SAMOA LIFE ASSURANCE CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

SAMOA LIFE ASSURANCE CORPORATION
Financial Statements
For the year ended 30 June 2017

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MANAGEMENTS RESPONSIBILITY FOR FINANCIAL REPORTING

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. These financial statements have been reviewed and approved by the board of directors.

Our independent auditors (BDO), having been appointed by the Government Controller and Auditor General, have audited our financial statements. The accompanying independent auditors' report outlines the scope of their examination and their opinion.

Leiataua Alden S. Godinet
General Manager

Theresa Utai
AGM - Finance & Administration

Date: ______________________

The Directors present their report together with the financial statements of Samoa Life Assurance Corporation ("the Corporation") for the year ended 30 June 2017 as set out on the accompanying pages and the auditors' report thereon in accordance with the Public Finance Management Act and the Public Body Performance and Accountability Act.

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

Ulu Vaomalo Ulu Kini	(Chairperson)
Tuiasau Saumani Wong Sin	(Public Representative)
Tamaseu Leni Warren	(Public Representative)
Julie Tuala	(Public Representative)
Veronica Levi	(Public Representative)

Principal Activity
The principal activity of the Samoa Life Assurance Corporation is the provision of life assurance policies. There has been no change in the principal activity of the Corporation 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 Income Statement, 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 Corporation for the year ended 30 June 2017;

(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 Corporation as at 30 June 2017.

Operating Results
The total profit for the year is $2,085,484 (2016: $1,849,556) which is after income tax expense of $247,778 (2016: $238,041).

Reserves
The Directors have approved certain amounts to be transferred to and from reserves based on the advice from the appointed actuary and supported by management.

Bonuses
The Directors have approved the distribution of bonuses based on the advice from the appointed actuary and supported by management.

Dated at Apia this day_____ of______________, 2017.

Signed in accordance with a resolution of the Directors.

______________________ ______________________________

DIRECTOR **DIRECTOR**

Independent Auditors Report

Independent Auditors Report

SAMOA LIFE ASSURANCE CORPORATION
Statement of Financial Performance
For the year ended 30 June 2017

	Notes	2017 $	Restated 2016 $
Revenue from operations			
Net premium revenue	5	7,448,483	7,204,726
Investment income	6	3,208,527	2,950,807
Other income	7	690,740	588,906
Net operating revenue		**11,347,750**	**10,744,439**
Claims and operating expenses			
Administration expenses	8	954,593	818,622
Audit fees		70,000	70,000
Claims	9	5,245,692	5,288,541
Commission		811,699	645,204
Depreciation	15	214,955	165,359
Directors fees and costs	26	111,048	113,119
Interest on superannuation	24	100,384	172,265
Personnel costs	10	1,802,686	1,774,688
Net claims and operating expenses		**9,311,057**	**9,047,798**
Profit before income tax		2,036,693	1,696,641
Income tax expense	11	(247,778)	(238,041)
Net profit after tax		**1,788,915**	**1,458,600**
Share of profits from Investment in Associate	14	296,570	390,956
Total profit		**2,085,485**	**1,849,556**

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

SAMOA LIFE ASURANCE CORPORATION
Statement of Financial Position
As at 30 June 2017

	Notes	2017	Restated 2016
		$	$
ASSETS			
Property, plant and equipment	15	4,479,926	4,644,111
Loans on policies	12 (i)	16,840,197	15,740,082
Mortgaged lending	12 (ii)	3,720,144	3,364,358
Equity investments	13	5,240,791	4,126,393
Investments in associates	14	1,046,344	1,833,622
Accounts receivable	18	1,351,811	1,125,270
Other receivables and prepayments	19	508,178	820,268
Income tax receivable		511,416	496,138
Funds on deposit	17	9,947,359	8,253,163
Cash at bank	16	1,403,338	2,236,613
Total assets		**45,049,504**	**42,640,018**
LIABILITIES, FUNDS AND RESERVES			
Liabilities			
Insurance liabilities	20	383,526	285,985
Superannuation plan fund	24	1,996,888	2,047,936
Other payables and accruals	21	491,922	214,414
Total liabilities		**2,872,336**	**2,548,335**
Funds and reserves			
Assurance fund	22	40,386,417	38,150,932
Mortality and contingency reserve fund	23	1,100,000	1,100,000
Property revaluation reserve	25	690,751	840,751
Total funds and reserves		**42,177,168**	**40,091,683**
Total liabilities, funds and reserves		**45,049,504**	**42,640,018**

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

SAMOA LIFE ASSURANCE CORPORATION
Statement of Changes in Funds and Reserves
For the year ended 30 June 2017

	Notes	Assurance Fund	Mortality & Contingency Reserve Fund	Property Revaluation Reserve	Total
Balance as at 1 July 2015		36,389,436	1,100,000	90,751	**37,580,187**
Correction of prior period errors	29	(238,060)	-	-	(238,060)
Restated balance as at 1 July 2015		**36,151,376**	**1,100,000**	**90,751**	**37,342,127**
Total Profit	22	1,849,556	-	-	1,849,556
Transfer between Assurance Fund and Property Revaluation Reserve	22, 25	150,000	-	(150,000)	-
Transfer from Land & Building	15,25	-	-	900,000	**900,000**
Balance as at 30 June 2016		**38,150,932**	**1,100,000**	**840,751**	**40,091,683**
Total Profit	22	2,085,485	-	-	2,085,485
Transfer between Assurance Fund and Property Revaluation Reserve	22, 25	150,000	-	(150,000)	-
Balance as at 30 June 2017		**40,386,417**	**1,100,000**	**690,751**	**42,177,168**

