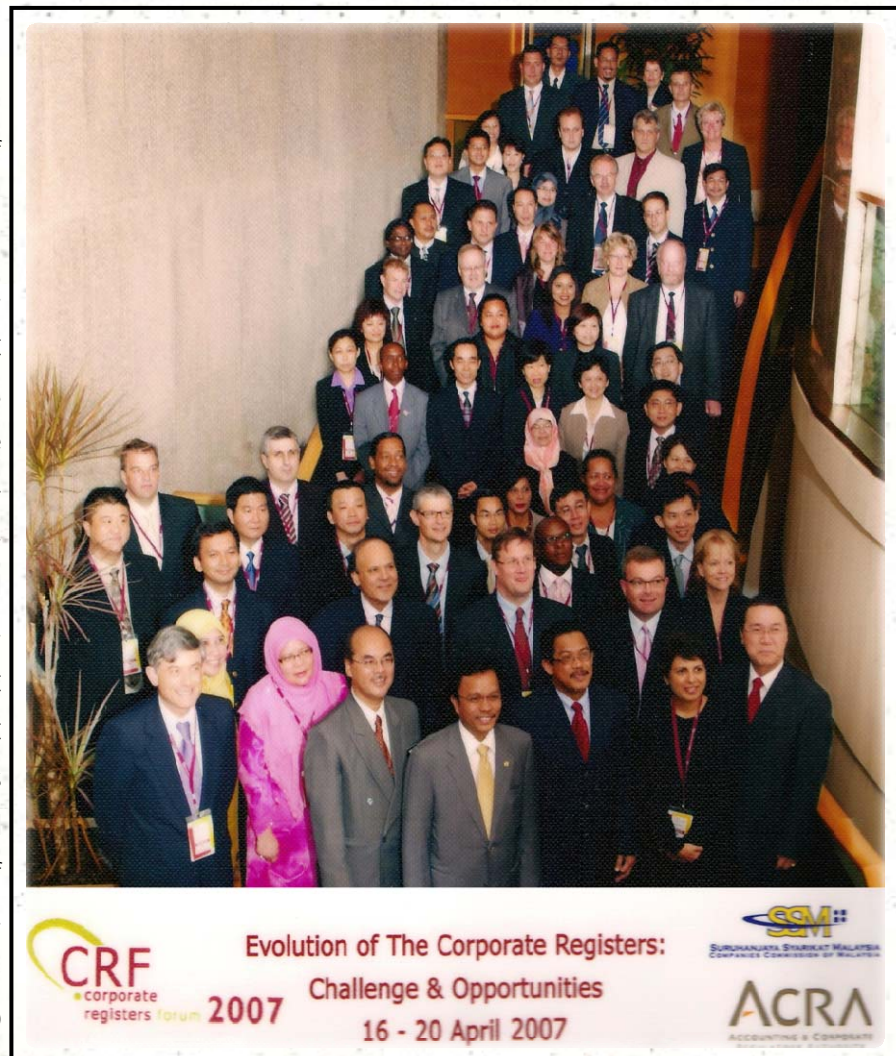
## 5.0 STAFF ACTIVITIES

### 5.1 STAFF TRAINING

One of the statutory functions of the Authority is to provide training schemes for its employees. Therefore staff training is accorded priority given the fast pace with which developments are occurring within the offshore industry. To this end Management staff during the year attended various international seminars as part of our commitment to adopt international best practices which are aimed at eliminating economic crimes such as money laundering and terrorist financing. Senior staff also participated in various international trainings and attachments to ensure that they keep abreast with developments in the supervision of financial institutions and best practices of international registries.

As such members of the Authority attended:

- Attachments with the New Zealand International Companies Office
- PFTAC Banking Supervision Seminar in Solomon Islands
- ICBS Meeting in Merida, Mexico
- OGIS/IAIS Conference in Beijing China
- IMF Marco Potential Supervision Conference, Korea



- IMF Consultation Meeting, Cayman Island
- Corporate Registers Forum 2007, Singapore/ Malaysia
- Banking & Finance Seminar, Malta
- 14th OGIS Annual Working Meeting, Guernsey
- OECD Consultation Meeting, London

The Authority wishes to record its appreciation to the IMF for the continued technical assistance provided towards our staff training programmes and overall development.

## 5.2 SOCIAL CLUB

The Authority is greatly appreciative of the efforts, commitment and hard-work delivered by its employees in ensuring the functions and key objectives of the Authority are performed to the highest standards. To this end the Authority has encouraged the formation of a social club to cater for the more social and light hearted activities for the enjoyment of its employees.

