

SAMOA LIFE ASSURANCE CORPORATION

2021 ANNUAL REPORT

SAMOA LIFE ASSURANCE CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

SAMOA LIFE ASSURANCE CORPORATION
Financial Statements
For the year ended 30 June 2021

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SAMOA LIFE ASSURANCE CORPORATION
Management's Report
For the year ended 30 June 2021

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 (Su'a & Pauga's Associates.), 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.

Heseti Sione- Vaai
General Manager

Date: 29/10/21

Simoa Vitale-loane
AGM- Finance & Administration

Date: 29/10/21

SAMOA LIFE ASSURANCE CORPORATION
Directors' Report
For the year ended 30 June 2021

The Directors present their report together with the financial statements of Samoa Life Assurance Corporation ("the Corporation") for the year ended 30 June 2021 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:

Leteleausasala Julie Tuala	(Chairperson)
Sua Mataalii John Pasina	(Public Representative)
Seuamuli Sapio Tooala	(Public Representative)
Sasae Walter	(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 2021;

(ii) the accompanying Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Corporation as at 30 June 2021.

Operating Results
The total profit for the year is $1,946,464 (2020: $2,587,027) which is after income tax expense of $274,640 (2020: $288,051).

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 29th of October, 2021.

Signed in accordance with a resolution of the Directors.

CHAIRPERSON

DIRECTOR

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

Please address all correspondences to the Controller and Auditor General

P.O Box 13
APIA, SAMOA

AUDIT OFFICE

REPORT OF THE AUDIT OFFICE

TO THE GOVERNING BODY IN CHARGE OF GOVERNANCE – SAMOA LIFE ASSURANCE CORPORATION

Audit Opinion

We have audited the accompanying Financial Statements of the Samoa Life Assurance Corporation which comprise of the Statement of Financial Position as at 30 June 2021, the Statements of Financial Performance, Changes in Equity and Cash Flows for the year then ended, a Summary of Significant Accounting Policies and Other Explanatory Notes. The Accounting Firm of Sua ma Pauga Associates, assisted in the audit. The Engagement Partner on the audit resulting in this Independent Auditor's Report is Pauga Fata Talalelei Pauga.

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 31 to the financial statements, which describes the effect of covid19 pandemic worldwide and its impact on Samoa Life Assurance Corporation. Our opinion is not modified in respect of this matter.

Responsibilities of Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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APIA, SAMOA

AUDIT OFFICE

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

We communicate with the Directors and Management regarding, among other matters, the significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our audit was completed on the 29th October 2021 and our opinion is expressed as at that date.

Apia, Samoa
30 October 2021

Mua'ausā Marshall Maua
ASSISTANT CONTROLLER AND AUDITOR GENERAL

SAMOA LIFE ASSURANCE CORPORATION
Statement of Financial Performance
For the year ended 30 June 2021

	Notes	2021	2020
		$	$
Revenue from operations			
Net premium revenue	5	7,898,498	7,305,361
Investment income	6	4,413,311	4,860,614
Other income	7	544,208	906,528
Net operating revenue		**12,856,017**	**13,072,503**
Claims and operating expenses			
Administration expenses	8	863,299	1,042,445
Audit fees		40,000	55,000
Claims	9	7,074,487	6,983,273
Commission		917,834	917,758
Depreciation	15	254,301	296,729
Directors fees and costs	26	112,645	90,936
Interest on superannuation	24	232,093	158,583
Personnel costs	10	1,987,613	1,910,496
Net claims and operating expenses		**11,482,272**	**11,455,220**
Profit before income tax		1,373,745	1,617,283
Income tax expense	11	(274,640)	(288,051)
Net profit after tax		**1,099,105**	**1,329,232**
Share of profits from Investment in Associate	14	847,360	1,257,795
Total profit		**1,946,465**	**2,587,027**

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

SAMOA LIFE ASURANCE CORPORATION
Statement of Financial Position
As at 30 June 2021

	Notes	2021	2020
ASSETS		$	$
Property, plant and equipment	15	3,934,303	4,044,413
Loans on policies	12 (i)	18,909,998	18,679,369
Mortgaged lending	12 (ii)	5,156,491	5,612,892
Equity investments	13	6,608,362	6,896,993
Investments in associates	14	3,698,084	2,850,724
Accounts receivable	18	1,311,916	1,445,104
Other receivables and prepayments	19	411,669	358,428
Income tax receivable		460,470	474,995
Funds on deposit	17	10,035,852	9,454,507
Cash at bank	16	2,856,586	1,351,171
Total assets		**53,383,732**	**51,168,596**
LIABILITIES, FUNDS AND RESERVES			
Liabilities			
Insurance liabilities	20	1,304,995	1,165,562
Superannuation plan fund	24	1,885,777	1,692,820
Other payables and accruals	21	465,370	529,088
Total liabilities		**3,656,142**	**3,387,470**
Funds and reserves			
Assurance fund	22	48,536,839	46,440,375
Mortality and contingency reserve fund	23	1,100,000	1,100,000
Property revaluation reserve	25	90,751	240,751
Total funds and reserves		**49,727,590**	**47,781,126**
Total liabilities, funds and reserves		**53,383,732**	**51,168,596**