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

SAMOA LIFE ASSURANCE CORPORATION
Statement of Cash Flows
For the year ended 30 June 2017

	Notes	2017 $	Restated 2016 $
Cash flows from operating activities			
Cash received from customers		8,209,494	7,709,483
Cash paid for commission, reinsurance, claims, loans supplies and employees		(8,721,053)	(9,238,063)
Income taxes paid		(247,778)	(238,041)
Net cash inflow/(outflow) from operating activities		**(759,337)**	**(1,766,621)**
Cash flows from investing activities			
Purchase of fixed assets		(50,770)	(391,074)
Interest received		(2,124,785)	1,789,635
Dividends received		1,707,048	199,419
Share of profits from investment in associates		296,570	390,956
Net cash inflow/(outflow) from investing activities		**(22,890)**	**1,988,936**
Cash flow from financing activities			
Supperannuation funds		(51,048)	121,222
Net cash inflow/outflow from financing activities		**(51,048)**	**121,222**
Net increase/(decrease) in cash and cash equivalents		(833,275)	343,536
Cash and cash equivalents at beginning of year		2,236,613	1,893,077
Cash and cash equivalents at end of year		**1,403,338**	**2,236,613**
Represented by:			
Cash on hand	16	170	170
Cash at bank	16	1,403,168	2,236,443
		1,403,338	**2,236,613**

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

1. General information

The Samoa Life Assurance Corporation (the Corporation) provides optional life assurance policies and earns investment income from property, loans and term deposits.

The Corporation was established by the Samoa Life Assurance Corporation Act 1976. It is governed by a 5 member board of directors (the Board) chaired by Ulu Vaomalo Ulu Kini.The Board also comprises of appointed public representatives.

The Corporations main office is located on the 3rd Floor of the Samoa Life Assurance Corporation Building, Matafele and its postal address is P.O. Box 494.

The Corporation is designated as a public beneficial body under the Public Body Performance and Accountability Act 2001. As a public beneficial body, the Corporation is required to follow the requirements of the Public Finance Management Act 2001.

These financial statements were authorized for issue by the Board of Directors on __________ 2017

2. Statement of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Public Finance Management Act 2001 which requires the adoption of *International Financial Reporting Standards* issued by the International Accounting Standards Board (IASB).

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of specific items of property, plant and equipment and financial instruments. The principal accounting policies are stated to assist in a general understanding of these financial statements.

c. Investments in associates

Associates are those entities over which the Corporation is able to exert significant influence, but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Corporation’s share in the associate is not recognized separately and is included in the amount recognized as investment in associates

The carrying amount of the investment in associates is increased or decreased to recognize the Corporation’s share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Corporation.

Unrealized gains and losses on transactions between the Corporation and its associates are eliminated to the extent of the Corporation’s interest in those entities. Where unrealized losses are eliminated, the underlying asset is also tested for impairment.

d. Principles underlying the conduct of life insurance business

The life insurance operations of the Corporation comprise the selling and administration of life insurance contracts.

Life insurance contracts involve the acceptance of significant insurance risk. Insurance risk is defined as significant if and only if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance. Insurance contracts include those where the insured benefit is payable on the occurrence of a specified event such as

death, injury or disability caused by accident or illness. The insured benefit is either not linked or only partly linked to the market value of the investments held by the life insurer, and the financial risks are substantially borne by the life insurer.

e. Premium Revenue

Life Insurance Contracts
Premium amounts earned by bearing insurance risks are recognized as revenue.

f. Investment Revenue

Investment revenue is recognized as follows:

Interest income
Interest income is recognized on an effective interest method.

Dividend income on equity investments
Dividend revenue from equity investments is recognized when the shareholders' rights to receive payment have been established.

Property income
Property income is recognized on an accrual basis.

Fair value gains and losses
Fair value gains and losses on financial assets at fair value are recognized through the income statement.

g. Claims expense

Claims are recognized when the liability to a policyholder under a life insurance contract has been established or upon notification of an insured event.

h. Outwards reinsurance

Premiums ceded to reinsurers under reinsurance contracts are recorded as an outwards reinsurance expense and are recognized over the period of indemnity of the reinsurance contract.

i. Income tax

The Corporation by specific approval by the Ministry for Revenue is exempt from paying tax on life insurance contract revenue except for all other income such as investment income which is subject to 10% of taxable income.