The social club executive committee is responsible for organising activities to generate funds for the social outings enjoyed by all employees. In this financial year the executive committee were successful in organising several walkathons which not only raised funds but also promoted healthy lifestyle of the employees.



*Promoting healthy lifestyle-Social Club Walkathon at Mulinu*

Social club activities further provides an outlet for employees to relax and enjoy each others company outside of the office environment hence assisting in raising the overall morale within the Authority.

## 6.0 FUTURE DEVELOPMENTS FOR SIFA

### 6.1 ONLINE REGISTRATION SYSTEM

For many years now the Authority has had the vision to implement an on-line registration system to facilitate the electronic processing of the registration of all international vehicles offered to the international investor/client.

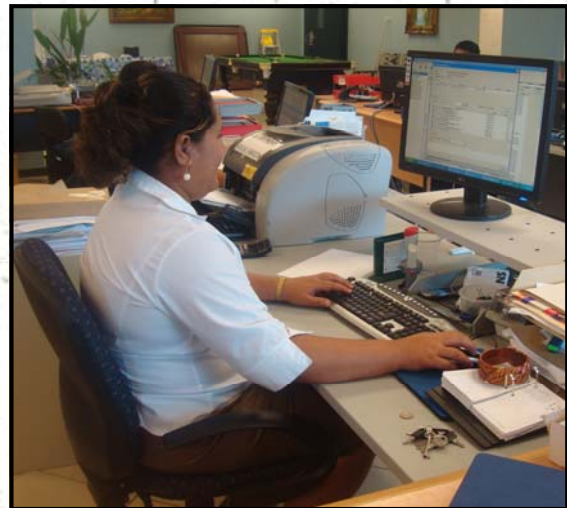
In 2007 part of that vision became a reality with the introduction or release of the first phase of the online registration system project for internal use (by SIFA registration staff) only.

Prior to this major release much preparatory and design work had been laboriously carried out by Mr. Eugene Barker of Madman. Com company in collaboration with the Chief Executive Officer and senior staff of the registration team to ensure the workability of the system and more importantly to build the platform upon which much of the later phases of the project will stem from. A sizeable chunk of the preparatory and design work involved the creation of a new database in real time in which all data from the old database will be transferred.



*Registration Officer—photocopying documents*

The end product yielded the first phase of the online registration project where for the first time ever registration staff were able to undertake the process of name checks (a screening process in which names for potential companies are submitted by the trustee companies and checked by registration staff to assess their availability and suitability in accordance with set criteria) online through electronic means.



*Registration officer undertaking online name checks.*

With the first phase now completed the Authority is currently working towards the next phase which once completed will achieve the ultimate goal of effecting the entire registration process of a company online. It is envisaged that this goal will be achieved towards the end of 2010.

# SAMOA INTERNATIONAL FINANCE AUTHORITY



## FINANCIAL STATEMENTS 30 JUNE 2007

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5.	Notes to Financial Statements	28-34



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PUBLIC ACCOUNTANT**

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SAMOA INTERNATIONAL FINANCE AUTHORITY**

**Report on the financial statements**

I have audited the accompanying financial statements of Samoa International Finance Authority, which comprise of the financial position as at 30 June 2007, and the statement of financial performance, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's responsibility for the financial statements**

The Board of Directors of the Authority is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements give a true and fair view of the financial position of Samoa International Finance Authority as at 30 June 2007, and of its financial performance, changes in equity and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and the Samoa International Finance Authority Act 2005.

