

**Samoa National Provident Fund
ANNUAL REPORT 2008/2009**



STATEMENT TO PARLIAMENT

June 30, 2009

The Honourable Speaker

Legislative Assembly of Samoa

MULINUU



Sir,

In pursuant of Section 14 of the Samoa National Provident Fund Act 1972, I present to the Legislative Assembly for discussion, the Funds' Annual Report for the financial year ending June 30, 2009.

With its **MAJOR OBJECTIVE:**

To improve members' savings through prudent and sound management of investments, which contribute to the development of its members and community.

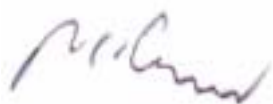
Aspired to accomplish its **VISION:**

To save and provide for a quality retirement, while stimulating wider economic activity for members and Samoa.

And **MISSION:**

To keep safe Member's contributions and to generate from the resources provided by these contributions the greatest achievable benefits for Members.

Faafetai.

A handwritten signature in blue ink, appearing to read 'Niko Lee Hang'.

Niko Lee Hang.

MINISTER OF FINANCE.

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BOARD OF DIRECTORS



Patrick Rasmussen
*Representative –
Manufacturers
Association*

Patrick Chan Mow
*Representative -
Employers*

Front Row (Left to Right):

Norman Paul Snr
Hinauri Petana
Father Sanele

*Employers Representative
Board Chair
Churches Representative*

Back Row (Left to Right):

Anthony Brighthouse
Aumua Ming Leung Wai
Faumuina Esther Lameko-Poutoa
Auelua Apoiliu Warren
Late Sa'u Fa'asamoa Evile

*Private Sectors Employee Representative
Attorney General
Chief Executive Officer
Public Service Association Representative
Farmers Representative*

Insert Pictures (Left to Right):

Patrick Rasmussen
Patrick Chan Mow

*Manufacturers' Association Representative
Employers Representative*

EXECUTIVE MANAGEMENT



Front Row (Left to Right):

Amituanai Tagimaiala Fuimaono

Faumuina Esther Lameko-Poutoa

Jane Atiifale-Iona

Petra Suhren-Chang Tung

Lesina Aleki-Filipo

Manager Research Planning Marketing & Parliamentary Pension Scheme

Chief Executive Officer

Manager Finance Department

Manager Investment Department

Manager Vaitele Agency

Back Row (Left to Right):

Tagaloasa Uili Matafeo

Upusili Joseph Tevita Malolo

Lealali Mapuona Mulitalo

Tuiloma Tupai Leleua Faitasi Gae'e

Mulipola Tupuola Masoe Iosefo Mulipola

Tufea Faatuai Fanolua

Manager Corporate Services Department

Manager Legal Department

Manager Audit Department

Manager Senior Citizens Benefit Fund

Manager Member Services Department

Deputy Chief Executive Officer

CHAIRPERSON'S REPORT

To achieve the set Vision and Mission of the Fund, there are stipulated Objectives and Strategic Targets which define its success as National Provident Fund, and notably, this annual report reflect on the accomplishment of these. Listed below are strategic issues completed within this period:



Strategic Issues:

New Short Term Loan Scheme

A new loan scheme service has been offered to members, parallel to the credit schemes offered by local banks as well as other small financial institutions, except that it is guaranteed by the member's contribution. This annual turn reports on the successful administration of this new scheme since it became effective in August, 2008.

Electronic processing of Members' loans disbursement (ATM):

NPF continues to liaise with Westpac Bank to ensure that all members receive ATM cards, to facilitate the main purpose of efficiently disbursing loan funds to members. This mode of disbursement was launched in August 2007.

Customer Service

There have been a few changes and developments within the Fund which are linked and dependent upon efficient and effective customer service to maneuver. Thus, training has been continuous for the Staff, to ensure the competency levels are lifted.

Assets Allocation:

Assets allocation has expanded to include overseas investments as there are limited domestic investment opportunities. It has been recognized to be a channel of maximizing returns and has been carried as a priority of the Fund.

Review of the NPF Act and the Policies

The review of the NPF Act and Policies which guide the work of the Fund have been successfully completed, with the rendered services of a Legal Consultant sponsored under the AusAid program. Amendments have been instated to empower the Fund to act in the best interest of its members, to generate the highest possible returns with on-going collection of contributions, to measure investment initiatives and recovery processes. We look forward to NPF giving better service and better returns to its members in the future as a result of this review.

Other Developments:

The Fund continues to perform well in the maintenance of its Assets Allocation Strategic Investment Framework (SIF), Human Resource development, Reviewing of Fund Policies and Guidelines, Redefining objectives, strategies and targets for effective and efficient services offered by the Fund for the best interest of its Members as well as Stakeholders.

I would like to acknowledge and congratulate the Chief Executive Officer, Management and Staff of the Fund for their commitment in achieving maximum performance in operations for this Financial Year. I also thank the Government, the Employers and the workers of the country for their support which contributed to the success of this SNPF financial year.

The continuous support of the Board Members in directing and propelling the Fund Management through this year is also acknowledged and appreciated. I wish the Board, Management and Staff success in the next financial year.

God Bless



Hinauri Petana

CHAIRPERSON – BOARD OF DIRECTORS

CHIEF EXECUTIVE OFFICER'S REPORT

I am please to report on another thriving year for the Samoa National Provident Fund.

As trustees of the Fund, we have the responsibility to collect members' contributions, process withdrawals as well as investing these funds for better returns to members.



Despite minor setbacks such as the pension payout monies embezzled in October 2008 and the world economic crisis, the Fund continues to work to overcome such challenges in the hope for a better outlook in the future. We are optimistic of better things to come. Management and Staff have worked diligently with the Board of Directors to achieve the targets for this year. The focus was to improve on all operational areas of the Fund covering non-financial and financial areas. This will subsequently improve and lift the service we can provide to our members.

We also strived to improve and foster better working relationships with our stakeholders.

Operations:

Our office was able to collect \$39 million worth of contributions while processing withdrawals to the value of \$26M during the year. Interest credited to members accounts was \$21.7M. Total members

contribution accounts increased to \$346 million at year-end. Overall, the size of the Fund has increased to \$403 million.

Revenue collected increase by 3% to \$33M while expenditure was reduced significantly by 24% to \$8.9M. Total expenditure represented 27% of revenue. While management strived to prioritise expenditure, it improved its overall

financial performance by increasing net profit by 17.4% when compared to the previous year.

Despite the economic situation the world and the local economy is experiencing, we are optimistic that we can sustain or even improve the current level of financial performance.

Human Resource:

The Fund as of June 30, 2009 employed 173 staff. It recruited 13, whilst 21 resign within this financial year. Sadly the Fund bid farewell to two (2) of its long serving staff - Janet Aveau (Membership Officer) and Muliaga Fa'asoa (Assistant Manager: Inspectorate Division). Both staff members were employed under the Members Services Department. They will be dearly missed.

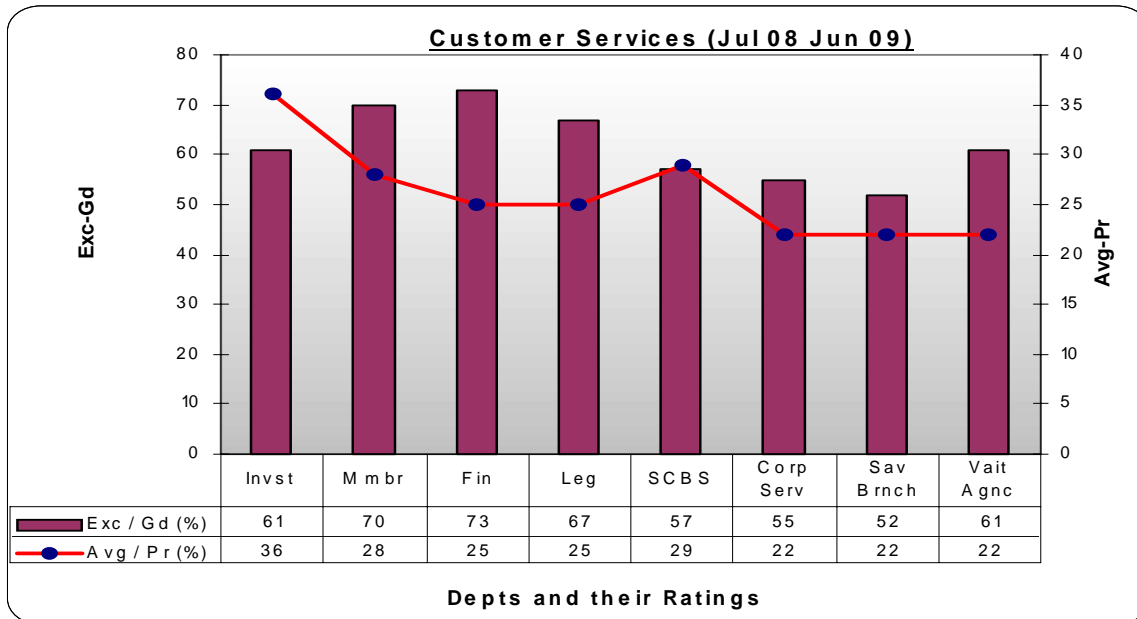
OVERVIEW OF OPERATING PERFORMANCE AND RESULTS FOR THE YEAR.