Current tax on net investment income is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. Current tax for current and prior periods is recognized as a liability (or asset) to the extent that it is unpaid (or refundable).

j. Functional and presentation currency

Items included in the financial statements of the Corporation are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The functional currency is the Samoan Tala (SAT).

k. Foreign currency transactions

Transactions in foreign currencies are translated to functional currency at exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the exchange rate ruling at that date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the exchange rates ruling at the dates the fair value was determined.

l. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and term deposits with maturities of 90 days for the purposes of the statement of cash flows.

m. Receivables

Receivables are recognized initially at fair value. Due to the short term nature of these assets the recoverable value, i.e. allowing for doubtful debts, will be the fair value.

n. Property, plant and equipment

Owner-occupied property
The SLAC Building for the purposes of accounting policy and treatment is referred to as owner-occupied property as a significant portion of the property is held for use by the Corporation in the production of goods and services and for administrative purposes.

Owner-occupied property is initially measured at cost, including transaction costs. It is subsequently measured at the revalued amount, being its fair value at the date of the revaluation, less any subsequent accumulated depreciation and accumulated impairment losses.

All property valuations are undertaken every 3-4 years by independent registered valuers. Fair value is based on appropriate market evidence using earnings capitalization, discounted cash flow analysis, comparable sales transactions or a combination of these methods. The valuations are adjusted if necessary, for any difference in the nature, location or condition of the asset.

When a revaluation increases the carrying value of a property, the increase is recognized directly in the owner-occupied property valuation reserve.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount and are recognized in the Income statement. The balance of the revaluation reserve, in respect of a property disposed of, is transferred to the assurance funds.

Each part of an owner-occupied property, except land, that is significant in relation to the total property is depreciated on a systematic basis over the useful life of the asset, being a period not exceeding 40 years.

All other property, plant and equipment
All other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The rates at which depreciation is charged are as follows:

• Owner occupied property on freehold land	2.50%
• Office furniture and equipment	
Spare parts - PABX	20.00%
Office furniture & fittings	20.00%
Office equipments	25.00%
• Motor vehicles	25.00%
• Generator and spare parts	20.00%

The residual value is reassessed annually.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other (losses)/gains – net, in the income statement.

o. Financial assets backing insurance business

The Corporation has determined that all assets of the Corporation are assets backing the policy liabilities of the life insurance business.

p. Fair value estimation

Fair value is determined as follows:

- Cash assets and bank overdrafts are carried at face value which approximate fair value;
- For investments in other companies, where quoted prices are not available and valuation techniques are not appropriate, the company has determined fair value using cost less impairment;
- Receivables are carried at book value, which is the best estimate of fair value as they are settled within a short period;
- Loans and mortgages are net of provisions for impairment. The estimated fair value of loans and mortgages are represented by the principal amounts outstanding at year end.

q. Impairment

The carrying amounts of the Corporation's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized immediately in the profit or loss.

Calculation of recoverable amount
Recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Reversals of impairment
In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

r. Financial assets

The Corporation classifies its financial assets in the following categories; loans & receivables and available for sale. 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
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The

Corporation's loans and receivables comprise 'Loans on policies', 'Mortgages', 'Cash at bank', "Funds on deposits' and 'Accounts receivable'.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not categorized in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. The Corporation's available-for-sale financial assets include equity investments and are classified as non-current assets in the balance sheet.

s. Payables

Accounts payables and other accounts payable are recognized when the Corporation becomes obliged to make future payments resulting from the purchase of goods and services. Payables are recognized at cost which is the fair value of the consideration to be paid in the future for goods and services received. Given the short-term nature of most payables, the carrying amounts approximate fair value.

t. Provisions

A provision is recognized in the balance sheet when the Corporation has a present legal or constructive obligation as a result of a past event, and it is more likely than not that an outflow of economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

u. Employee benefits

The Corporation contributes towards the Samoa National Provident Fund, a defined contribution plan in accordance with local legislation and to which it has no commitment beyond the payment of contribution. Obligations for contributions to the defined contribution plan are recognized immediately in profit or loss.

Liabilities for annual leave is accrued and recognized in the balance sheet. Annual leave are recorded at the undiscounted amount expected to be paid for the entitlement earned.

Short term benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

v. Life insurance contract liabilities

The financial reporting methodology used to determine the value of the insurance contract liabilities is the net premium valuation method. Projections of future policy cash flows using best estimate assumptions show that the overall value determined under this method is a realistic estimate of fair value.

The assumptions used in the calculation of the policy liabilities are reviewed at each reporting date.

w. Funds and reserves

Funds and reserves include:

Assurance fund: The main policyholder fund covering the liabilities for individual life and group life policies and the cost of bonus additions to those policies.

Mortality and contingency reserve: A special reserve to provide additional solvency for exceptional events such as a significant deterioration in the mortality experience or major investment losses.

Superannuation plan fund: The policy fund set up to meet superannuation liabilities under the Samoa Life Superannuation Plan.

Property revaluation reserve: The property revaluation reserve on land and building arose following an assessment by the Corporation based on independent valuations of current market values at balance date. Revaluation of property is done every (3-4) years at the discretion of the Board of Directors.

x. Bonus distribution

Reversionary bonuses and maturity and death claim bonuses are declared each year out of surplus funds by the Corporation's Board after considering the advice of the actuary. The reversionary bonuses are recognized as a liability in the year they are declared and allocated to policies. The maturity and deaths claim bonus is only recognized as a liability when paid.

y. Comparatives

Where necessary, previous period comparatives have been changed to conform with the presentation of financial information for the current year.