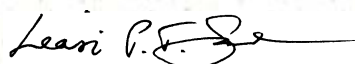
  
Isitolo Leota  
Public Accountant

Apia, Samoa  
31 January 2008


**SAMOA INTERNATIONAL FINANCE AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
AS AT 30 JUNE 2007

	Notes	30 June 2007 SAT\$	30 June 2006 SAT\$
<b>ASSETS</b>			
<b>Non- current assets</b>			
Property, plant and equipment	11	1,929,137	546,753
Receivables and prepayments	5	<u>430,713</u>	<u>360,635</u>
<b>Total non-current assets</b>		<b><u>2,359,850</u></b>	<b><u>907,388</u></b>
<b>Current Assets</b>			
Cash and cash equivalents	4	29,031,659	30,765,917
Receivables and prepayments	5	<u>1,438,331</u>	<u>683,161</u>
<b>Total current assets</b>		<b><u>30,469,990</u></b>	<b><u>31,449,078</u></b>
<b>Total assets</b>		<b><u>32,829,840</u></b>	<b><u>32,356,466</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
General Fund		<u>32,136,247</u>	<u>31,911,841</u>
<b>Total Equity</b>		<b><u>32,136,247</u></b>	<b><u>31,911,841</u></b>
<b>Current Liabilities</b>			
Payables and accruals	6	635,125	418,822
Provision	7	<u>58,468</u>	<u>25,803</u>
<b>Total current liabilities</b>		<b><u>693,593</u></b>	<b><u>444,625</u></b>
<b>Total equity and liabilities</b>		<b><u>32,829,840</u></b>	<b><u>32,356,466</u></b>

The relevant notes on pages 30 to 32 form part of this statement of financial position



Chairman



Chief Executive Officer / Director

**SAMOA INTERNATIONAL FINANCE AUTHORITY  
STATEMENT OF FINANCIAL PERFORMANCE**

*FOR THE YEAR ENDED 30 JUNE 2007*

REVENUE	Notes	30 June 2007 SAT\$	30 June 2006 SAT\$
Incorporation and annual fees		15,497,795	12,873,253
Banking and license fees		231,533	164,471
Interest Income		2,788,610	2,013,485
Exchange gain		39,009	85,390
Other income	3	<u>574,243</u>	<u>497,672</u>
		<u><b>19,131,190</b></u>	<u><b>15,634,271</b></u>
EXPENSES			
Audit fee		6,000	5,500
Directors fees		65,993	94,406
Staff costs		562,507	438,313
Management allowances		60,525	49,591
Depreciation	11	170,559	142,729
Communications		29,843	13,863
Printing & stationery		121,824	93,338
Business promotions		728,962	940,263
Occupation costs		166,748	155,054
Others		<u>211,459</u>	<u>201,271</u>
		<u><b>2,124,420</b></u>	<u><b>2,134,328</b></u>
Net Income		17,006,770	13,499,943
Transferred to General Fund		<u>(17,006,770)</u>	<u>(13,499,943)</u>
		<u><b>\$NIL</b></u>	<u><b>\$NIL</b></u>

The relevant notes on pages 30 to 32 form part of this statement of financial performance.



**SAMOA INTERNATIONAL FINANCE AUTHORITY  
STATEMENT OF CASH FLOWS**

*FOR THE YEAR ENDED 30 JUNE 2007*

	Note	30 June 2007 SAT\$	30 June 2006 SAT\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts from customers		16,365,767	13,637,353
Cash paid to suppliers and employees		<u>(2,561,682)</u>	<u>(1,954,509)</u>
<b>Net cash flows from operating activities</b>		<b><u>13,804,085</u></b>	<b><u>11,682,844</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received		2,609,116	2,072,634
Net increase in customers deposits		187,848	123,545
Acquisition of property, plant and equipment	11	<u>(1,552,943)</u>	<u>(140,759)</u>
Payment of staff loans transferred from CBS		<u>-</u>	<u>(447,381)</u>
<b>Net cash flows from investing activities</b>		<b><u>1,244,021</u></b>	<b><u>1,608,039</u></b>
<b>CASH FLOWS USED BY FINANCING ACTIVITIES:</b>			
Payment to the Government of Samoa		<u>(16,782,364)</u>	<u>(12,092,047)</u>
<b>Net cash used by financing activities</b>		<b><u>(16,782,364)</u></b>	<b><u>(12,092,047)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,734,258)</b>	<b>1,198,836</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>			
		<u>30,765,917</u>	<u>29,567,081</u>
		<b><u>29,031,659</u></b>	<b><u>30,765,917</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR IS REPRESENTED BY:</b>			
Cash and cash equivalents	4	<u>29,031,659</u>	<u>30,765,917</u>
		<b><u>29,031,659</u></b>	<b><u>30,765,917</u></b>

The relevant notes on pages 30 to 32 form part of this statement of cash flows.



# **SAMOA INTERNATIONAL FINANCE AUTHORITY**

## **NOTES TO FINANCIAL STATEMENTS**

*FOR THE YEAR ENDED 30 JUNE 2007*

### **1. GENERAL INFORMATION**

The Samoa International Finance Authority 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, Apia. The Authority administers and supervises the registration of companies, trusts and the licensing of banks, insurance and trustee companies under various international financial services legislation.

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

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of presentation**

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

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

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

All amounts are expressed in Samoan Tala.