Customer Service:

The Fund continues to commit to reviewing its policies and strategies, with the focus on improving its financial performance and service delivery. The annual Customer Service survey result showed a Customer Satisfaction Rate (CSR) of 64%, which is a

drop of 16% of Total Average CSR in the previous year; indicative of the need to invest into all aspects of service. This year Customer Service survey result is illustrated further in **Chart 1:**

Chart 1:



Source: SNPF 10th Customer Services survey report (2008-2009).

Return on Members Funds:

The Fund with its improved financial performance was able to pay out returns to members in July 2008 for the reported period of 2008/2009. It also processed an advanced payment in April 2009 for the new financial year 2009/2010; both at 7% returns on member's funds.

Management will endeavour to find opportunities for good investment in particular term investment to sustain and improve the current trends.

New Loan Scheme:

Since its introduction in August 2008, the new Short Term Loan Scheme has been popular and highly utilized by members. By the end of June 2009, the Fund has served approximately 8,011 applicants, releasing an equivalent amount of \$11,170,778. This service scheme was created to accommodate demands and NPF saw it as an opportunity to increase its market share while earning additional revenue.

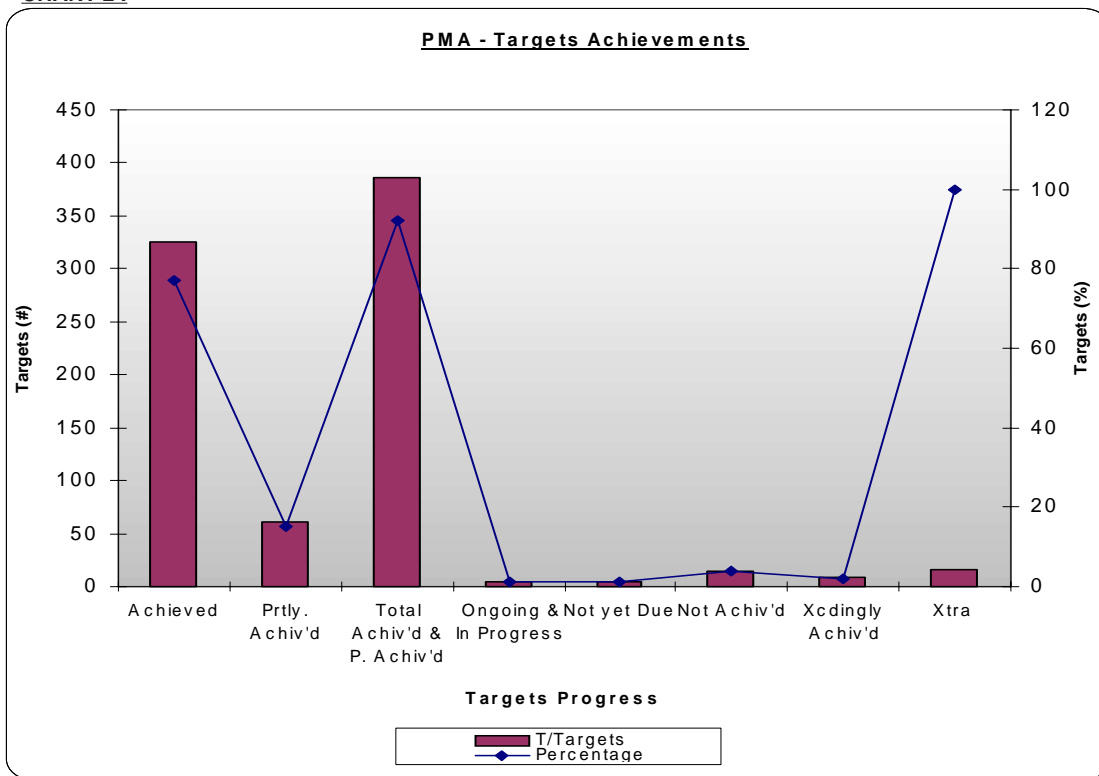
Corporate Image:

To further enhance its corporate image, the fourth floor of the building had a total make-over to ensure a professional and a better working environment not only for the staff but also for serving our members. New uniforms as well as identification cards for all staff were all initiatives enforcing a new and improved corporate image of the Fund.

Performance Management Assessment (PMA):

PMA results for these 12 months remain a success as in the previous year. Management and Staff achieved 92% of the total annual strategic targets of 418. However, there are remaining targets still in progress of 1%, and another 1% of targets still to be implemented due to their nature; targets exceedingly achieved totaled to 2%. A count of sixteen (16) additional targets were completed but were not scheduled for this period, which is a significant achievement. Summary of results under each category are highlighted in **Chart 2**:

CHART 2:



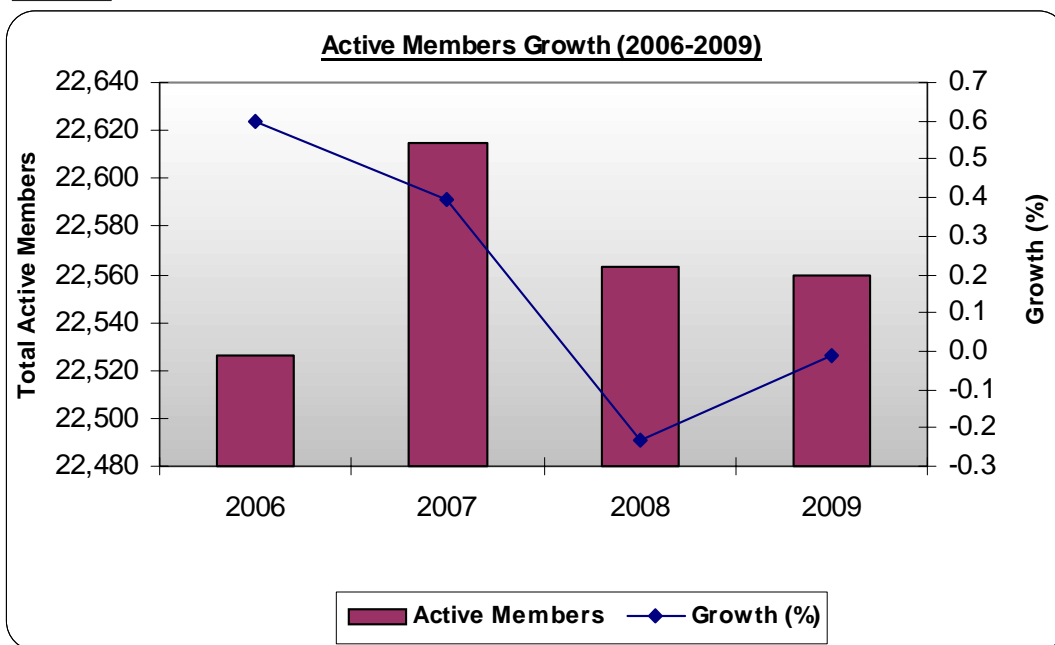
Source: Management Plan (Jul 08-Jun09) Review results report

Membership:

❖ The growth rate trend in the past 4 years is indicated in the chart below, with total

active members for reported period of 22,560:

CHART 3:



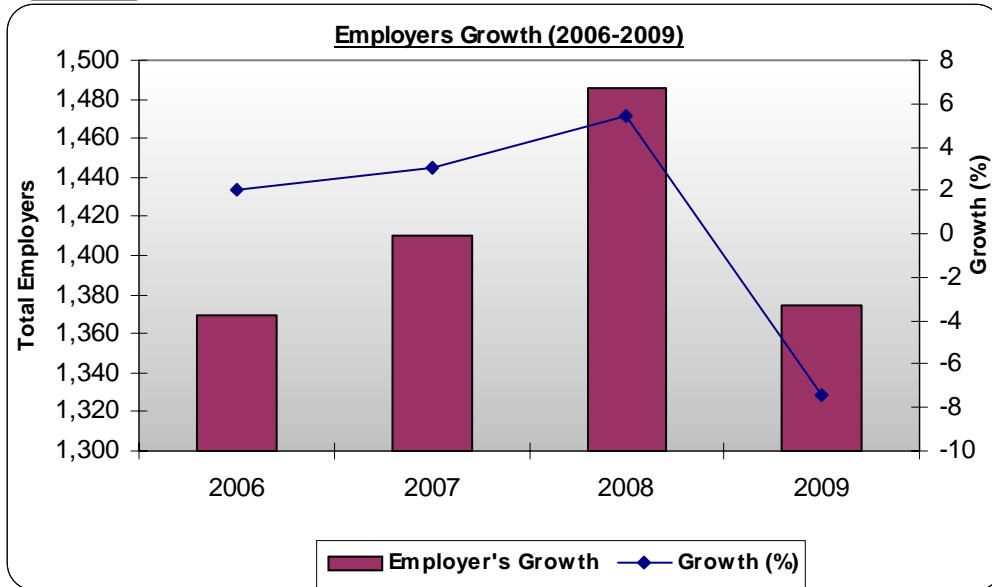
Source: Members' Dept report



❖ As of June 30, 2009 the number of employers totaled 1,375. It decreased by 7.5% or 111 by number from the previous year with a total

of 1,486. Of this total 175 were employers newly registered within this 12 months period.

CHART 4 :



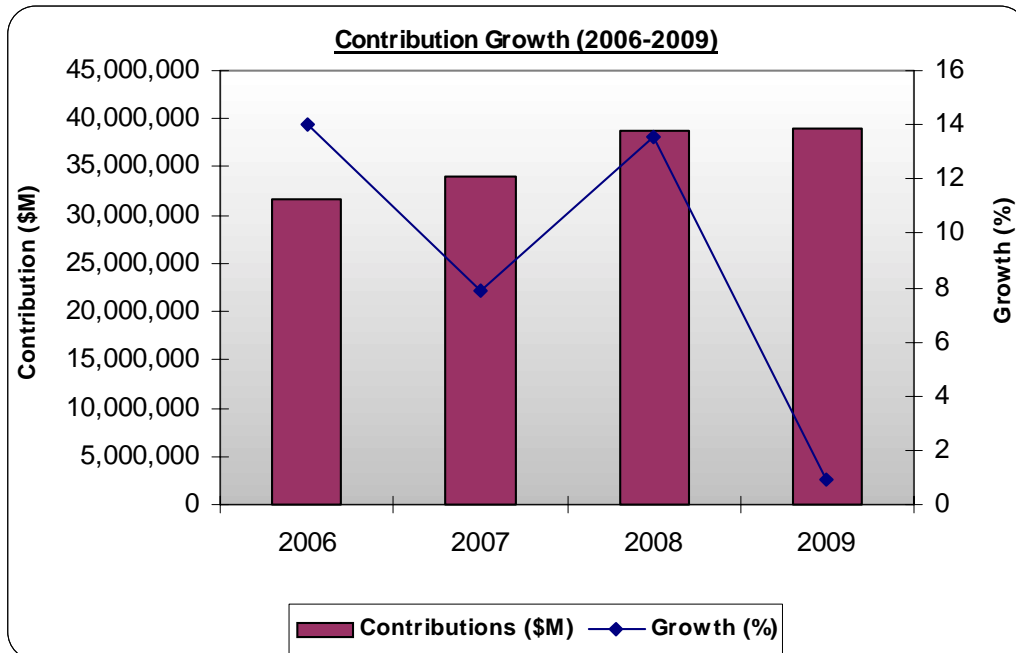
Source: Members' Dept report.

Members Contributions:

❖ Total contribution collected this year is \$39,065,867, an increase of 1% or \$348,517 by

amount from previous period which was \$38,717,350. The table below further demonstrates these results.

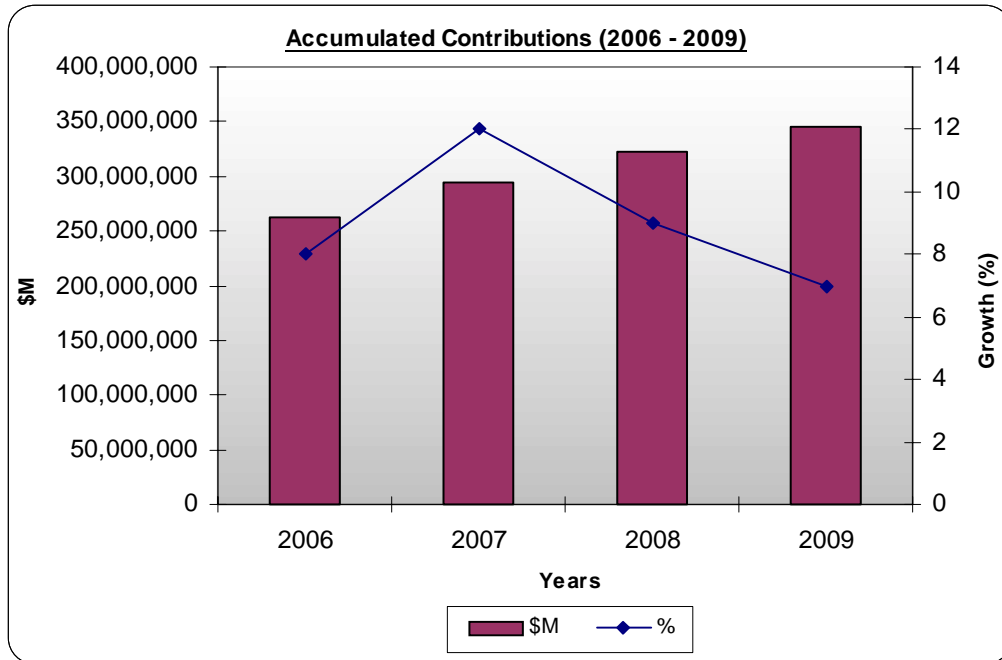
CHART 5:



Source: Members' Dept report.

- ❖ Accumulated contribution increased by 7% (\$345,957,327) compared to the previous Financial Year which was \$322,263,912. or \$23,693,415 by amount for the reported year

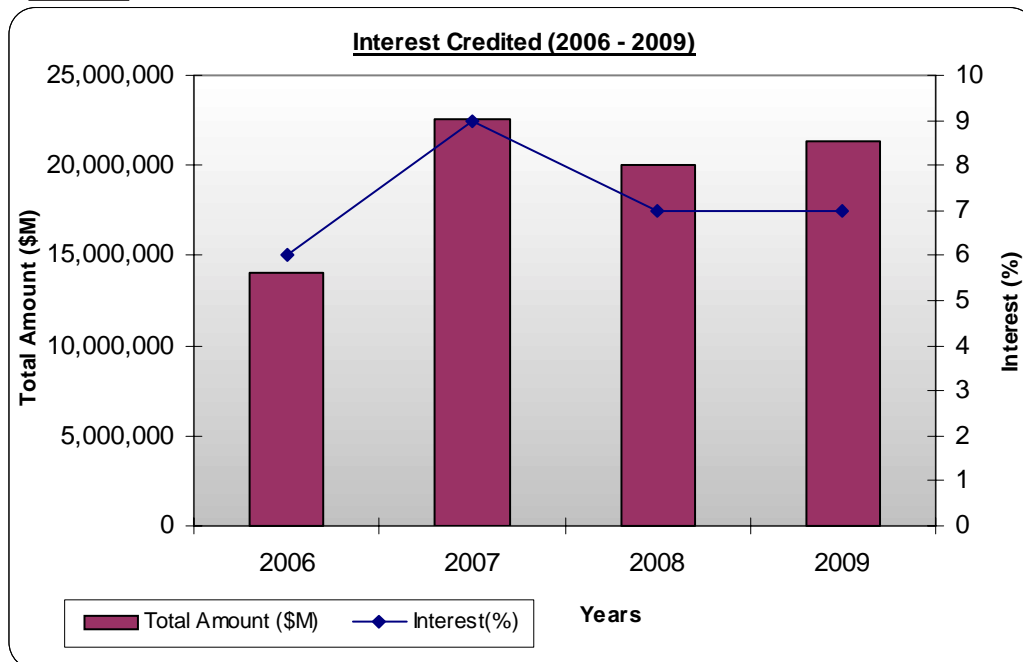
CHART 6:



Source: Members' Dept report.