3. Changes in Accounting Policy

Prior to 2012, the Investments in Associates were recorded at cost. IAS 28 requires the adoption of the equity method to account for Investment in Associates. The Corporation compromises of shareholding of 30% ordinary shares in CSL Mobile ltd. In this method the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Corporation's share of the profit or loss of the CSL Mobile Ltd after the date of the acquisition.

4. Critical accounting estimates and judgments

Preparing financial statements to conform with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognized in the year if the change affects only that year, or into future years if it also affects future years. In the process of applying the Corporation's accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognized in these financial statements.

Policy liabilities

The value of the policy liabilities is strongly influenced by the assumptions used in the actuarial assessments. Key factors regarding future experience are:

- The investment returns in relation to amounts guaranteed under the policies and the level of bonus additions.
- The mortality and morbidity experience.
- The costs of administering the policies.
- The level of new business and policy discontinuances.

5. Net premium revenue

Details of net premium revenue are specified as follows:

	2017 $	2016 $
Gross premium revenue	7,673,888	7,378,726
less: outwards reinsurance expense	(225,405)	(174,000)
Net premium revenue	**7,448,483**	**7,204,726**

6. Investment income

Details of investment income are specified as follows:

	2017 $	2016 $
Interest received:		
Term deposits	389,286	332,243
Government treasury bonds	13,865	20,228
Mortgage loans	297,741	304,337
Loan on policies	1,910,507	1,798,569
Staff advances	10,027	13,128
	2,621,426	2,468,505
Dividend income	369,405	199,419
Rent income	217,696	282,883
Total investment income	**3,208,527**	**2,950,807**

7. Other income

Details of other income are specified as follows:

	2017	2016
	$	$
Loan administration fees	286,029	270,238
Superannuation administration fees	9,202	8,427
Exchange gains	15,565	47,423
Penalty charge on arrears	125,143	107,217
Policy service fees	12,988	15,631
Mortgage application fees	8,700	2,400
Loans maintenance fees	161,065	158,247
Gain (LOSS) on revaluation of shares	66,473	(88,630)
Profit on Sale of Assets	-	62,000
Mortgage administration fee	4,071	4,373
Other sundry income	1,504	1,580
Total other income	**690,740**	**588,906**

8. Administration expenses

Details of administration expenses are specified as follows:

	2017	2016
	$	$
Actuarial fees - Valuation, product and system development	130,045	121,689
Data processing - data entry	68,079	4,409
Other administration expenses	756,469	692,524
Total administration expenses	**954,593**	**818,622**

9. Claims expenses

Details of claims expenses are specified as follows:

	2017	2016
	$	$
Death claims	400,358	355,310
Surrender claims	1,616,576	1,807,400
Maturity claims	3,228,758	3,125,831
Total claims expense	**5,245,692**	**5,288,541**

10. Personnel costs

Details of personnel costs are specified as follows:

	2017 $	2016 $
Gross salaries and wages	1,630,361	1,622,173
Accident compensation commission	21,102	21,820
National provident fund	151,223	130,695
Total	**1,802,686**	**1,774,688**

The average number of persons employed during the year is 53 (2016: 52).

11. Income tax

Details of income tax are specified as follows:

	2017 $	2016 $
Investment income	3,208,527	2,950,807
Less: Dividend income (non-taxable)	(369,405)	(199,419)
	2,839,122	2,751,388
Less: Allowable deductions	(361,342)	(370,978)
Taxable income	2,477,780	2,380,410
Income tax expense at 10%	**247,778**	**238,041**

12. Loans on policies and mortgages

Details of financial assets are specified as follows:

	2017 $	2016 $
(i) Loans on policies:		
Opening balance	15,740,082	15,072,791
Plus: New loans during the year	5,508,408	5,275,728
Interests charged during the year (active policies)	1,910,506	1,798,569
Maintenance fees	161,065	158,248
Others	31,345	32,657
	23,351,406	22,337,993
Less: Repayments during the year	(6,511,209)	(6,597,911)
	16,840,197	**15,740,082**

Maturity analysis for loans on policies is found in Note 27

Related Party Loans:
The above includes loans on policies by staff of $96,247 (2016 $75,299)

	2017 $	2016 $
(ii) Mortgages:		
Opening balance	3,778,391	3,989,280
Plus: Advances during the year	865,000	370,000
Interests charged during the year	297,741	330,397
Suspense interest	69,392	-
Refund of overpayment	7,624	2,665
Administration fees	4,071	4,273
	5,022,219	4,696,615
Less: Repayments during the year	(888,042)	(655,679)
Mortgage Accounts written off	-	(187,545)
Mortgage Clearing Account	-	(75,000)
Provision for loan losses	(414,033)	(414,033)
	3,720,144	**3,364,358**

Maturity analysis for mortgages is found in Note 27

Related Party Mortgages:
The above includes mortgage loans by staff of $1,295,035 (2016 $829,740; mortgage loans by directors of $nil (2016 $nil) at 30 June 2017

13. Investments

Details of equity investments are specified as follows:

	2017 $	2016 $
Equity Investment		
National Pacific Insurance Limited (5% shares)	388,540	388,540
Computer Services Limited (19% shares)	325,000	325,000
Other Investment:		
Samoa Submarine Cable Company	1,047,925	-
Gov.t Treasury Bond	200,000	200,000
Unit Trust of Samoa (2,215,761shares)	3,279,326	3,212,853
Total equity investments	**5,240,791**	**4,126,393**

The equity investments are subsequently measured at cost or revalued amounts as they are invested in entities where there is no active market (unlisted entities). As at year end the total Invested in Samoa Submarine Cable Company (SSCC) was $409,005 USD which is 50% of their investment for a 10% share in SSCC. The remaining 50% investment in SSCC was completed after 30 June 2017.

14. Investment in associates

Investment in associate relates to SLAC's investment in CSL Mobile which is of 30% shareholding (2016: 30%).

	2017 $	Restated 2016 $
Beginning balance	1,833,622	1,717,467
Share of profit in associate	296,570	390,956
Increase investment in CSL Mobile	523,795	-
Dividend income	(1,607,643)	(274,800)
Total investment in associates	**1,046,344**	**1,833,622**

SLAC increased its investment in CSL Mobile by $523,795 tala as of 30 June 2017. All other shareholder in CSL Mobile also increased their shares on a proportional basis. The result is that SLAC's percentage shareholding remained the same at 30%.

Dividend income comprises of three set of dividends 1. Cash dividend declared and received from CSL Mobile was $270,000 tala (2016: $274,800 tala). 2. Deemed dividend that was re-invested into CSL Mobile was $523,795 tala (2016: $NIL). 3. Deemed dividend that was transferred directly by CSL Mobile to SSCC for SLACs Investment of $813,848 tala (2016: $NIL). For calculating the carrying amount of Investment in Associate, deemed dividend was netted off in accordance with the *Equity Accounting for Associates*.

Investments in associates consist of a 30% ordinary share holding in CSL Mobile Limited and are accounted for using the equity method. The Directors have taken a medium to long term view of this investment.

	2017 $	Restated 2016 $
Assets		
Current assets	972,292	4,490,089
Non-current assets	3,084,604	5,273,543
	4,056,896	**9,763,632**
Liabilities		
Current liabilities	61,633	54,306
Non-current liabilities	333,482	2,995,613
	395,115	3,049,919
Net assets	**3,661,781**	**6,713,713**
Income	1,041,169	503,727
Expenses	(52,603)	799,459
Profit/Loss after income tax	**988,566**	**1,303,186**
SLAC 30% Share of CSL Mobile's Profits	**296,570**	**390,956**

There are no contingent liabilities relating to the Corporation's investment in associates.

15. Property, plant and equipment

Details of property, plant and equipment are specified as follows:

	Owner occupied land	Owner occupied property	Office furniture & equipment	Motor vehicles	Generator & spare parts	**Total**
GROSS CARRYING AMOUNT						
Revaluation 1 July 2014	1,245,000	3,574,676	612,114	255,000	168,205	**5,678,425**
Plus revaluation						
Additions	-	-	51,369	-	-	**51,369**
Balance as at 30 June 2015	**1,245,000**	**3,574,676**	**663,483**	**255,000**	**168,205**	**5,906,364**
Additions	300,000	600,000	267,574	123,500	-	**1,291,074**
Balance as at 30 June 2016	**1,545,000**	**4,174,676**	**931,057**	**378,500**	**168,205**	**7,197,438**
Plus current revaluation						**-**
Additions	-	-	50,770	-	-	**50,770**
Balance as at 30 June 2017	**1,545,000**	**4,174,676**	**981,827**	**378,500**	**168,205**	**7,248,208**
ACCUMULATED DEPRECIATION						
Opening balance 1 July 2015	-	1,453,509	511,254	255,000	168,205	**2,387,968**
Depreciation charge for the year	-	53,029	102,038	10,292	-	**165,359**
Balance as at 30 June 2016	**-**	**1,506,538**	**613,292**	**265,292**	**168,205**	**2,553,327**
Disposals	-	-	-	-	-	**-**
Depreciation charge for the year	-	66,703	117,377	30,875	-	**214,955**
Balance as at 30 June 2017	**-**	**1,573,241**	**730,669**	**296,167**	**168,205**	**2,768,282**
Net book value 30 June 2016	**1,545,000**	**2,668,138**	**317,765**	**113,208**	**-**	**4,644,111**
Net book value 30 June 2017	**1,545,000**	**2,601,435**	**251,158**	**82,333**	**-**	**4,479,926**

16. Cash and cash equivalents

Details of cash and cash equivalents for the purposes of the cash flow are specified as follows:

	2017	**2016**
	$	**$**
W'pac Banking Corp Australia	50,740	21,298
ANZ Bank Samoa Ltd	970,338	1,965,537
BNZ Bank Ltd	99,513	79,887
National Bank Samoa Ltd	50,141	24,432
Bank South Pacific Samoa Ltd	99,920	96,476
Petty cash	170	170
Samoa Commercial Bank	132,516	48,813
Total cash and cash equivalents	**1,403,338**	**2,236,613**

17. Funds on deposit

Details of funds on deposit are specified as follows:

	2017	2016
	$	$
ANZ (Samoa) Limited	705,381	1,178,705
BNZ Bank Ltd	1,330,056	1,308,658
National Bank Samoa Ltd	2,472,740	1,031,508
Bank South Pacific Samoa Ltd	2,746,016	1,005,782
W'pac Banking Corp (Australia)	151,265	146,443
Samoa Commercial Bank Ltd	2,541,901	3,582,067
Total funds on deposit	**9,947,359**	**8,253,163**

The above term deposits have a weighted average interest rate of 3.50% and an average term of 365 days.

