

SAMOA



INTERNATIONAL FINANCE AUTHORITY



Moving with the times....



ANNUAL 2014 | 9TH EDITION REPORT



GOVERNMENT OF SAMOA

OFFICE OF THE MINISTER OF FINANCE

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

08 April 2016

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 2014, together with the audited accounts for that period and the report of the Auditor on those accounts.

Hon. Sili Salā Epa Tuioti
MINISTER OF FINANCE



Samoa International Finance Authority

Please address correspondence to
THE CHIEF EXECUTIVE OFFICER

21 December 2015

Hon. Tuilaepa Aiono Luperesoliai Fatialofa Dr. Sailele Malielelegaoi
Minister of Finance
Ministry of Finance
APIA

Dear Honourable Minister

I have the honour of submitting the Annual Report of the Samoa International Finance Authority as required by the *Samoa International Finance Authority Act 2005* for the financial year 1 July 2013 to 30 June 2014.

The report comprises:

- (a) a report on the Authority's operations during the twelve (12) months ending on 30 June 2014; and
- (b) the Authority's audited accounts for the twelve (12) months ending June 2014 together with the auditor's report.

Yours faithfully

Alosamoa Erna Va'ai-Aiono
CHIEF EXECUTIVE OFFICER

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Chairperson's Statement



I give thanks for the Lord's love and grace that has brought us safely to the end of another successful financial year. It is due to His enabling that we have attained the many goals we set out twelve (12) months ago for the Samoa International Finance Authority (SIFA). It is therefore from this position that I make these introductory remarks to the 2013/2014 SIFA Annual Report.

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

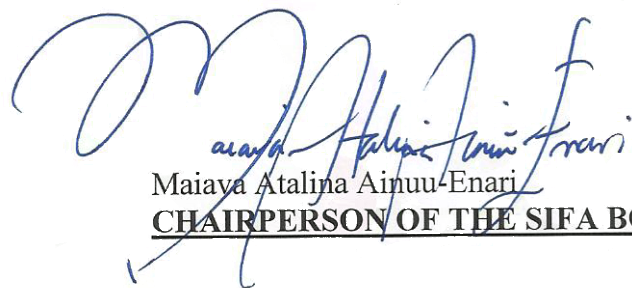
- Regulatory – SIFA through senior management continued attendance at peer regulatory workshops such as the Peer Review Group (PRG), Corporate Registers Forum (CRF), the Asia Pacific Group (APG) and the Annual Commonwealth and Francophonie Dialogue with the G20 among other meetings, to ensure remaining informed of international developments in the offshore industry.
- Supervision - Senior management, again to ensure SIFA is in-step with the rest of the sector players, and to ensure the integrity of financial accounting, attended the Group of International Finance Centres Supervisors (GIFCS), and the Group of International Insurance Centre Supervisors (GIICS) meetings.
- Promotional - SIFA attended Marcus Evans Events in Panama, Malaysia, Hong Kong and Taiwan.
- Sponsorship - Apart from SIFA lending generous support to our sporting fraternities such as rugby, cricket, swimming, hockey and netball for development, its core functions as set out in the *SIFA Act 2005* were also well implemented.
- Community - SIFA continued its support for the 'Youth Alive' programme one of many supported by SIFA aimed at our growing youth population; an attempt to offer better options for our young people.

The 17 million profit this financial year, shows a healthy increase from the previous year. In this respect I congratulate the Chief Executive Officer, Management and Staff for all the hard work in the previous twelve (12) months that resulted in a profit.

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

I record my congratulations to fellow Board members namely the Attorney General, Chief Executive Officer of the Ministry of Finance, and our private sector members for their invaluable contribution to the operations of SIFA.

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



Maiava Atalina Ainuu-Enari
CHAIRPERSON OF THE SIFA BOARD

Chief Executive Officer's Statement



This financial year 2013/2014, amid many constraints the Samoa International Finance Authority (SIFA) was able to make inroads in relation to its statutory functions in its governing legislation and its usual day to day service of the financial community and the wider Samoan public.

SIFA's major sponsorship continued for the Samoa Rugby Union – Manu Samoa 7s and the Manu Samoa U20s team for the Junior World Cup, the Samoa Netball Association Pacific Series and the Oceania Swimming Federation Meet 2014.

On the legislative front, the enactment of the long awaited *Trusts Act 2014* and a number of amendments to key SIFA legislation to facilitate the work of SIFA was achieved.

Promotional efforts took SIFA to Panama, Hong Kong, Taiwan and Malaysia.

The crossborder nature of SIFA's business necessitates training on international standards of best practice in supervisory issues to continue. With a desire to ensure a high level of skills and knowledge being retained in the Office in such a dynamic area, workshops and training particularly on ever changing international standards remains in the fore of Management Training.

As such, senior Managers and staff have attended meetings and workshops conducted by the OECD, the Global Forum on Transparency and Exchange of Information for Tax Purposes, the International Monetary Fund (IMF) and the Corporate Registers Forum (CRF) besides peer regulatory annual meetings of the Group of International Finance Centre Supervisors (GIFCS), Group of International Insurance Centre Supervisors (GIICS) and the Asia Pacific Group (APG). Attachments with the New Zealand Registry of Companies for the Registration Section have enriched and enhanced not only the Staff members knowledge on the latest electronic innovations of that Office but have also proved to be a real “eye opener” on their work ethic and standards. Such exposure is especially required as the SIFA Online Registration System called *mysifa.ws* makes progress.