- ❖ Interest credited to members' accounts as at June 2009 of 7% was equivalent to \$21,725,370. This interest is based on Return on Investment (ROI) at the end of every financial year. Given in chart 7 is the interest credited in the past four (4) years.

CHART 7:

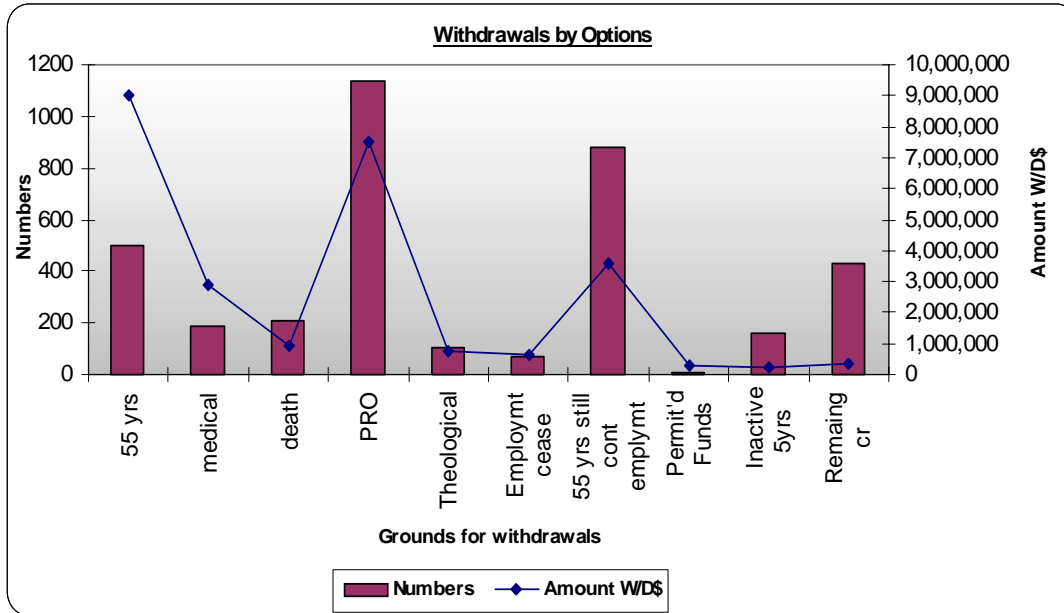


Source: Members' Dept report.

❖ Total withdrawals (\$26.1M) increased by 16% or \$3.6M by amount compared to previous financial year which was \$22.5M. The highest amount withdrawn referred to those reaching retired age

/ 55 years which was \$9M, followed by those leaving to reside abroad permanently with \$7.5M. Chart below further illustrates these results:

CHART 8:



Source: Members Dept Report.

COMPLIANCE AND PROSECUTIONS:

Surcharges:

Total surcharge collected during this reported year is \$24,653.37 a decrease of 53.13% from the previous year which was \$52,597.50. The emerged trend indicates that employers paid contributions and not surcharges. This, in turn, has resulted in an increase of outstanding surcharges in the financial year.

Compliance:

Enforcement of Compliance under SNPF Act 1972 is an important role of the Fund's Compliance division. The division continues carrying out regular inspections of employees wage records to ensure compliance with SNPF Act. Upon default, employers are served with notices outlining legal obligations under the Act

and penalties for non-compliance. Continuing non-compliance results in the issuance of proceedings in the District court.

Prosecution:

Total of one hundred and thirty three (133) employers were referred to the Legal Department for prosecution within the financial year. Prosecution involves the referral of the account to the Department, setting up of payment arrangements, following up of payments, issuing demand notices on default and finally the prosecution in court of the matter.

→ **There are 3 main Offences whereby Employers are prosecuted:**

1. Failure to pay contributions.
2. Failure to pay surcharges.
3. Failure to produce schedules.

Table 1:

Offence	Active employers	Amount pd (\$)	Outstanding Balance (\$)
1. Contributions	49	\$830,723	\$1,070,923.84
2. Surcharges	90	\$24,653	\$625,475.26
3. Schedules	133	N/A	N/A

Source: Legal Dept report.

OVERVIEW OF FINANCIAL PERFORMANCE AND FINANCIAL RESULTS FOR THE YEAR.

Table 2: KEY PERFORMANCE MEASURES

Performance Measures	This Year - Actual	Last Year - Actual	Corporate Plan - This Year
Revenue	33,052,345	32,378,194	30,320,000
Expenditure	9,035,408	11,657,370	10,656,000
Net Profit	24,016,937	20,720,823	19,665,000
Current ratio	11.3:1	10.9:1	14.8:1
Total Active Members	22,560	22,563	22,563

Table 3: COMMENTS

Performance Measures	Comments.
Revenue	Revenue increased by 3% from the last financial year, due to increase in rent income of 9%, small loan administration of 10% interest income of .6% and short term loans fees.
Expenditure	Expenditure decreased by 22% due to decreased in Personnel costs of 10%, legal fees of 96%, board expenses 42%, offices expenses by 50% and building maintenance by 42%.
NPBT	NPBT increased by 17% as a result of lower expenditure compared to revenue collection.
Current Ratio	The current ratios are higher for both periods, there's an increase of .4% compared to last year. NPF has enough funds available to meet its obligation.
Total Active Members	Active members decreased by .01% in number (22,560) compared to previous year, which was 22,563.

❖ Income from Investment is higher by .6% compared to last Financial Year due to higher interest collected mainly from Term Deposits, Loans and Advances.

❖ Administrative charges small loans revenue is higher by 10% than last Financial Year due to the increase in small loans issued.

❖ Rent received higher by 9% than last Financial Year due to increase in Rent for NPF Building by 30% and Brussels building by 3%.

❖ Revenue from other investment activities lower by 17.6% compared to last Financial Year. This result attributed to decrease in surcharge and income lease.



- ❖ Total cash flows used for operating activities increased by 11% than last Financial Year, due to increase in withdrawals and new 4% bonus on withdrawals and death.
- ❖ Amount spent on office expenses decreased by 50% compared to last Financial Year.
- ❖ Total cash flows from Investing activities increased by 17% compared to last Financial Year,

due to higher interest received from Investments, Loans and Advances.

- ❖ Cash flows used for investing activities increased by 32% compared to last Financial Year; due to 50% increase for loans and advance disbursements also increase in payment for purchase of land sales.

- ❖ Changes to capital structure, including borrowings and equity injections are stipulated in the Investment portfolio table below:

Table 4: INVESTMENT PORTFOLIO as at June 30, 2009

CLASSES	Amount Invested 1/7/2008		Amount Invested 30/06/2009		SIF Targets	Income June-08 - Jul 09	Yield as at 30/06/2009
	(\$)	%	(\$)	%			
1. LOANS:							
- Members Loans	113,800,566	32	133,296,145	36	35	11,873,147	10
- Investment Loans	100,004,120	28	81,361,410	22	25	9,546,217	11
- Short term Loans			11,170,778	3	10	976,254	19
Total Loans	213,804,686		225,828,333			22,395,618	10
2. PROPERTIES:							
- Local	64,011,891		50,041,810				
- Overseas	2,288,831		2,328,862				
Total Properties	66,300,722	18	52,370,672	14	15	3,045,719	5
3. EQUITIES:	20,604,660	6	20,189,120	6	6	725,207	4
4. CASH:							
- Local (FHO)	12,567,000		12,072,500				
- Fixed Deposits	41,550,000		54,006,146				
- CBS Securities	2,955,785		-				
- Overseas	59,583		524,588				
Total	57,132,368	16	66,603,234	18	7	5,260,705	9
5. GLOBAL BOND	3,088,768	1	2,931,401	1	5	0	-
Overall Total	360,931,204	100	367,922,760	100	100	31,427,249	9

Source: Investment & Finance Report.