Maturity analysis of funds on deposit is found in Note 27.

18. Accounts receivable

Details of accounts receivable are specified as follows:

	2016	2016
	$	$
Premiums in arrears	1,232,833	1,021,185
Penalty charges on premium arrears	118,978	104,085
Total accounts receivable	**1,351,811**	**1,125,270**

Premiums which are less than 3 months past due are not considered impaired. The above includes premiums of $924,624 (2016 $765,889) in arrears over 3 months past due which are also not considered impaired as they are covered under the non-forfeiture provisions.

19. Other receivables and prepayments

Details of other receivables and prepayments are specified as follows:

	2017	2016
	$	$
Accrued interest from investments	405,938	676,865
Others	102,240	143,403
Total other receivables & prepayments	**508,178**	**820,268**

20. Insurance liabilities

Details of insurance liabilities are specified as follows:

	2017 $	2016 $
Premiums overpaid	110,888	52,779
Maturities, surrenders and death claims not paid	272,638	233,206
Mortgage clearing account	-	-
Total insurance liabilities	**383,526**	**285,985**

21. Other payables and accruals

Details of other payables and accruals are specified as follows:

	2017	2016
Provision for audit fees	34,476	33,657
Other creditors	457,446	180,757
Total other payable and accruals	**491,922**	**214,414**

22. Assurance fund

Details of assurance fund are specified as follows:

	2017 $	Restated 2016 $
Opening balance	38,150,932	36,151,377
Plus: Current year's net profit	2,085,484	1,849,556
Transfer from property revaluation reserve	150,000	150,000
Closing balance	**40,386,417**	**38,150,932**

23. Mortality and contingency reserve fund

Details of mortality and contingency reserve fund are specified as follows:

	2017 $	2016 $
Opening balance	1,100,000	1,100,000
Closing balance	**1,100,000**	**1,100,000**

24. Superannuation plan fund

Details of superannuation plan fund are specified as follows:

	2017 $	2016 $
Members funds at beginning	2,047,936	1,926,714
Add: Contributions	86,420	79,209
Interests credited	100,384	172,265
	2,234,740	2,178,188
Less: Payments and other charges	-237,852	-130,252
Closing balance	**1,996,888**	**2,047,936**

25. Property revaluation reserve

Details of property revaluation reserve are specified as follows:

	2017 $	2016 $
Opening balance	840,751	90,751
Add:Transfer from Land & Building	-	900,000
Less: Transfer to assurance funds	-150,000	-150,000
Closing balance	**690,751**	**840,751**

The latest valuation was done in 2016 by an independent valuer.

26. Directors and executive management compensation

i. *Directors*

Details of Directors fees and expenses during the year were as follows:

	2017 $	2016 $
Directors fees	91,039	90,721
Sitting allowances	-	0
Catering expenses	11,359	13,258
Xmas gifts		4,500
Training expenses	650	640
Membership fees	8,000	4,000
Total directors fees and expenses	**111,048**	**113,119**

Directors appointed from Government Corporations and Ministries do not receive directors' fee or sitting allowances. Government regulations specify that directors fees are chairperson $22,500 per annum members $18,000 per annum. Directors do not receive any sitting allowances.

ii. *Key management personnel costs*

Details of the remuneration of key members of management during the year were as follows:

	2017 $	2016 $
Salaries and short-term employment benefits	375,363	375,363
Employers contribution to:		
National provident fund	52,214	44,756
Accident compensation commission	7,460	7,460
Total key management personnel costs	**435,037**	**427,579**

27. Life insurance contracts and valuation of liabilities

Assumptions of valuation of life insurance contract liabilities and other liabilities
The effective date of the policy liabilities and solvency reserves calculation is 30 June 2017. The Appointed Actuary, Melville Jessup Weaver, has calculated policy liabilities for the Corporation. The actuary is satisfied as to the accuracy of the data from which the policy liabilities have been determined.

The liabilities arise in respect of individual policies, group arrangements and the Superannuation Plan. Total sums assured on policies, inclusive of bonus additions amount to $ 158.1 million tala at balance date.

The basis adopted for the valuation was the net premium method using the A1924/29 ultimate mortality tables with 4.5% interest and with an adjustment to the net premium to allow for initial expenses not exceeding the lesser of the first year's premium and 4% of the sum assured.