The slow recovery worldwide from the economic recession did not mean SIFA did not perform well; shown in its net profit of 17million for this financial year.

We therefore give glory to God for all the blessings and success SIFA has experienced over these past twelve (12) months, and we continue to give thanks and honour to God Almighty and ask that the good Lord's face continue to shine upon us.

Soifua ma ia manuia,

A handwritten signature in black ink, appearing to be 'A. Erna', with a stylized flourish at the end.

Alosamoa Erna Va'ai-Aiono
CHIEF EXECUTIVE OFFICER

1. Management and functions of the Samoa International Finance Authority

The Authority is managed by a Chief Executive Officer (CEO) appointed by Cabinet on the advice of the Minister. The Authority assumes responsibilities of a one stop regulatory shop which is in accordance with accepted international standards for banking, insurance and corporate service provider regulation.

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

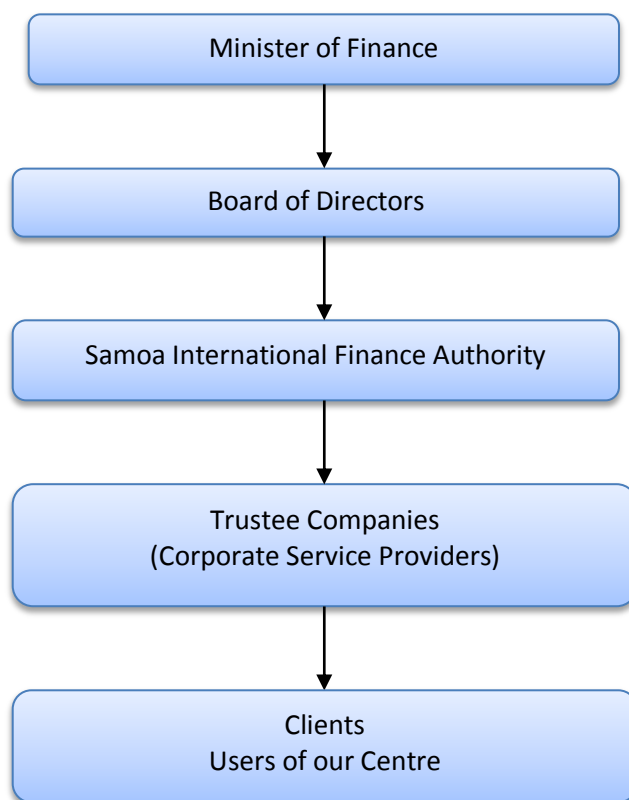
The functions referred to below broadly represent the varying functions performed on a daily basis and the diverse nature of operations of the Authority. On the one hand the Authority performs a regulatory and supervisory function where the ultimate objective is to protect and uphold the reputation and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

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

- ⇒ To monitor and supervise the conduct of international financial services provided within Samoa;
- ⇒ To protect and maintain the good repute of Samoa as a centre for international financial services;
- ⇒ To ensure coordination and cooperation between the public sector agencies, private corporations and non-governmental organizations concerned in any way with international financial services;
- ⇒ To promote Samoa as a centre for international financial services;
- ⇒ To make recommendations for the introduction, amendment or replacement of legislation pertaining to international financial services, companies and other forms of business structures;
- ⇒ To carry out research and to commission studies on the international business sector and related services;

- ⇒ To be responsible for the general administration of international financial services legislation and for the collection of all fees, charges and other revenue due thereunder;
- ⇒ To advise and make recommendations to the Government generally on any matter relating to international financial services; and
- ⇒ Such other functions in relation to international financial services as may by Order be made by the Head of State.

The following represents the current structure of Samoa International Finance Authority:



2. Structure of the Samoa International Finance Authority

2.1 Board of Directors



CHAIRPERSON
Maiava Atalina Ainuu-Enari



ATTORNEY GENERAL
Aumua Ming Leung Wai



CEO – SIFA
Alosamoa Erna Va'ai-Aiono



CEO – MINISTRY OF FINANCE
Tupa'imatuna Iulai Lavea



PRIVATE SECTOR
Fatima Strickland



PRIVATE SECTOR
Tuatagaloa Alfred Schwalger

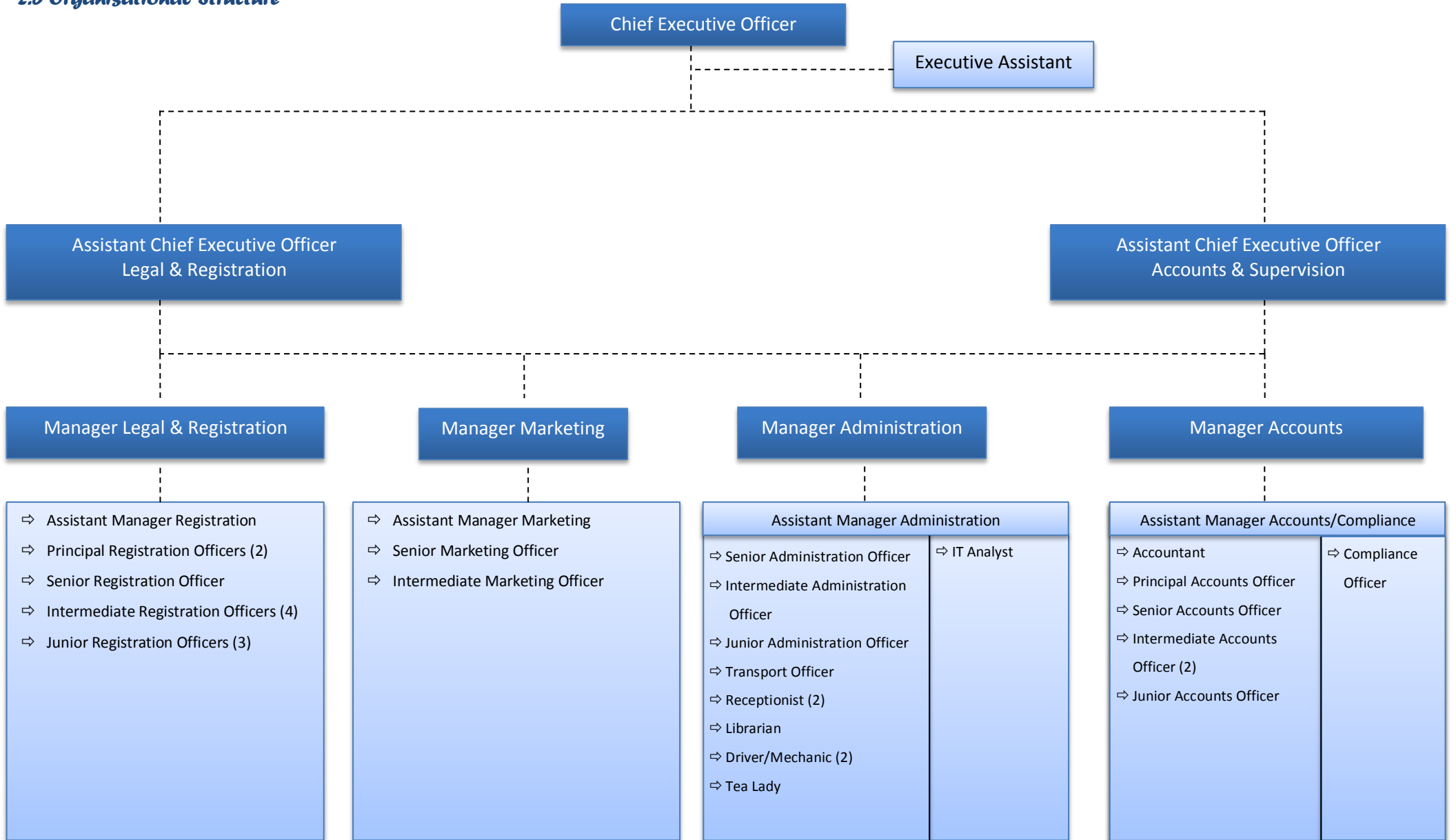
2.2 Management



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

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

2.3 Organisational Structure



2.4 Staff Members



3. Governing Legislation of SIFA

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

3.1 International Companies Act 1988

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

3.2 Trustee Companies Act 1988

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

3.3 International Insurance Act 1988

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

3.4 International and Limited Partnership Act 1998

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

3.5 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 the 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.

3.6 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.

3.7 SJFA Act 2005

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

3.8 International Banking Act 2005

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

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

3.9 Money Laundering Prevention Act 2007

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

3.10 Mutual Assistance in Criminal Matters Act 2007

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

3.11 Proceeds of Crime Act 2007

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

3.12 Mutual Funds Act 2008

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

3.13 Electronic Transactions Act 2008

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

The benefits of the legislation include:

- ⇒ Allowing the International Companies Registry to maintain its records in electronic form and accept registration of documents online or electronically.

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

3.14 Special Purpose International Companies Act 2012

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

3.15 Trusts Act 2014

The *Trusts Act 2014* repeals the *International Trusts Act 1988*.

The new Act removes the mandatory requirement existing under the old legislation for the Registration of Trusts with the Authority.

The objectives of the new Act is to provide for family succession and protection, asset protection, continuity of control of business, avoidance of probate and much more.

A key feature of the new Act is the creation of what is called a Samoan Special Trust Arrangement (SISTA) which is similar to VISTA (the Virgin Islands Special Trusts Act) which is a means of enabling Trustees of a Trust to hold shares of a company and permit directors of the company to have day to day control without the Trustees of the Trust being liable or interfering.

The new Act has the distinction of being Samoa's first product that removes the ring-fencing and allows both residents and non-residents to use the Act.

4. *Activities of the Authority*

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

- ⇒ Founding member of the Corporate Registers Forum (CRF);
- ⇒ Member of the Group of International Insurance Centre Supervisors (GIICS);
- ⇒ Member of the International Tax Planning Association (ITPA);
- ⇒ Member of the Group of International Finance Centre Supervisors (GIFCS);

The Authority through its different Divisions ensures that it performs its respective functions in the utmost manner not only to efficiently serve its clientele but to keep abreast with developments in the international business arena.

4.1 *Registration Division*

The provision of registration services for international companies and other corporate entities for investors is a crucial role of the Authority carried out by the registration team. Time is of the essence for clients utilising the services of the Authority hence the registration team committing in providing a service that is world class and in accordance with international standards and best practice. Incorporation of an international company is usually within a twenty four hour period or less.



Application for incorporation of a company is made to the Registrar of International and Foreign Companies through a licensed trustee company accompanied by the Memorandum and Articles of Association, fee of USD\$300 and Notice of registered office.

There are other requests dealt with by the team such as the provision of certificates of Good Standing, the winding down of operation of an entity, the change of name, amalgamations, increase and reduction of shares and capital and so forth.

During busy periods (January to February) the registration team are often besieged with as many as one hundred (100) or more companies to be incorporated in a single day.