Interpretation: (Table 4)

Invested funds increased by \$6,991,555.85 or 2%, compared to previous financial year 2007/2008.

The increase in cash entity by 17% and with total loans by 6% especially with Short term loans now

implemented, contributed to this boost.

Yield for the reported financial year remain the same as previous financial year.

PROGRESS WITH IMPLEMENTING THE CORPORATE PLAN FOR THE YEAR.

The Fund executed the following strategies as part of its Strategic Plan incorporated in its Corporate Plan 2009 - 2011:

- Maintain optimum Asset Allocation Structure through monitoring Investment Performance on a monthly basis.
- Continue implementing the Contribution Loan Scheme, a high return investment prospectus with minimal risk which is given a 50/50 entitlement / security ratio.
- Monitor offshore Portfolio (Global Bond).
- Review Strategic Investment Framework after 3 months.
- Security of Assets: Continue checking and monitoring of operational systems to ensure protection of Fund Assets.
- Continue updating value of Assets / Assets valuation.
- Reviewing Policies and Guidelines for improvement of services and benefits offered to SNPF valued members and stakeholders.
- Staff Development: training both internal and external.
- Continue to ensure members understanding of the Fund and perception of the value of membership is enhanced.

CAPITAL EXPENDITURE AND PROJECTS FOR THE YEAR.

<i>Fixtures and Fittings including 3rd floor refurbishment</i>	-	\$50,000
<i>Plant and Equipment Purchases</i>	-	\$302,299
<i>Overseas Properties – NZ, Aust, USA</i>	-	\$10,000
<i>Redevelopment – Moles Building</i>	-	\$15,000
TOTAL =		\$377,299

OUTLOOK FOR NEXT YEAR:

❖ Information System Development:

Management continues to look at acquiring software to upgrade systems in order to improve Internet access. There is also the need to review systems in place to improve controls, accessibility, as well as keeping security of information.

❖ Customer Services:

Review and develop all services offered by the Fund according to feedback and results from Customer services surveys implemented, annually and bi-annually. Moreover, we endeavour to improve customer service.

❖ Redevelopment of Moles Building:

A due diligence study is currently being undertaken before tendering the work out to interested contractors in September 2009 with the expectation to commence demolishing of existing Moles Building by January 2010. Construction of the new building is expected to start in the 2nd half of the new financial year 2009 / 2010 with duration of about 12 - 18 months.

❖ Overseas Properties:

The Fund in assisting with Government's objective of establishing and improving agencies overseas. There is a provision to fund prospective building/projects for Samoa Consulate Offices/Residencies in Auckland and Canberra. Some of these projects will continue to next financial year.



❖ **Increased Returns and Profits:**

It is the intention of Management to aggressively deploy its investment strategies to achieve maximum returns to the Fund. It is also looking at prioritising spending while finding cost effective measures to utilize manpower. We are

also strategising to improve the capability of existing staff. The main purpose is to build up the Fund, positioning itself to pay out improved and possibly higher dividends to NPF members.

FUTURE RISKS AND UNCERTAINTIES:

❖ **Lower Financial Markets Rates:**

The current worldwide economic crisis has had great impact in financial market rates both nationwide and international filtering through to reduced local-term deposit rates.

❖ **Economic Instability:**

Apart from continuously monitoring fluctuating inflation rates, the Fund is strictly monitoring interest rates nationwide given the current economic crisis so as to align review of policies (operational and investment) and strategies accordingly.

❖ **Investment Arrears Accounts:**

Continue reviewing the appropriate policies and guidelines in lending as well as providing appropriate staff training for effective recovery of NPF loan funds.

❖ **Limited opportunities for Investment (Local / Overseas):**

Given the controlling functions of the Central Bank of Samoa, it has limit opportunities to invest overseas for better returns. But we anticipate that these conditions will change in the future.

COMMUNITY SERVICE OBLIGATION IMPLEMENTATION (CSO)

❖ **Monetary Donations to Charitable Organisations:**

SNPF Staff Association continuously coordinates and implements the Golf Tournament annually in celebration of the Funds anniversary. Upon completion of this years annual tournament, monetary donations were then distributed to selected organizations to the value of \$20,000. These organisations included Mapuifagalele, Fiamalamalama School for Special Needs, Loto Taumafai School, the Samoa Victim Support and

the National Kidney Foundation. We also donated \$10,000 to various school and sporting activities.

We endeavour to work with excellence to generate the highest possible returns for members. In is the hope that we can also contribute through investment strategy to economic development in the country.

Faumuina Esther Lameko-Poutoa.

CHIEF EXECUTIVE OFFICER



Financial Statements



REPORT OF THE AUDIT OFFICE



AUDIT OFFICE

Scope

We have audited the financial statements of Samoa National Provident Fund for the year ended 30 June, 2009. The Fund's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the Fund. The accounting firm of Lesa ma Penn, Certified Public Accountants, assisted in this audit.

The audit has been conducted in accordance with International Standards on Auditing to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies used and significant accounting estimates made. These procedures have been undertaken to form an opinion as to whether in all material respects, the financial statements are presented fairly in accordance with the Samoa National Provident Act, 1972 and International Financial Reporting Standards so as to present a view which is consistent with our understanding of the Fund's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion:

- a) proper books of account have been kept by the Fund, so far as it appears from our examination of those books; and
- b) the accompanying financial statements give a true and fair view of the state of affairs of the Fund as at 30 June 2008 and of the results of its operations and cash flows for the year ended on that date; and
- c) the accompanying financial statements are properly drawn up to give in the prescribed manner the information required by International Financial Reporting Standards and the Samoa National Provident Fund Act 1972.

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Tamaseu Leni Warren

CONTROLLER AND CHIEF AUDITOR

Apia, Samoa

25 September, 2009



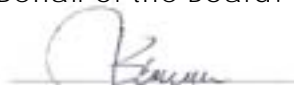
SAMOA NATIONAL PROVIDENT FUND

STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 2009

	<u>NOTES</u>	<u>Jun-09</u> \$	<u>Jun-08</u> \$
<u>Current Assets</u>			
Cash balances	6	5,143,366	7,536,292
Interest receivable	11	2,662,451	2,630,445
Contribution debtors	12	55,772	1,925,492
Other debtors	13	406,880	620,213
VAGST		384,824	606,811
Building Stock	20	49,198	55,052
Prepayments	21	31,458	49,678
Total Current Assets		8,733,949	13,423,983
<u>Non-Current Assets</u>			
<u>Investment Assets</u>			
Term deposits	7	62,909,223	57,130,030
Offshore global bond	7(a)	2,931,401	3,088,768
Loans and advances	8	236,743,676	213,803,904
Company shares	9	18,381,120	20,604,660
Term receivable from land sale	10	4,654,969	4,826,575
Freehold land for sale		4,477,973	2,167,324
		330,098,362	301,621,261
Fixed assets	14	65,376,333	65,842,443
Deferred costs	17	83,893	104,866
Total Non-Current Assets		395,558,588	367,568,570
TOTAL ASSETS		404,292,537	380,992,553
<u>Current Liabilities</u>			
Sundry creditors	15 (a)	558,827	944,897
Rent in Advance	15 (d)	14,505	778
Deposits on Saleimoa land	10(a)	143,660	248,208
Provision for audit fees	15 (b)	50,945	39,481
Total Current Liabilities		767,937	1,233,364
<u>Non-Current Liabilities</u>			
Provision for Management & Staff Benefits	15 (c)	465,876	402,626
Total Non-Current Liabilities		465,876	402,626
TOTAL LIABILITIES		1,233,813	1,635,990
NET ASSETS		\$403,058,724	\$379,356,563
<u>The Funds Employed Were</u>			
Contributions		345,957,327	322,263,912
General reserve account	2	13,985,448	13,575,250
Unclaimed deposits account	3	837,741	851,584
Pension pool account	4	8,611,248	8,668,687
Asset revaluation surplus	5	33,666,960	33,997,130
Total Funds Employed		\$403,058,724	\$379,356,563

The relevant accompanying notes form part of this Statement of Assets & Liabilities.