The valuation disclosed the following figures:

		2017 $	2016 $
Policyholder Funds as per accounts		43,918,000	39,652,000
Owner-occupied land and property revaluation recognised		150,000	150,000
		44,068,000	39,802,000
Less value of liabilities:	Life policies	(34,952,000)	(32,494,000)
	Superannuation	-	-
Less existing mortality and contingency reserve		(1,100,000)	(1,100,000)
Net surplus at 30 June 2017		**8,016,000**	**6,208,000**

Basis for valuation
The following describes the basis for the valuation:

a. Policies were valued individually using a modified net premium method with allowance for initial expenses. The allowance taken was the lesser of the first years premium and $55 per $1,000 basic sum assured.

b. Reserves for extra risks (e.g. Health) and policy riders were taken as equal to one half of the premium in respect of such risks.

c. Negative reserves (which can only occur in the first year of a policy's life as a result of the value of future premiums being greater than the value of the future liabilities) have been eliminated.

d. The mortality table used was the A1924/29 Ultimate Table. A "Mortality and Contingency Reserve" has been established to provide protection against adverse fluctuations in mortality experience and also in other adverse circumstances.

e. The rate of interest used was 4.5% per annum.

f. No specific reserve is made for future expenses. Provisions for future expenses and profit are assumed to be derived from the difference between the net premium required and actual premium charged.

g. No reinsurance premiums are paid in advance, so no adjustment needs to be made for any unexpired portion.

h. Supplementary valuation investigations using best estimate assumptions show that the value determined for the policy liabilities under this valuation basis is a realistic estimate of fair value.

Life insurance risk

The life insurance activities of the Corporation involve a number of financial and non-financial risks associated with the pricing, acceptance, administration and benefits under its policies.

The financial risks relate to the investment guarantees provided under policies regarding the amounts payable on death or maturity. These risks are managed by:

- Appropriate asset allocation policies.
- Proper regard to the timing and amount of expected payments.
- The bonus allocation policy.

Part of the return to policyholders is provided through special maturity and death claim bonuses which although funded are not guaranteed.

To manage the non-financial risks, the Corporation has in place:

- Appropriate pricing and product design procedures for new policies.
- The underwriting of all individual policies and strict acceptance procedures for group risks.
- Arrangements which ensure the insurance portfolio is well diversified.
- Reinsurance.

The Corporation reinsures part of insurance risk with a specialist reinsurance company. This serves primarily to:

- Reduce the net liability on large individual risks
- Stabilise the financial results from year to year.

The Company's reinsurance arrangements have changed since 2015. As at 1 July 2016, the reinsurance company is based in Singapore is regulated by the Monetary Authority of Singapore and has a strong credit rating of A+ (negative) Standard and Poor's. Its parent company is based in Bermuda and other major operations are in USA, Ireland and Switzerland.

28. Risk management and financial instrument information

Risk management objectives

The principal objective of the Corporation's Risk Management strategy is to establish a dynamic structure for the identification, measurement, monitoring and reporting of financial risks. The Corporation seeks to manage financial risks to maximize the return to its policy holders, while ensuring:

- that the Corporation remains solvent
- there is sufficient cash flow available to execute the operational strategy set by the Board of Directors.

The Corporation's risk management is carried out in accordance with policies set by the Board and they provide a clear structure for managing financial risks including delegations, and reporting.

Financial Risk Management Structure

The board has ultimate responsibility for risk management and governance, including ensuring an appropriate risk framework is in place and is operating effectively. The following bodies and individuals within the Corporation are also responsible for managing and monitoring financial risks.

The Board

The Board is responsible for the approval of the risk management policy, investment strategy, capital and financing plans, approval of transactions outside of risk management policy and setting the financial risk appetite.

Appointed Actuary

The Appointed Actuary is responsible for reporting to the board on the financial condition of the corporation including the valuation of the liabilities and solvency. The Appointed Actuary is also responsible for giving advice on the allocation of surplus, premium rates and product design.

Risks and mitigation

The Corporation's activities expose it to a variety of financial risks:

(A) Market risk

Market risk is the risk of change in the fair value of financial instruments from fluctuations in the foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to an individual financial instrument or its issuer affecting all financial instruments traded in a market.

(i) Currency risk

Currency risk is the risk of loss resulting from changes in exchange rates. Losses may result from translating the Corporations funds on deposit invested in overseas markets such as in New Zealand and Australia but this does not form a significant part of the Corporation's operations and these are not hedged.

Foreign currency denominated assets:

	2017 $ SAT	2016 $ SAT
Exposure to Austalian dollars	202,004	164,269
Exposure to New Zealand dollars	1,429,531	1,388,510
	1,631,535	1,552,779

At 30 June 2017, if the Currency had weakened or strengthened by 10% against the $NZ dollar with all other variables held constant, post-tax profit for the year would have been $3,414,908 (2016: $1,847,341) higher or $3,056,525 (2016:$1,812,574) lower, mainly as a result of foreign exchange gains/losses on translation of $NZ dollar-denominated financial assets.

At 30 June 2017, if the Currency had weakened or strengthened by 10% against the $AUS dollar with all other variables held constant, post-tax profit for the year would have been $3,196,981 (2016: $1,961,771 higher or $3,567,266 (2016: $1,680,434) lower, mainly as a result of foreign exchange gains/losses on translation of $AUS dollar-denominated financial assets.