In the past twelve months, the gross number of international companies registered with SIFA is five thousand, seven hundred and fourteen (5,714). The total number of live international companies registered with the Authority as at June 2014 is 34,861.

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

4.2 Accounts/Compliance Division

4.2.1 Accounts

The Accounts Section has been effective in carrying out its functions of maintaining a proper and an adequate accounting system as well as maintaining a high standard of financial reporting. The financial statements are prepared on a monthly basis and in accordance with the International Financial Reporting Standards and the *Samoa International Finance Authority Act 2005*. The Accounts Section comprising of nine (9) staff members ensures that the financial transactions are adequately recorded, prepared and reported in an effective manner.



The financial accounts for the 2013/2014 financial year had been audited by Betham & Co., as appointed by the Controller and Auditor General under the *Audit Act 2013*.

4.2.2 Compliance/Supervision

The Accounts and Compliance section is also tasked with the role of the supervision of the entities licensed under the various international financial services legislation such as the trustee companies, international banks, international insurance and the international mutual fund companies. This is in line with one of SIFA's functions which is to monitor and supervise the conduct of international financial services provided in Samoa.

The Supervision Team comprising of nine (9) staff members ensures that all the licensed international financial institutions operating in and from within Samoa comply with the relevant laws and the international regulatory standards by providing supervisory oversight through regular off-site reviews and analysis of statutory financial information and reports filed by the licensed entities. The Supervisory Team also conducts on-site inspections which is crucial to the supervisory function of SIFA to verify reports and to check the implementation of their obligations stipulated in legislation.

The primary legislation governing the supervision of these entities include the *Samoa International Finance Authority Act 2005*, the *International Companies Act 1988*, the *Trustee Companies Act 1988*, the *International Banking Act 2005*, the *International Insurance Act 1988* and the *International Mutual Funds Act 2008*.

Licensed Entities	No
International Banks	7
Trustee Companies	9
Private International Mutual Fund Companies	5
International Fund Manager and/or Administrators	5
International Insurance Companies	4
International Insurance Managers	2
Registered Company Auditors	16
Registered Official Liquidators	15

4.3 Administration Division

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



4.3.1 Staff Developments, Work experience/Part Time

During this financial year 2013/2014, there were four (4) new additions to the overall number of staff which included a Manager Registration and Legal Consultant, Marketing Officer, Receptionist front desk and Junior Registration Officer. The Junior Registration Officer was one of the two NUS students the office took on for work experience in November 2013 prior to their recruitment as permanent staff in February 2014.

There were eight (8) staff members who were promoted during this financial year with five (5) in the Registration Division, two (2) staff members in the Accounts/Compliance Division and one (1) in the Marketing Division.

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

4.3.2 Continuing Education

The Authority continues to encourage its staff members to pursue further studies especially in taking courses that are relevant to the functions and mandate of the Authority. Twelve (12) staff members undertook further studies with the University of the South Pacific and the National University of Samoa during the year.

4.4 Marketing Division



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

On the promotional front, SIFA rolled out its Marketing Plan with specific focus on soft marketing, one on one meetings in selected jurisdictions and conferences as well as capacity building under the leadership of its consultant drafter Mr Mark Lea of Lea and White International Advisors. The first phase of the Marketing Plan saw the drafting of a new Trusts Act which will repeal the existing *International Trusts Act 1988* and with the objective to make Samoa a leading provider of trusts and wealth management solutions.

The Marketing Team and Mr Mark Lea participated at the Offshore Summit in Shanghai in October 2013 and subsequently attended the Singapore STEP Conference in the same month which granted SIFA the opportunity to brand its logo on merchandise and also paved the pathway for its representatives to touch base, answer questions and enquiries at the conference locations with prospective and existing clients.

The highlight of the 2013's events saw the celebration of one of Samoa's largest trustee companies, Offshore Incorporation (Samoa) Limited's twenty (20) years of operation in our country which brought its executive and major clients from Hong Kong, China and Taipei to our shores; holding meetings with the Honourable Prime Minister, parliamentarians, visits to SIFA; and saw the conduct of various information seminar sessions in week long celebrations.

The Authority recognises the significance of establishing a strong foot hold in the Chinese market hence hiring additional Mandarin language speaking staff to assist its marketing team.

On the sponsorship front, SIFA continued to contribute favourably to the local community through sports and community welfare initiatives. Governed by the Sponsorship Guidelines and the

Community Services Guidelines, requests were put through a qualifying process to vet proposals and processed according to SIFA's Sponsorship and Community Services Policies.

The sponsorship portfolio for this financial year included Samoa's elite sports teams and athletes (top 10 international ranking), projects or activities that have a national approach and national outreach as well as events of world-wide status. SIFA also maintained Naming rights to the Manu Samoa Sevens team, the Toa Samoa Rugby League team and the Samoa National Netball team.

Whilst sponsorship is oriented towards activities that offer SIFA exposure to desired target markets, the community services on the other hand contributed to initiatives that are often overlooked by the corporate community due to their marginal capacity to provide a return on investments due to the nature of their operations. For this financial year, SIFA's community services portfolio included mental health, children's ward literacy, youth spiritual health and victims of crime.