On Behalf of the Board:


CHAIRPERSON and DIRECTOR


CHIEF EXECUTIVE OFFICER and DIRECTOR



SAMOA NATIONAL PROVIDENT FUND
STATEMENT OF INCOME AND EXPENDITURE
YEAR ENDED 30 JUNE 2009

INCOME	NOTES	30-Jun-09	30-Jun-08
		\$	\$
Interest	16	28,143,828	27,976,745
Surcharges on contributions		122,028	225,315
Rent – NPF building Apia – third parties		362,344	267,651
- own use		279,201	225,004
- Brussels building		169,091	164,485
- Yazaki building		843,666	843,666
- Molesi		425,109	448,162
- Molesi Food Court		301,723	336,215
- Ululoloa		20,200	22,900
- Digicel		2,500	2,500
- Motootua Building		149,380	32,296
Administration charges on small loans		762,122	693,350
Service fees on short term loans		187,817	-
Dividend		725,207	181,286
Gain on offshore investment		278,480	383,309
Gain on sale of fixed asset		-	41,873
Gain on land sales		43,512	382,397
Other income		236,137	151,040
		33,052,345	32,378,194
EXPENDITURE			
Audit fees		54,484	41,375
Board expenses		93,609	160,502
Legal Fees		26,114	702,412
Building maintenance – NPF		249,764	401,029
- Brussels		655	4,505
- Molesi Food Court		182,515	346,575
Repair & Maintenance	18	100,151	169,512
Computer services costs		18,109	19,754
Depreciation	14	1,883,885	1,737,198
Directors fees		47,970	49,812
Doubtful contribution		(130,932)	251,625
Doubtful loans		(348,760)	(864,421)
Doubtful tenant		-	(1,003)
Doubtful debtors - Health Care Scheme		-	337,596
Electricity and Water Rates		337,343	305,601
Insurance		189,761	274,603
Local travel		167,033	154,759
Overseas travel		61,088	118,650
Personnel costs		4,459,656	4,930,890
Printing and stationery		230,772	225,485
Rent – third party		51,360	51,360
- own use		279,201	225,004
Amortisation expenses	17	20,973	20,973
Land sales expenses	19	77,817	935,420
Loss on foreign exchange		467,659	-
Office expenses		433,872	859,080
Other expenses		81,309	199,074
		9,035,408	11,657,370
Excess of income over expenditure		24,016,937	20,720,823
Transfer to General Reserve Account	2	24,016,937	20,720,823
		\$NIL	\$NIL

The relevant accompanying notes form part of this Statement of Income and Expenditure.



SAMOA NATIONAL PROVIDENT FUND

STATEMENT OF CASH FLOWS

YEAR ENDING 30 JUNE 2009

	<u>Jun-09</u>	<u>Jun-08</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Contributions received	39,065,867	38,717,350
Cash was used for:		
Contributions withdrawn	26,178,013	22,560,725
Pensions paid (net of redemptions)	975,089	1,015,849
Death benefits paid	662,297	606,828
Bonus 4% on withdraw & death benefit	520,292	-
Operating expenses	9,448,127	9,794,792
	37,783,818	33,978,194
Net cash flows provided from/(used for) operating activities	1,282,049	4,739,156
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Interest from investments	28,111,822	27,350,684
Loans and advances repayments	34,857,219	26,877,662
Rent income	2,972,588	2,535,700
Proceeds from refund of shares	2,223,540	-
Proceeds from sale of land	43,512	182,397
Proceeds from sale of fixed assets	-	41,873
Other income from investing activities	1,544,668	1,074,656
Dividend received	725,207	181,286
	70,478,556	58,244,258
Cash was used for:		
Loans and advances disbursements	64,974,888	43,180,169
Purchase of fixed assets	1,417,774	7,236,590
Purchase of lands sales	2,139,043	(155,317)
	68,531,705	50,261,442
Net cash flows provided from investing activities	1,946,851	7,982,816
NET INCREASE/(DECREASE) IN CASH	3,228,900	12,721,972
OPENING CASH BALANCES	67,755,090	55,033,118
CLOSING CASH BALANCES – Note 6 & 7	\$70,983,990	\$67,755,090
Represented by:		
Cash Balances – Note 6	5,143,366	7,536,292
Term deposits – Note 7	62,909,223	57,130,030
Global bond – Note 7 (a)	2,931,401	3,088,768
	\$70,983,990	\$67,755,090

The relevant accompanying notes form part of this Statement of Cash Flows.



SAMOA NATIONAL PROVIDENT FUND
STATEMENT OF CONTRIBUTION ACCOUNT
YEAR ENDING 30 JUNE 2009

	<u>Judiciary</u> <u>Retirement Fund</u>	<u>National</u> <u>Provident Fund</u>	<u>Total per Statement of Assets and</u> <u>Liabilities</u>	
	<u>JRF</u>	<u>NPF</u>	<u>30-Jun-09</u>	<u>30-Jun-08</u>
	\$	\$	\$	\$
Balances as at 30/06/08	597,278	321,666,634	322,263,912	295,083,142
Contribution received during the year	156,743	36,840,381	36,997,124	38,752,787
Interest on members accounts	31,126	21,694,244	21,725,370	20,051,153
	785,147	380,201,259	380,986,406	353,887,082
Withdrawals	230,529	25,947,484	26,178,013	22,560,725
Statutory charges	300	744,219	744,519	753,028
Loans offset against contributions	-	8,106,547	8,106,547	8,250,419
Transfer to Pension Pool	-	-	-	58,998
	230,829	34,798,250	35,029,079	31,623,170
Due to members 30/06/09	\$554,318	\$345,403,009	\$345,957,327	\$322,263,912

The relevant accompanying notes form part of this Statement of Contribution Account.

NOTES TO ACCOUNTS 30 JUNE 2009

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Set out hereunder are significant accounting policies adopted by the Fund in the preparation of accounts for the year ended 30 June 2009.

They are consistent with the policies that were adopted in the previous year.

(a) General Accounting Policies

The accounts are prepared on the historical cost basis using generally accepted accounting principles except for land and buildings which are stated at valuation. Accrual accounting is used to match income and expenditure. Reliance is placed on the fact that the Fund is a going concern.

The accounts have been prepared under the relevant requirements of the National Provident Fund Act 1972 and International Financial Reporting Standards.

(b) Particular Accounting Policies

The following are the particular accounting policies which have a material effect on the measurement of results and financial position.

Debtors

Debtors are stated at expected realisable value. Where a debt is considered to be irrecoverable it has been written off in the accounts, when Board approval has been given.

When the collection of a debt is in doubt an appropriate amount is charged against income as provision for doubtful debts.

Loans and Advances

These are stated at expected realizable values after taking into account those amounts, the recoverability of which are doubtful.

Provision for Doubtful Debts

Provisions for doubtful debts comprise a specific provision for known doubtful accounts and a general provision to cover unidentified risks

inherent in the overall loan/investment portfolio which could emerge in the future.

The general provision is based upon average bad debts experience and the growth in the overall level of loans and advances.

Equity Investments

Investments in company shares are stated at cost less provision for amounts which are considered to be a permanent diminution in their carrying values.

Interest on Members Contribution Accounts

In accordance with Section 25 of the Act, interest on members' accounts in the National Provident Fund and Judiciary Reserve Fund, is calculated on the amount standing to their credit with the Fund at the commencement of each financial year. The interest rate declared for this financial year was 7% compared to (2008:7%).

Fixed Assets

Land and buildings are stated at valuation cost. All other fixed assets are stated at cost less accumulated depreciation. The following rates and methods of depreciation are used to write off the costs of fixed assets over their expected useful lives

	<u>Rate</u>	<u>Method</u>
Buildings	2.5%	Straight Line
Motor vehicles	25%	Straight Line
Plant and equipment	25%	Straight Line
Fixture and fittings	20%	Straight Line

Foreign Currencies

Transactions in foreign currencies have been converted at the rates prevailing at the time of transactions. Assets and Liabilities in foreign currencies at year end have been converted at rates prevailing at that date. Exchanged differences are taken up in the income and expenditure statement.