#### **Comparative amounts**

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

#### **Foreign currencies translation**

Transactions involving foreign currencies have been recorded in Tala using the rates of exchange ruling on the date of the transactions. Assets and liabilities in foreign currencies have been translated into tala at the rates of exchange prevailing at period end.

#### **Valuation of foreign currency assets liabilities**

The gains or losses arising from an appreciation or depreciation of the Authority's foreign currency assets and liabilities due to movements in exchange rates have been included in the determination of net profit.

#### **Property, plant and equipment**

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



**SAMOA INTERNATIONAL FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 JUNE 2007

	Years
Furniture and fittings	10
Office equipments	5
Motor vehicles	5
Leasehold improvements	10

**Impairment losses**

The Authority assesses at each balance sheet date whether there is objective evidence that any asset is impaired. No impairment adjustments were made.

**Income and expenditure**

Income and expenditure have been accounted for on the accrual basis.

**Employees entitlements**

The provision for annual and sick leaves is accrued based on employees current salary.

**3. OTHER INCOME**

Other income is mainly composed of application fees and penalty fees from customers.

**4. CASH AND CASH EQUIVALENTS**

	30 June 2007 SAT\$	30 June 2006 SAT\$
Cash and bank balances	3,368,396	4,521,162
Fixed deposits	<u>25,663,263</u>	<u>26,244,755</u>
	<u>29,031,659</u>	<u>30,765,917</u>

Cash and cash equivalents include cash on hand and in local commercial banks. Fixed deposits are also with local commercial banks. The deposits are for terms of one to twelve months at interest rates of seven to twelve percent per annum.



**SAMOA INTERNATIONAL FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

*FOR THE YEAR ENDED 30 JUNE 2007*

**5. RECEIVABLE AND PREPAYMENTS**

	30 June 2007 SAT\$	30 June 2006 SAT\$
<b>Non-current</b>		
Other receivables – (secured)	<u>430,713</u>	<u>360,635</u>
	<u><b>430,713</b></u>	<u><b>360,635</b></u>
<b>Current</b>		
Trust accounts	17,160	1,878
Interest receivables	746,320	572,598
Other receivables – (secured)	126,178	66,667
Prepaid expenses	<u>548,673</u>	<u>42,018</u>
	<u><b>1,438,331</b></u>	<u><b>683,161</b></u>

**6. PAYABLES AND ACCRUALS**

	30 June 2007 SAT\$	30 June 2006 SAT\$
Customers' deposits	540,275	352,427
Trust funds	17,160	1,878
Accrued expenses	<u>77,690</u>	<u>64,517</u>
	<u><b>635,125</b></u>	<u><b>418,822</b></u>

Customers' deposits are funds deposited by trustee companies into the USD accounts to pay for incorporation/renewal of their companies registered with the Authority. These advanced deposits will not be utilised until the end of 2007/2008 financial year.

**7. PROVISION**

	30 June 2007 SAT\$	30 June 2006 SAT\$
Annual and sick leave	<u><b>58,468</b></u>	<u><b>25,803</b></u>
Provision for leaves is reconciled as follows:		
Balance at the beginning of the year	25,803	16,478
Additional provisions charged to statement of financial performance	33,191	10,937
Utilised during the year	<u>(526)</u>	<u>(1,612)</u>
Balance at the end of the year	<u><b>58,468</b></u>	<u><b>25,803</b></u>



**SAMOA INTERNATIONAL FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 JUNE 2007**

**8. INCOME TAX**

The Authority exempt from paying income tax in Samoa in accordance with Section 23 of the Samoa International Finance Authority Act 2005.

**9. FOREIGN CURRENCY EXPOSURE**

The Authority holds foreign currency, business cards and trust accounts mainly in United States Dollars, amounting to SAT\$2,859,682 for the twelve months ended 30 June 2007 (2006: SAT\$2,465,609). Liabilities in United States Dollars for the twelve months ended 30 June 2007 are SAT\$557,435 (2006: SAT\$354,305).

**10. FINANCIAL INSTRUMENTS**

**Market risks**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risks, interest rate risks and other price risks.

Market risks depends on the good repute of Samoa as a centre for international financial services.

**Foreign exchange risk**

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in exchange rates.

The Authority is exposed to foreign currency risk on financial assets and liabilities which are denominated in foreign currencies in United States Dollars, as per note 9.

**Interest rate risk**

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rate. Interest rate risks should not poses as a problem as the Authority's interest bearing deposits have attracted favourable interest rates.