5. Developments

5.1 Professional Trainings, Workshops, Seminars and Conferences

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

Trainings and Workshops

- ⇒ Asia Pacific Group (APG) on Money Laundering in Kuala Lumpur, Malaysia – November 2013
- ⇒ New Zealand Companies Office in Auckland – May 2014

Seminars and Conferences

- ⇒ Members of the Peer Review Group (PRG) Meeting in Paris, France – October 2013
- ⇒ International Association of Insurance Supervisors (IAIS) Conference in Taipei, Taiwan – October 2013
- ⇒ China Offshore Summit in Shanghai, China and Step Conference in Singapore – November 2013
- ⇒ Group of International Finance Centre Supervisors (GIFCS) Meeting in Panama – November 2013
- ⇒ Peer Review Group (PRG) Meeting in Kuala Lumpur, Malaysia – November 2013
- ⇒ Peer Review Group Meeting (OECD) in Malta, Europe – March 2014
- ⇒ Corporate Registers Forum (CRF) in Rio De Janeiro, Brazil – March 2014
- ⇒ Latin Investors Summit in Panama City, Panama – March 2014
- ⇒ GIFCS Plenary Meeting in London & Annual Commonwealth - Francophonie Dialogue with the G20 in Washington DC, USA – April 2014
- ⇒ APAC Investment Summit in Kuala Lumpur, Malaysia & Promotional Seminars in Hong Kong and Taiwan – April 2014
- ⇒ Promotional Seminars in Beijing and Shanghai – May 2014
- ⇒ Group of International Insurance Centre Supervisors (GIICS) Annual General Meeting in London – May 2014

5.2 Online Registration System

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

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

5.3 Social Club

The Social Club's utmost goal is not only for the healthy living and benefit of employees outside working hours but also to provide a good service for the overall success of a club we can all be proud of. The Social Club carried out social activities each month, such as Costume days and Walkathons. The club also sold sandwiches and salads in order to earn additional money. Further, the importance of the Social Club is to provide healthy living, physical activities through various sports where the staff can socialise.

6. Samoa International Finance Authority Financial Performance

Audited Accounts Summary:

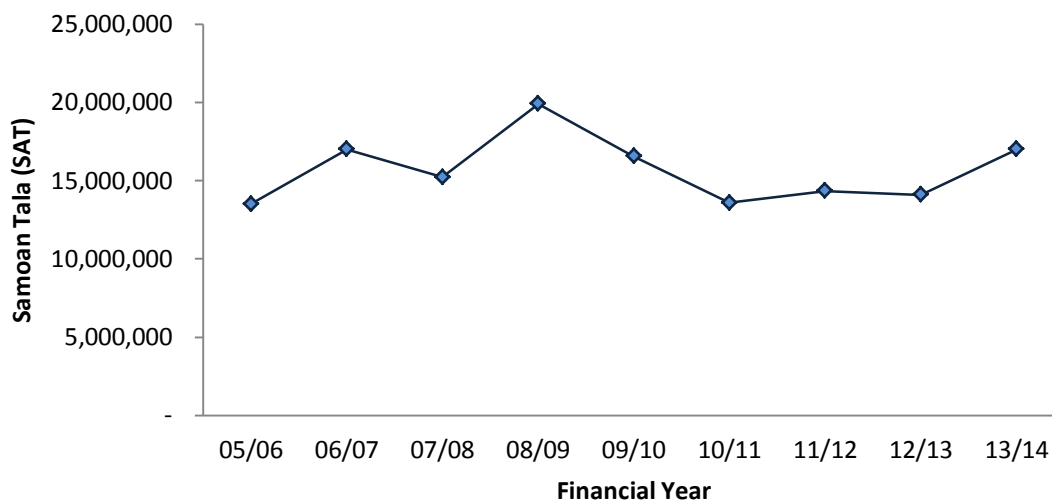
Financial position:

The Authority recorded an increase of about 14.52 percent in total assets from SAT48.35 million in the prior year to SAT55.37 million this financial year. These assets are mainly cash and term investments which is about 82 percent of total assets.

Financial Performance:

The Authority recorded a Net Profit of SAT17.00 million this financial year which is an increase of about 20.67 percent compared to SAT14.09 million recorded in the prior year. Such increase is a result of the 11.69 percent increase in revenue whilst the operating expenses dropped by 2.95 percent from the prior year.

CHART 1: Movement in Net Profit



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**Samoa International Finance Authority
Directors Report
For the Year Ended 30 June 2014**

The Directors present their report together with the financial statements of Samoa International Finance Authority (“the Authority”) for the year ended 30 June 2014 as set out on the accompanying pages and the auditors' report thereon in accordance with the *Public Finance Management Act 2001* and the *Public Bodies and Accountability Act 2001* and the *Samoa International Finance Authority Act 2005* (SIFA Act).

Directors

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

Tuatagaloa Alfred Schwalger (Board Chairman)	
Aumua Ming Leung Wai	Maiava Atalina Ainuu-Enari
Tupa’imatuna Iulai Lavea	Reverend Afa Tyrell
Unasa Iulia Petelo	Leafa Donald Kerlake

The new board members were appointed on the 9th June 2014 for a term of three years.

Principal Activity

The principal activity of the Authority is to monitor and supervise the conduct of international financial services in Samoa. There has been no change in the principal activity of the Authority 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 the Authority for the year ended 30 June 2014;
- (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 the Authority as at 30 June 2014.

Operating Results

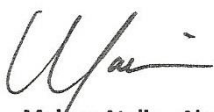
The net profit for the year is \$17,002,646 tala (2013: net profit \$14,090,606 tala).

General Fund

During the year the Directors approved a payment of \$10,000,000 (2013: \$10,000,000) from the General Fund to the Government for the year to 30 June 2014 in accordance with the SIFA Act.