Comparatives

Where necessary, comparative figures have been re-grouped to be consistent with changes in presentation in the current year.



NOTES TO ACCOUNTS 30 JUNE 2009

2. GENERAL RESERVE ACCOUNT

	30-Jun-09	30-Jun-08
	\$	\$
Balance as at 30/06/2008	13,575,250	13,374,382
Add:		
Statement of Income	24,016,937	20,720,823
Statutory charges	744,519	753,028
Transfer from UDA	656	-
	38,337,362	34,848,233
Deduct:		
Death benefit paid	662,297	606,828
Interest credited to members accounts	21,725,370	20,051,153
Transfer to Pension Pool	587,480	615,002
Loan interest Adjustment	856,475	-
Bonus 4% on withdrawal/death	520,292	-
	24,351,914	21,272,983
Balance as at 30/06/09	\$13,985,448	\$13,575,250

3. UNCLAIMED DEPOSITS ACCOUNTS

(i) Unclaimed Deposit Accounts represent unidentified contributions after reasonable diligent enquiries have failed to determine the members to whose accounts the credits should have been made. Investigations are currently being undertaken to identify members' accounts to be credited.

	30-Jun-09	30-Jun-08
	\$	\$
Balance at 30/06/08	851,584	896,499
Portion identified during the yr	(98,061)	(89,723)
(i) Unclaimed deposits during the period	129,670	105,706
(ii) Remaining credits 1972-2003 transfer from	(45,452)	(60,898)
Contributions for Withdrawal	-	-
Balance as at 30/06/09	837,741	851,584

(i) These deposits are established under Section 25(4) of the National Provident Fund Act 1972.

(ii) These remaining credits are transferred to UDA account in accordance with Section 25(5) & (6) of SNPF Act 1972.

4. PENSION POOL ACCOUNT

	30-Jun-09	30-Jun-08
	\$	\$
Balance at 30/06/2008	8,668,687	9,010,536
Transfer from Asset Revaluation	330,170	58,998
Transfer from General Reserve	587,480	615,002
Pension paid to pensioners	(983,173)	(1,017,595)
Pension redemption	8,084	1,746
Balance as at 30/06/09	8,611,248	8,668,687

Represents contribution from members who have reached 55 years of age and over and who have become pensioners. These members balances are transferred out of the contribution account with capitalisation and pensions paid and deducted from this account. In prior years these balances were included in the contribution account.

5. ASSET REVALUATION SURPLUS

The monetary effect of the change in the revaluation is reflected by these figures:

	After-Reval.	Reval. Surplus
	\$	\$
Land Molesi	7,139,000	1,135,710
Land Ululoloa	2,040,000	1,238,884
Land Apia	5,694,000	1,758,000
Land Yazaki	5,980,000	4,061,141
Land Desico	1,499,040	1,018,040
Building Molesi	773,000	(688,186)
Building Apia	9,452,000	413,900
Molesi Food Court	2,501,444	1,519,787
Building Yazaki	19,233,366	1,052,912
Building Desico	1,803,780	(2,018,250)
Building Ululoloa	338,161	105,656
	56,453,791	9,597,594
Plus: Asset Revaluation 2005 balance		24,399,536
Less: Transfer to Pension Pool		330,170
Surplus		33,666,960

NOTES TO ACCOUNTS

30 JUNE 2009

6. CASH BALANCES

	30-Jun-09	30-Jun-08
	\$	\$
Petty cash	488	488
ANZ Bank (Samoa) Ltd	851,387	445,418
Westpac Bank - Cash Magt	391,938	308,099
Westpac Bank Samoa Ltd	3,186,436	6,116,945
National Bank of Samoa	265,897	253,825
SCB Cash Management	242,085	-
BBL Bank - Brussels	115,363	315,281
ANZ Bank Samoa Ltd (Parnell)	89,772	96,236
Balance as at 30/06/09	5,143,366	7,536,292

7. TERM DEPOSITS

	30-Jun-09	30-Jun-08
	\$	\$
ANZ Bank Samoa Ltd	11,500,000	8,500,000
Westpac Bank Samoa Ltd	16,000,000	5,000,000
National Bank of Samoa	15,150,000	16,650,000
Samoa Commerical Bank	7,800,000	11,400,000
CBS Securities	-	2,955,785
Westpac Bank NZD	51,953	57,245
Westpac Brussel	357,270	-
Housing Financing Deposit-ANZ**	500,000	747,000
Housing Financing Deposit-Westpac**	8,000,000	8,000,000
Housing Financing Deposit-Housing Corp**	3,550,000	3,820,000
Balance as at 30/06/09	62,909,223	57,130,030

The term deposits interest rates range from 6.0% to 8.10% per annum and are invested over different periods ranging from 180 days to 730 days.

** This amount has been placed in term deposit for 15 years earning an interest of 7% per annum. However, this interest rate is subject to an annual review.

7(a)Global bond *

Current market offshore investment is \$2,931,401m ST which equates to AUD\$1,390,656 and is reflected in the statement of Assets & Liabilities. This investment is managed by BT Financial Group in Australia.(2008:\$3,088,768).

8. LOANS AND ADVANCES

	30-Jun-09	30-Jun-08
	\$	\$
SNPF small loan scheme	133,583,370	113,800,353
Short Term Loans	11,255,765	-
Large loans and advances	97,458,600	106,486,357
	242,297,735	220,286,710
<i>Deduct</i> provision for doubtful loans	5,554,059	6,482,806
Balance as at 30/06/08	236,743,676	213,803,904
Due within one year	52,762,577	24,277,151
Due beyond one year	189,535,158	196,009,559
	242,297,735	220,286,710

Members can borrow 50% of their SNPF contributions. These small loans are charged interest of 9.5% per annum and this change was effective in February 2005.

Short term loans allow active members to borrow 10% of their contributions apart from their usual 50% small loan entitlements at a fixed interest rate of 13%.

Interest on large loans is charged 13% (with 2% penalty for arrears) except special purpose loans such as to the Public Trust office and the Housing Corporation which are charged with a lower rate of 9%.

9. COMPANY SHARES

	30-Jun-09	30-Jun-08
	\$	\$
Desico Samoa Ltd	1,350,000	1,350,000
Computer Services Ltd	1,101,750	1,101,750
Medcen Samoa	458,000	458,000
Holdings Ltd		
Pacific Venture Capital	2,910	2,910
Aggie Grey's Beach Resort	14,500,000	14,500,000
CSL Mobile Ltd	2,776,460	5,000,000
	20,189,120	22,412,660
Less Provision for Diminution of Shares:		
Medcen Holdings	458,000	458,000
Desico Samoa Ltd	1,350,000	1,350,000
Balance as at 30/06/09	18,381,120	20,604,660

The Fund holds 67% of total share holding in Computer Services Ltd, 22% in MedCen Holdings Ltd, 66% in Desico Samoa Ltd, 38% Aggie Grey's Beach Resort Samoa Ltd, 50% CSL Mobile Ltd.



NOTES TO ACCOUNTS 30 JUNE 2009

<u>10. TERM RECEIVABLES FROM LAND SALES</u>	<u>30-Jun-09</u> \$	<u>30-Jun-08</u> \$
Land debtors	4,654,969	4,826,575
Saleimoa Land Deposits	(143,660)	(248,208)
Balance as at 30/06/09	4,511,309	4,578,367

10(a) Saleimoa Land Deposit

These term receivables are charged interest at 10% per annum. The repayment periods are for ten years. Legal transfer of title is not made until the full price of the land plus outstanding interests have been paid.

<u>11. INTEREST RECEIVABLES</u>	<u>30-Jun-09</u> \$	<u>30-Jun-08</u> \$
Term deposits	2,662,451	2,630,445
Balance as at 30/06/09	2,662,451	2,630,445

<u>12. CONTRIBUTION AND SURCHARGE DEBTORS</u>	<u>30-Jun-09</u> \$	<u>30-Jun-08</u> \$
Amounts due from employers	424,840	2,425,492
Deduct provision for doubtful contribution	369,068	500,000
Balance as at 30/06/09	55,772	1,925,492

A significant decrease in 2009 as compared to 2008 originate from schedules on hold as they were received unpaid. Currently schedules are loaded only when submitted with payment.