**Fair values**

There is no difference between fair values and the carrying amounts of the financial instruments shown in statement of financial position.

**SAMOA INTERNATIONAL FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED 30 JUNE 2007

**11. PROPERTY, PLANT & EQUIPMENT**

	Furniture and fittings	Office equipment	Motor vehicles	Leasehold improvements	Land	Total
	SAT\$	SAT\$	SAT\$	SAT\$	SAT\$	SAT\$
<b>Cost</b>						
Balance at 1 July 2005	279,355	362,817	186,831	-	-	829,003
Additions	13,209	112,850	-	14,700	-	140,759
Disposals	-	-	-	-	-	-
Balance at 1 July 2006	292,564	475,667	186,831	14,700	-	969,762
Additions	25,000	118,913	95,000	100,000	1,214,030	1,552,943
Disposals	-	-	-	-	-	-
<b>Balance at 30 June 2007</b>	<b>317,564</b>	<b>594,580</b>	<b>281,831</b>	<b>114,700</b>	<b>1,214,030</b>	<b>2,522,705</b>

**Accumulated depreciation**

Balance at 1 July 2005	55,108	170,497	54,677	-	-	280,282
Depreciation expense	26,846	77,290	37,366	1,225	-	142,727
Balance at 1 July 2006	81,954	247,787	92,043	1,225	-	423,009
Depreciation expense	26,235	91,237	51,617	1,470	-	170,559
<b>Balance at 30 June 2007</b>	<b>108,189</b>	<b>339,024</b>	<b>143,660</b>	<b>2,695</b>	<b>-</b>	<b>593,568</b>

**Carrying amount**

Balance at 30 June 2006	<u>210,610</u>	<u>227,880</u>	<u>94,788</u>	<u>13,475</u>	<u>-</u>	<u>546,753</u>
Balance at 30 June 2007	<u>209,375</u>	<u>255,556</u>	<u>138,171</u>	<u>112,005</u>	<u>1,214,030</u>	<u>1,929,137</u>

New addition of land represents amount paid for the total cost of \$6.3 million for 1 & ¼ acre land purchased during the year. At balance date, a deposit of \$1.2 million of the total cost of the land has been paid. Accordingly, this amount has been taken up in property, plant and equipment as work in progress for the 2006/2007 financial year.

**12. OPERATING LEASE**

	30 June 2007 SAT\$	30 June 2006 SAT\$
Not later than one year	165,610	62,153
Due after one year but not later than five years	722,663	271,212
Due after five years	903,329	339,016
	<u>1,791,602</u>	<u>672,381</u>

The Authority leases premises from the Development Bank of Samoa under operating lease. The lease run for an initial period of five to ten years, with an option to renew the lease after that date.

**SAMOA INTERNATIONAL FINANCE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 JUNE 2007**

**13. RELATED PARTY DISCLOSURES**

	30 June 2007 SAT\$	30 June 2006 SAT\$
Compensation of key management personnel		
Short-term employee benefits	108,251	86,544
Long annual sick leave	8,411	-
Directors fees	65,993	94,406

The remuneration of key management personnel is determined by Cabinet and the Board of Directors.

**14. CAPITAL COMMITMENTS**

	30 June 2007 SAT\$	30 June 2006 SAT\$
Commitment for acquisition of property, plant and equipment (i)	5,100,000	-
Commitment to Government (ii)	1,125,589	2,907,952

Amount represents the balance of the total cost of Authority's land purchased during the year and balance to be fully paid by 19 December 2007.

Amount represents the balance of the total contribution of \$15,000,000 due to Government for the current financial year under section 18 of the Samoa International Finance Authority 2005.

**15. CONTINGENT LIABILITY**

The Directors are not aware of any contingent liability at balance date (2005/2006:\$nil)

**16. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors and authorised for issue on 31 January 2008.

**SAMOA INTERNATIONAL FINANCE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 30 JUNE 2007**

	Note	30 June 2007 SAT\$	30 June 2006 SAT\$
<b>General Fund</b>			
Opening Balance		31,911,841	30,503,945
Add: Net income for the year		<u>17,006,770</u>	<u>13,499,943</u>
		48,918,611	44,003,888
Less: Payment to Government		<u>(16,782,364)</u>	<u>(12,092,047)</u>
<b>Closing Balance</b>		<u><b>32,136,247</b></u>	<u><b>31,911,841</b></u>

The relevant notes on pages 6 to 10 from part of this statement of changes in equity.