Dated at Apia, this 28th day of October, 2014.

Signed in accordance with a resolution of the Directors.



Majava Atalina Ainuu-Enari
Director

**Samoa International Finance Authority
Management Responsibility Statement
For the Year Ended 30 June 2014**

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 judgments.

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.

Our independent auditors (Betham & Co.), having been appointed by the Auditor General and Controller of the Independent State of Samoa, have audited our financial statements. The accompanying independent auditors' report outlines the scope of their examination and their opinion.


Alosamoa Erna Vaai-Aiono
Chief Executive Officer


Cheshire Malua
ACEO Accounts and Compliance

Dated: 28 October 2014

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



P.O. Box 13
APIA. SAMOA

Please address all correspondence to:
Controller and Chief Auditor

Audit Office

SAMOA INTERNATIONAL FINANCE AUTHORITY

We have audited the accompanying Financial Report of the Samoa International Finance Authority, which comprises the statement of financial position as at 30 June 2014, the Statements of Financial Performance, Cash Flows and Changes in Equity for the year then ended, a summary of significant accounting policies and other explanatory notes. The Accounting Firm of Betham & Co, Chartered Accountants and Business Advisors, assisted in this audit.

Responsibility for the Financial Report

The Board of Directors is responsible for the preparation and fair presentation of the Financial Report in accordance with International Financial Reporting Standards. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the Financial Report that is 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

Our responsibility is to express an opinion on the Financial Report based on our audit. We conducted our audit in accordance with International Standards on Auditing. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Financial Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Report, 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 Report 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 the Board of Directors, as well as evaluating the overall presentation of the Financial Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unqualified Auditor's Opinion

In our opinion, the Financial Report of the Samoa International Finance Authority is in accordance with the *Samoa International Finance Authority Act 2005*, including:

1. Giving a true and fair view of the financial position of the Samoa International Finance Authority as at 30 June 2014, and of its financial performance, cash flows for the year ended; and
2. Complying with International Financial Reporting Standards.

Other Matter

The Financial Report of the Samoa International Finance Authority for the year ended 30 June 2013, were audited by another Auditor who expressed an unmodified opinion on those statements on 19 December 2013.

Our audit was completed on the 28th October 2014 as our opinion is expressed as at that date.

Apia, Samoa
31 October 2014

Fuaimaono Papali'i C.G. Afele
CONTROLLER AND AUDITOR-GENERAL

**Independent Auditors Report
To the Controller and Auditor General
on Samoa International Finance Authority**

We have audited the accompanying financial report of the Samoa International Finance Authority, which comprises the statement of financial position as at 30 June 2014, the statements of financial performance, cash flows and changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

The Responsibility of the Board of Directors for the Financial Report

The Board of Directors are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is 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

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with International Standards on Auditing. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 the Board of Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Unqualified Auditor's Opinion

In our opinion, the financial report of the Samoa International Finance Authority is in accordance with the *Samoa International Finance Authority Act 2005*, including:

- a) giving a true and fair view of the financial position of the Samoa International Finance Authority as at 30 June 2014, and of its financial performance, cash flows and changes in equity for the year ended on that date; and
- b) complying with International Financial Reporting Standards.

Other Matter

The financial statements of the Samoa International Finance Authority for the year ended 30 June 2013, were audited by another auditor who expressed an unmodified opinion on those statements on 19 December 2013.

Betham & Co

BETHAM & CO.

Chartered Accountants
Apia 28 October 2014




**SAMOA INTERNATIONAL FINANCE AUTHORITY
STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2014**

	Note	2014 WS\$	2013 WS\$
ASSETS			
Non-current assets			
Property plant and equipment	4	6,939,347	6,990,217
Receivables and prepayments	5	1,485,749	1,637,061
Investments	6	1,450,000	3,430,000
		9,875,096	12,057,278
Current assets			
Cash and cash equivalents	7	42,343,924	35,476,499
Investments	6	2,000,000	-
Receivables and prepayments	5	1,158,920	822,032
		45,502,844	36,298,531
TOTAL ASSETS		55,377,940	48,355,809
EQUITY AND LIABILITIES			
Equity			
General Fund		54,687,656	47,685,010
Total Equity		54,687,656	47,685,010
Current Liabilities			
Payables and accruals	8	615,699	551,232
Provisions	9	74,585	119,567
Total liabilities		690,284	670,799
TOTAL EQUITY AND LIABILITIES		55,377,940	48,355,809

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

On behalf of the Board and in accordance with the Board resolution dated 28th October 2014.


.....
Director


.....
Director

**SAMOA INTERNATIONAL FINANCE AUTHORITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 WS\$	2013 WS\$
INCOME			
Incorporation and annual Fees		21,622,773	19,654,364
License fees		289,308	358,224
Other income and gains		899,396	929,236
Interest income		2,425,424	1,619,142
Exchange gain		130,590	149,423
		25,367,491	22,710,389

EXPENSES

Audit fees		15,000	6,210
Building project costs written off	4	-	400,063
Depreciation	4	283,058	285,831
Directors fees		16,339	47,672
Communication		71,341	75,659
Management allowance		160,823	157,739
Printing and stationery		153,782	158,062
Promotions	10	4,785,873	4,750,492
Occupational Costs		467,766	460,783
Staff Costs		1,493,110	1,347,665
Loss on disposal of fixed asset		5,218	2,956
Others		912,535	926,651
		8,364,845	8,619,783