13. OTHER DEBTORS

<u>13. OTHER DEBTORS</u>	<u>30-Jun-09</u> \$	<u>30-Jun-08</u> \$
Other debtors	774,710	988,043
Deduct provision for doubtful debts	367,830	367,830
Balance as at 30/06/09	406,880	620,213

14. FIXED ASSETS:

<u>2009</u>	<u>Cost/ Valuation</u> \$	<u>Acc. Deprec</u> \$	<u>Written Down Value</u> \$	<u>Deprec. Charge</u> \$
Land	2,040,000	-	2,040,000	-
Ululoloa				
Land Molesi	7,139,000	-	7,139,000	-
Land	1,004,464	-	1,004,464	-
Brussels				
Land Apia	5,694,000	-	5,694,000	-
Land	5,980,000	-	5,980,000	-
Vaitele				
Land Desico	1,499,040	-	1,499,040	-
Land	1,460,000	-	1,460,000	-
Motootua - Sefo				
Land	350,000	-	350,000	-
Motootua - Fesili				
Building	773,000	77,300	695,700	19,325
Molesi				
Building	9,813,308	963,264	8,850,044	245,332
Apia				
Building	1,601,247	356,911	1,244,336	40,031
Brussels				
Building	19,233,366	1,921,995	17,311,371	480,834
Yazaki				
Building for Desico	1,840,225	182,201	1,658,024	46,005
Building	870,000	87,000	783,000	21,750
Ululoloa				
Building	540,000	27,000	513,000	13,500
Motootua - Sefo				
Building	950,000	37,604	912,396	23,750
Motootua - Fesili				
Motor vehicles	1,234,570	852,968	381,602	239,019
Plant and equipment	3,559,410	2,893,014	666,396	238,944
Fixtures and fittings	2,515,273	990,455	1,524,818	241,315
Savaii fittings	78,486	78,486	-	15,697
Ululoloa complex	338,161	-	338,161	-
Molesi Food Court - plant&equip	159,296	159,296	-	15,995
Molesi Food Court	2,501,444	250,144	2,251,300	62,536
Telephone System	62,263	62,263	-	-
Vaitele Agency	2,995,165	146,855	2,848,310	74,879
Treatment Plant	722,650	722,650	-	-
Car Park	419,224	187,853	231,371	104,973
	75,373,592	9,997,259	65,376,333	1,883,885

NOTES TO ACCOUNTS

30 JUNE 2009

14. FIXED ASSETS: cont'

2008	Cost/ Valuation	Acc. Deprec.	Written Down Value	Deprec. Charge
	\$	\$	\$	\$
Land Ululoloa	2,040,000	-	2,040,000	-
Land Molesi	7,139,000	-	7,139,000	-
Land Brussels	1,004,464	-	1,004,464	-
Land Apia	5,694,000	-	5,694,000	-
Land Vaitele	5,980,000	-	5,980,000	-
Land Desico	1,499,040	-	1,499,040	-
Land Motootua - Sefo	1,460,000	-	1,460,000	-
Land Motootua - Fesili	350,000	-	350,000	-
Building Molesi	773,000	57,975	715,025	(8,779)
Building Apia	9,813,309	717,932	9,095,377	209,687
Building Brussels	1,601,247	316,880	1,284,367	40,031
Building Yazaki	19,233,366	1,441,161	17,792,205	420,629
Building for Desico	1,840,225	136,196	1,704,029	(57,313)
Building Ululoloa	870,000	65,250	804,750	21,572
Building Motootua - Sefo	540,000	13,500	526,500	13,500
Building Motootua - Fesili	950,000	13,854	936,146	13,854
Motor vehicles	1,234,570	613,949	620,621	246,906
Plant and equipment	3,171,378	2,656,834	514,544	319,349
Fixtures and fittings	1,606,274	749,141	857,133	169,598
Savaai fittings	78,486	62,789	15,697	15,697
Ululoloa complex	338,161	-	338,161	-
Molesi Food Court - plant&equip	159,296	143,301	15,995	39,824
Molesi Food Court	2,501,444	187,608	2,313,836	122,056
Telephone System	62,263	62,263	-	15,566
Vaitele Agency	2,881,350	71,976	2,809,374	71,976
Car Park	415,225	83,045	332,180	83,045
	73,236,097	7,393,654	65,842,443	1,737,198

The second revaluation of fixed assets was carried out in 2005 pursuant to Board Resolution for that matter. However as further clarifications and splittings were required from valuer at that time, the amendments to fixed assets took place in 2008 and backdated to 2005. This was undertaken to establish fair market for the purpose of financial reporting. Kaisara Real Estate Management, a local valuer was awarded with this assignment. The exercise was carried out in accordance with the General Accepted Accounting Practices and relevant valuations standards.

15. LIABILITIES

	30-Jun-09	30-Jun-08
	\$	\$
(a) Sundry creditors		
-Retention	316,704	574,207
-Land/Investment Refunds	76,087	109,841
-2009 creditors paid in 2010	134,288	210,236
-other creditors	31,748	50,613
Balance as at 30/06/09	558,827	944,897
(b) Provision for audit fees		
-Lesa ma Penn	31,395	29,731
-Audit Office	19,550	9,750
Balance as at 30/06/09	50,945	39,481
(c) Provision for Management & Staff Benefits		
-Long Service/Sick Leave	239,725	246,343
-Annual Leave	-	119,455
-Management end of Contract	226,151	36,828
Balance as at 30/06/09	465,876	402,626
(d) Rent in Advance	14,505	778
Balance as at 30/06/09	14,505	778
16. INTEREST INCOME	30-Jun-09	30-Jun-08
	\$	\$
Term deposits	4,194,658	4,106,143
Housing Scheme	1,012,785	1,214,783
Loans and advances	22,395,618	22,118,112
Term receivables on land sales	487,505	473,806
Interest on current account and offshore account	53,262	63,901
Balance as at 30/06/09	28,143,828	27,976,745
17. DEFERRED COSTS	30-Jun-09	30-Jun-08
	\$	\$
Deferred Costs Computer System development	104,866	125,839
Less: Amortisation expenses	(20,973)	(20,973)
Balance as at 30/06/09	83,893	104,866



NOTES TO ACCOUNTS 30 JUNE 2009

18. REPAIRS AND MAINTENANCE

	<u>30-Jun-09</u>	<u>30-Jun-08</u>
	<u>\$</u>	<u>\$</u>
R & Maint Office equip	52,422	72,958
R & Maint Molesi	20,720	22,620
R & Maint Ululoloa	6,668	39,289
R & Maint Vaitele	3,003	3,269
R & Maint Desico	-	20,102
R & Maint Foodcourt	5,161	350
R & Maint Computer	12,177	10,924
Balance as at 30/06/09	100,151	169,512

19. LAND SALES EXPENSES

	<u>30-Jun-09</u>	<u>30-Jun-08</u>
	<u>\$</u>	<u>\$</u>
Land Subdivision-Aleisa	76,158	304,311
Land Subdivision-Nuu	-	73,533
Loss on repossessed land	1,659	557,576
Balance as at 30/06/09	77,817	935,420

20. BUILDING STOCK

Stocks on hand for office to replace damage items for building like bulbs etc. under Finance responsibility. Investments liaise with Finance in relation to re-ordering of new stocks when required

21. PREPAYMENTS

Prepayments in advance for rents and insurance of fund's Properties.

22. INCOME TAX

The income of the Fund is exempted from income tax under Section 54 of the National Provident Fund Act 1972.

23. CONTINGENCIES

The Directors are not aware of any contingent liabilities at balance date. (2008: Nil)

24. COMMITMENTS

At 30 June, 2009, the Fund was committed to lend \$4,804,066 of which \$2,750,000 still remains to be disbursed.

25. GENERAL

The National Provident Fund was incorporated under the National Provident Fund Act 1972.

26. ACTUARIAL REVIEW

Actuarial review was carried out in July 2006 for period ending 30 June 2005. Actuarial Review has advised that \$587,480 be transferred from General Reserve Account to the Pension Pool to correct Balance reflected in the Financial accounts as at 30 June 2009.