(ii) *Interest rate risk*
Interest rate risk is the risk that the value/future value cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Investment asset of the Corporation comprise cash, funds on deposits, equity securities and other financial assets that are held to back life insurance contract liabilities such as loans on policies, mortgages, assurance funds and reserves.

The following table provides information on the financial assets which are subject to interest rate changes. They show the weighted average interest rate. The weighted average interest rates are based on carrying amounts and rates applicable at balance date.
Maturity analysis interest bearing financial assets and liabilities:

	Weighted Average Interest rate	Within 1 year	Between 2-5 years	Over 5 years	Total
2017					
Loans on policies	12.00%	600,000	16,240,197	-	16,840,197
Mortgages	8.00%	577,334	1,565,335	1,991,507	4,134,176
Funds on deposits	3.50%	8,747,359	1,000,000	200,000	9,947,359
Net total		**9,924,693**	**18,805,532**	**2,191,507**	**30,921,732**

All other financial assets and liabilities are non-interest bearing.

(iii) *Fair value of financial instruments*
All financial assets and liabilities are recorded in fair values which approximate fair value.

(B) *Credit risk*
Credit risk is the risk of loss that arises from a counter party failing to meet their contractual commitment in full and on time, or from losses arising from the change in value of a financial instrument as a result of changes in credit risk on that instrument.

The maximum exposure to credit risk at balance date in relation to each class of recognized financial assets is the carrying amount of those assets as indicated in the balance sheet.

(C) *Liquidity risk*
Liquidity risk represents the risk that the Corporation may not have the financial ability to meet its contractual obligations. The corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Forecasted liquidity reserve per 30 June 2018 is as follows:

	2018	2019-2022
	$	$
Opening balance for the period	(1,251,000)	(1,192,000)
Operating proceeds	15,124,000	60,496,000
Operating cash outflows	(16,410,000)	(65,640,000)
Cash outflow for investments	(135,000)	(540,000)
Proceeds from sale of investments	1,480,000	5,920,000
Closing balance for the period	**(1,192,000)**	**(956,000)**

(D) *Fair values*
Fair value is the amount for which an asset could be exchanged, or a liability settles, between knowledgeable, willing parties in an arm's length transaction.

All assets shown on the balance sheet are at fair value unless otherwise stated.

29. Restatement of Financial Statements – Investment in Associates (CSL Mobile)

SLAC is an investor in CSL Mobile with 30% and their investment is accounted for using the equity method as an investment in an associate company. CSL Mobile's financial statements for year ending 30 June 2016 have been restated and the comparatives for the 30 June 2017 audited financial statements of SLAC have also been restated as described below:

1. Restatement in 2016 comparatives due to error in CSL Mobile financial statements:
The restatement of CSL Mobile's financial statements was a result of an error in the accounting for the effects of foreign exchange whereby $313,873 tala foreign exchange loss was not accounted for by CSL Mobile, relating to the financial period ending 2016, with tax calculations adjusted accordingly. Furthermore, CSL Mobile also noted an accounting error in the financial period ending 2016, whereby $845,459 tala tax credit was not taken into account, with considerations of the restatement of *'Comprehensive profit before tax'*. The restatement of the financial statements for CSL Mobile effectively increased the net profit from $554,626 tala to $1,303,186 tala. The restated profits of CSL Mobile's financial statements has also restated the calculation of the share of profits from associate investments that is recognized in the accounts of SLAC for the comparatives of the current financial year.

2. Restatement in 2016 comparatives of *'Share of Profits from Investment in Associate'*:
The restatement of share of profits was due to an error in recognition of the 2015 and 2016's Share of Profits from Investment in Associates in SLAC's Financial Statements. Whereby the profit share that was reported took into account 100% associate of the associate's profits when it should have been the 30% which is the share of ownership. The effect of the restatement is also affected by the error in CSL Mobiles financial statements (as described above) and the share of profits from associate investments from reduced in total from $1,303,186 tala in 2016 to $390,956 tala and also reduce the investment account in CSL Mobile from $2,983,912 tala to $1,833,622 tala.

As a result of the adjustments above the net effect is a decrease in SLAC's share of profits from associate investments by $163,670 ($554,626 tala less $390,956 tala) for the 2016 financial year and which is the same effect on the net profit of SLAC for the 2016 financial year. The investment balance for CSL Mobile that is recorded in the balance sheet of SLAC also recorded a net decrease of $163,670 tala for the restated amount at 30 June 2016. The correction of the error in the 2016 opening balance also reduced the investment balance for CSL Mobile in SLACs financial statements by $238,060 tala which is recorded as an adjustment opening balance of the assurance fund account at the beginning of 2016 financial year.

30. Capital commitments and contingent liabilities/assets

There are no capital commitments this year.

Post 30 June 2017, SLAC had entered into legal proceedings and dispute claims from a former employee. Costs have not been recognized as a liability in the Statement of Financial Position due to uncertainty of any potential liability given that the Court process is yet to be completed.

31. Events occurring after balance sheet date

There are no events subsequent to balance sheet date which require recognition or disclosure in these financial statements (2016: nil).