Net profit for the year		17,002,646	14,090,606
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**SAMOA INTERNAL FINANCE AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 2014**

	2014 WS\$	2013 WS\$
Balance in General Fund at beginning of year	47,685,010	43,594,404
Add net profit for year	17,002,646	14,090,606
Less Payments to the Government of Samoa	(10,000,000)	(10,000,000)
Balance in General Fund at end of year	54,687,656	47,685,010

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

SAMOA INTERNATIONAL FINANCE AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 WS\$	2013 WS\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Fees and license revenues		22,500,786	20,571,824
Cash paid to employees		(1,590,800)	(1,445,394)
Cash paid for rent and maintenance		(286,928)	(326,264)
Cash paid for promotional expenses		(4,179,635)	(3,359,400)
Cash paid for other expenses		(1,905,086)	(2,135,618)
Net advanced deposits		20,862	(73,092)
Net cash generated from operating activities		14,559,201	13,232,056
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,209,379	1,463,644
Acquisition of fixed assets		(237,435)	(100,557)
Investment in UTOS		-	(2,000,000)
Dividend and interest income from UTOS investment		205,000	125,000
Net cash generated/(used) in investing activities		2,176,944	(511,913)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment to the Government of Samoa		(10,000,000)	(10,000,000)
Net cash used in financing activities		(10,000,000)	(10,000,000)
Net Increase / (Decrease) in Cash		6,736,145	2,720,143
Cash and cash equivalent as at beginning of year		35,476,499	32,606,933
Plus: Effect of Exchange Differences		131,280	149,423
Cash and Cash Equivalents at end of year	7	42,343,924	35,476,499

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

SAMOA INTERNATIONAL FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
30 JUNE 2014

1. General information

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

2. Summary of significant accounting policies

(a) Basis of presentation

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

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

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

All amounts are expressed in Samoan tala which is also the Authority's functional currency.

(b) Comparative amounts

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

(c) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

(d) Property, Plant and Equipment

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

Furniture and Fittings	10 years
Office Equipment	5 years
Motor Vehicle	5 years
Leasehold improvements	10 years
Land	not depreciated

(e) Cash and cash equivalents

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

(f) Impairment losses

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

(g) Revenue recognition

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due and or associated costs.

The Authority's revenue comprises of incorporation, annual and licensing fees. Revenue from performance of these services is recognised in the accounting period in which the incorporation documents are issued and annual are charged and licensing fees received. Payments of fees in advance are deferred in the balance sheet and recognised in the period to which they apply.

(h) Employee entitlements

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

(i) Taxation

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

(j) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Authority reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

(k) Financial assets

The Authority classifies its financial assets as loans and receivables and at fair value through profit and loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. These financial assets include bank accounts, term deposits and accounts receivable. Loans and Receivables comprise loans to employees, are carried at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss are financial assets held for trading and are initially recognised at fair value whilst transaction costs are expensed. They are subsequently carried at fair value. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit loss' category are presented in the income statement within 'Other income and other gains' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Authority's right to receive payments is established.

(l) Leases

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

3. Information about key sources of estimation uncertainty and judgements

3.1 Critical accounting estimates and assumptions

The Authority makes 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) Provisions – doubtful debts and employee benefits

Provisions are measured at the value management best estimates an expenditure to be incurred at, to settle a present obligation at balance date. Market situations are often used to estimate provisions. Changes in market situations will create a difference between provisions with the recorded figures. Whilst the fact remains that uncertain issues such as bad debts exist, management as a benchmark makes adequate provisions based on past record and the foreseeable future. The provisions are aligned once the final outcome is known at balance date.

(b) Depreciation

On acquiring an asset, management determines the most reasonable length of time it expects the Authority to maintain that asset with reference to characteristics of similar assets or classes of assets held by the Authority 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.

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.

3.2 Critical judgements in applying the entity's accounting policy

In applying its accounting policies, the Authority is not aware of any significant risk of material adjustment to the carrying amount of assets and liabilities that may change within the next financial year.

4. Property, plant and equipment

2014

Cost	30-Jun-13	Additions	Disposals	30-Jun-14
Land	6,414,655	-	-	6,414,655
Furniture and fittings	426,711	25,425	(3,740)	448,396
Office equipment	1,175,380	212,010	(42,236)	1,345,154
Motor vehicles	253,000	-	-	253,000
Lease improvements	156,363	-	-	153,363
	8,426,109	237,435	(45,976)	8,617,568

Accumulated depreciation	30-Jun-13	Depreciation	Disposals	30-Jun-14
Furniture and fittings	310,532	38,994	(3,031)	346,495
Office equipment	835,915	177,827	(37,697)	976,045
Motor vehicles	195,628	50,600	-	246,228
Lease improvements	93,817	15,636	-	109,453
	1,435,892	283,058	(40,728)	1,678,221

Net book value	6,990,217			6,939,347
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2013

Cost	30-Jun-12	Additions	Disposals	30-Jun-13
Land	6,414,655	-	-	6,414,655
Building – Work in progress	400,063	-	(400,063)	-
Furniture and fittings	413,416	17,636	(4,341)	426,711
Office equipment	1,127,839	82,919	(35,378)	1,175,380
Motor vehicles	253,000	-	-	253,000
Lease improvements	156,363	-	-	153,363
	8,765,336	100,555	(439,782)	8,426,109

Accumulated depreciation	30-Jun-12	Depreciation	Disposals	30-Jun-13
Furniture and Fittings	275,592	38,255	(3,313.86)	310,532
Office equipment	687,803	182,045	(33,933)	835,915
Motor vehicles	145,028	50,600	-	195,628
Lease improvements	78,181	15,636	-	93,817
	1,186,604	285,832	(36,543)	1,435,892

Net book value	7,578,732			6,990,217
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The SIFA Building Project work in progress costs of \$400,063 were written off in FY 2012/2013 following the Board's approval in its Special Meeting held in December 2013. The building project has now been abandoned. Other building related costs were expensed in 2012.

5. RECEIVABLES AND PREPAYMENTS**2014****2013**

Employee loans, non-current – secured	1,485,749	1,637,061
	1,485,749	1,637,061

Current

Employee loans – secured	241,977	244,921
Less provision for doubtful loan	-	-
	241,977	244,921
Interest receivables	601,265	385,035
Prepaid expenses	315,679	192,076
	1,158,920	822,032

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

These loans are expected to mature as follows:

Not later than 12 months	10,004	244,921
Later than 1 year but not later than 5 years	255,818	311,005
Later than 5 years	1,461,903	1,326,056
	1,727,726	1,881,982

6. INVESTMENT**2014****2013**

Investment in UTOS at fair value at beginning	1,430,000	1,190,000
Add: Movement in fair value at balance date	20,000	240,000
Investment in UTOS at fair value at end	1,450,000	1,430,000

UTOS investment – convertible notes	2,000,000	2,000,000
	3,450,000	3,430,000

SIFA purchased \$1,000,000 worth of units from UTOS at \$1 a unit in April 2011. These units were valued at \$1.43 per unit as at 30 June 2013, and \$1.45 per unit as at 30 June 2014 based on the publicised unit price by UTOS at 30 June 2014.

In December 2012, SIFA invested \$2,000,000 in convertible notes with UTOS at 6% p.a. for 2 years which is expected to mature on 31 December 2014.

7. CASH AND CASH EQUIVALENTS**2014****2013**

Cash on hand and bank balances	2,796,251	1,404,102
Fixed deposits	39,547,673	34,072,397
	42,343,924	35,476,499

Cash on hand are not significant and bank balances are held in local commercial banks. Fixed deposits are also with the local commercial banks at terms ranging from 3 to 12 months at interest rates of between 4.25% and 6.5%pa.

8. PAYABLES AND ACCRUALS**2014****2013**

Client deposits	466,480	445,618
Withholding tax owing to MOR	-	1,254
Payables and accruals	149,220	104,360
	615,699	551,232

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

9. PROVISIONS**2014****2013**

Annual leave	61,586	64,033
Other provisions	13,000	55,534
	74,585	119,567

Movement in provisions:	Annual leave	Annual leave
Balance at the beginning of year	64,033	62,892
Paid out during the year	-	-
Utilised during the year	(17,961)	(19,928)
Additional charged to income	15,514	21,069
	61,586	64,033

	Board members retirement	Board members retirement
Balance at the beginning of year	55,534	25,358
Paid out during the year	(42,535)	-
Additional provision charged	-	30,176
	13,000	55,534

10. PROMOTIONS**2014****2013**

Promotions – other	4,221,397	3,997,029
Seminars and conferences	451,819	650,783
Members	112,656	102,680
	4,785,873	4,750,492

Promotions include sponsorship costs for national sporting teams and road shows for the promotion of the Samoa International Finance Authority outside of Samoa.

11. Distribution to Government**2014****2013**

Commitment to Government of Samoa	10,000,000	10,000,000
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Total contribution of \$10,000,000 was committed to Government for the Current Financial Year 2013/2014 under section 18 of the *Samoa International Finance Authority Act 2005*. This was paid during the year.

12. CONTINGENT LIABILITIES

The Authority is currently a defendant in litigation currently before the Supreme Court of Samoa. The court proceedings are yet to be completed and any costs or liability at the date of this financial report are uncertain (2012/2013:nil).

13. OPERATING LEASE COMMITMENTS

The Samoa International Finance Authority is leasing office space from the Development Bank of Samoa at a monthly rental of \$18,128.03 for an initial period of five years, with an option of renewal after that date. This covers rent for Levels 3 and 6 as well as the Car park.

Operating lease payable is as follows:

	2014	2013
Not later than 1 year	217,536	264,651
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
	217,536	264,651

14. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation of key management personnel:

	2014	2013
Remuneration including allowances	682,329	621,510
Director fees and allowances	16,339	47,672

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

15. FINANCIAL INSTRUMENTS

(a) Credit Risk

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.

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

Maximum exposure to credit risk at balance date are:

	2014	2013
Bank balances	42,343,924	35,476,499
Interest accrued	601,265	385,035
Staff loans	1,727,726	1,881,982

(b) Currency risk

SIFA has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. The currencies in which SIFA primarily transact are primarily US dollars. It is not SIFA policy to hedge against these exposures.

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

<i>Financial assets</i>	2014	2013
Cash and cash equivalents	1,105,789	1,034,648
<i>Financial liabilities</i>		
Customer deposits	(446,480)	(445,618)
Net Exposure	639,309	586,030

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

Judgements of reasonably possible movements to profits:

	2014	2013
	Higher/(Lower)	Higher/(Lower)
WS\$/USD + 5%	(31,965)	(29,302)
WS\$/USD – 5%	31,965	29,302

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

30 June 2014	-	0.4498
30 June 2013	-	0.4306

(c) Interest rate risk

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

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

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board and authorised for issue on 28th of October, 2014.