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 2021

	Note	Assurance Fund	Mortality & Contingency Reserve Fund	Property Revaluation Reserve	Total
		$	$	$	$
Balance as at 1 July 2019		43,703,347	1,100,000	390,751	**45,194,099**
Net profit after tax	22	2,587,027	-	-	2,587,027
Transfer between Assurance Fund and Property Revaluation Reserve	22, 25	150,000	-	(150,000)	-
Transfer from Land & Building	15,25			-	-
Balance as at 30 June 2020		**46,440,374**	**1,100,000**	**240,751**	**47,781,126**
Total Profit	22	1,946,465	-	-	1,946,465
Transfer between Assurance Fund and Property Revaluation Reserve	22, 25	150,000	-	(150,000)	-
Transfer from Land & Building	15,25			-	-
Plus Superannuation contributions	24	-	-	-	-
Plus Superannuation interest credited	24	-	-	-	-
Less Superannuation payments and other charges	24	-	-	-	-
Balance as at 30 June 2021		**48,536,839**	**1,100,000**	**90,751**	**49,727,591**

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 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Cash received from customers		8,773,425	8,478,025
Cash paid for commission, reinsurance, claims, loans supplies and employees		(11,388,503)	(10,414,205)
Income taxes paid		(274,640)	(288,051)
Net cash inflow/(outflow) from operating activities		**(2,889,718)**	**(2,224,231)**
Cash flows from investing activities			
Purchase of fixed assets		(144,191)	2,922
Interest received		3,256,528	480,031
Dividends received		1,089,840	1,565,585
Share of profits from investment in associates		-	1,257,795
Net cash inflow/(outflow) from investing activities		**4,202,177**	**3,306,333**
Cash flow from financing activities			
Supperannuation funds		192,956	(560,692)
Net cash inflow/outflow from financing activities		**192,956**	**(560,692)**
Net increase/(decrease) in cash and cash equivalents		1,505,415	521,410
Cash and cash equivalents at beginning of year		1,351,171	829,761
Cash and cash equivalents at end of year		**2,856,586**	**1,351,171**
Represented by:			
Cash on hand	16	100	100
Cash at bank	16	2,856,486	1,351,071
		2,856,586	**1,351,171**

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 4 member board of directors (the Board) chaired by Leteleausasala Julie Tuala. 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 authorised for issue by the Board of Directors on 29 October 2021

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.
Unrealised 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 recognised as revenue.

f. Investment Revenue

Investment revenue is recognised as follows:

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

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

Property income
Property income is recognised on an accrual basis.

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

g. Claims expense

Claims are recognised 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 recognised 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 recognised 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 recognised 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 recognised directly in the owner-occupied property valuation reserve.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount and are recognised 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 recognised 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 recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised 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 categorised 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 recognised when the Corporation becomes obliged to make future payments resulting from the purchase of goods and services. Payables are recognised 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 recognised 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 recognised 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 recognised immediately in profit or loss.

Liabilities for annual leave is accrued and recognised 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 recognised as a liability in the year they are declared and allocated to policies. The maturity and deaths claim bonus is only recognised as a liability when paid.

y. Comparatives

Where necessary previous periods 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 comprises 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 recognised 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 recognised 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:

	2021 $	2020 $
Gross premium revenue	8,134,743	7,524,293
less: outwards reinsurance expense	(310,123)	(293,263)
add: reinsurance recoveries	73,877	74,331
Net premium revenue	**7,898,498**	**7,305,361**

6. Investment income

Details of investment income are specified as follows:

	2021 $	2020 $
Interest received:		
Term deposits	354,112	362,277
Government treasury bonds	268	20,943
Mortgage loans	513,174	560,284
Loan on policies	2,203,795	2,178,790
Staff advances	6,047	6,258
	3,077,396	3,128,552
Dividend income	1,089,840	1,469,405
Rent income	246,075	262,657
Total investment income	**4,413,311**	**4,860,614**

7. Other income

Details of other income are specified as follows:

	2021 $	2020 $
Loan administration fees	244,370	242,898
Superannuation administration fees	6,807	6,892
Exchange gains	84,641	11,776
Penalty charge on arrears	132,229	151,936
Policy service fees	11,552	13,100
Mortgage application fees	500	500
Loans maintenance fees	145,050	148,368
Gain on revaluation of shares	-88,630	177,261
Profit on Sale of Assets	-	75,000
Mortgage administration fee	4,877	5,400
Other sundry income	2,812	73,397
Total other income	**544,208**	**906,528**

8. Administration expenses

Details of administration expenses are specified as follows:

	2021 $	2020 $
Actuarial fees - Valuation, product and system development	94,940	127,222
Data processing - data entry	70,761	34,715
Other administration expenses	697,598	880,508
Total administration expenses	**863,299**	**1,042,445**

9. Claims expenses

Details of claims expenses are specified as follows:

	2021 $	2020 $
Net Death claim	496,095	681,810
Surrender claims	2,419,930	2,275,439
Maturity claims	4,158,462	4,026,024
Total claims expense	**7,074,487**	**6,983,273**

10. Personnel costs

Details of personnel costs are specified as follows:

	2021 $	2020 $
Gross salaries and wages	1,806,142	1,752,989
Accident compensation commission	18,241	17,519
National provident fund	163,230	139,988
Total	**1,987,613**	**1,910,496**

The average number of persons employed during the year is 51 (2019: 54).

11. Income tax

Details of income tax are specified as follows:

	2021 $	2020 $
Investment income	4,413,310	4,956,794
Less: Dividend income (non-taxable)	(1,089,840)	(1,565,585)
	3,323,470	3,391,209
Less: Allowable deductions	(577,068)	(510,699)
Taxable income	2,746,402	2,880,510
Income tax expense at 10%	**274,640**	**288,051**

12. Loans on policies and mortgages

Details of financial assets are specified as follows:

	2021 $	2020 $
(i) Loans on policies:		
Opening balance	18,679,369	18,357,449
Plus: New loans during the year	5,286,291	5,376,315
Interests charged during the year (active policies)	2,203,795	2,178,790
Maintenance fees	145,050	148,367
Others	24,560	14,825
	26,339,065	26,075,746
Less: Repayments during the year	(7,429,067)	(7,396,377)
	18,909,998	**18,679,369**

Maturity analysis for loans on policies is found in Note 27

Related Party Loans:
The above includes loans on policies by staff of $148,146(2020 $127,612)

	2021 $	2020 $
(ii) Mortgages:		
Opening balance	6,026,925	6,737,313
Plus: Advances during the year	-	53,000
Interests charged during the year	443,782	490,892
Suspense interest	69,392	69,392
Refund of overpayment	38,472	9,049
Administration fees	4,877	5,400
	6,583,448	7,365,046
Less: Repayments during the year	(1,012,924)	(1,338,121)
Provision for loan losses	(414,033)	(414,033)
	5,156,491	**5,612,892**

Maturity analysis for mortgages is found in Note 27

Related Party Mortgages:
The above includes mortgage loans by staff of $759,086 (2020 $818,572; mortgage loans by directors of $nil (2020 $nil) at 30 June 2021

13. Investments

Details of equity investments are specified as follows:

	2021 $	2020 $
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	2,105,871	2,105,871
Gov.t Treasury Bond	-	200,000
Unit Trust of Samoa (2,268,833shares)	3,788,951	3,877,582
Total equity investments	**6,608,362**	**6,896,993**

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).

14. Investment in associates

Investment in associates relates to SLAC's investment in CSL Mobile which is of 30% shareholding (2020:30%)

	2021	2020
	$	$
Beginning balance	2,850,724	1,689,109
Share of profit in associate	847,360	1,257,795
Increase investment in CSL Mobile	-	-
Dividend received 2020	-	(96,180)
Total investment in associates	**3,698,084**	**2,850,724**

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.

Assets		
Current assets	442,570	615,499
Non-current assets	24,887,934	34,075,177
	25,330,504	**34,690,676**
Liabilities		
Current liabilities	-	71,681
Non-current liabilities	65,814	130,231
	65,814	201,912
Net assets	**25,264,690**	**34,488,764**
Income	2,876,335	4,257,048
Expenses	(51,803)	(64,398)
Profit/Loss after income tax	**2,824,532**	**4,192,650**
SLAC 30% Share of CSL Mobile's Profits	**847,360**	**1,257,795**

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 2019	1,545,000	4,174,676	1,393,743	478,500	168,205	**7,248,208**
Plus revaluation						
Additions	-	-	42,078	-	-	**42,078**
Balance as at 31 July 2019	**1,545,000**	**4,174,676**	**1,435,821**	**478,500**	**168,205**	**7,802,202**
Additions	-	-	43,690	-	-	**43,690**
Balance as at 30 June 2020	**1,545,000**	**4,174,676**	**1,479,511**	**478,500**	**168,205**	**7,845,892**
Plus current revaluation						-
Additions	-	-	48,191	96,000	-	**144,191**
Balance as at 30 June 2021	**1,545,000**	**4,174,676**	**1,527,702**	**574,500**	**168,205**	**7,990,083**
ACCUMULATED DEPRECIATION						
Opening balance 1 July 2019	-	1,742,643	1,050,360	398,542	168,205	**3,359,750**
Disposals	45,000			100,000		**145,000**
Depreciation charge for the year	-	104,367	165,429	26,933	-	**296,729**
Balance as at 30 June 2020	**45,000**	**1,847,010**	**1,215,789**	**525,475**	**168,205**	**3,801,479**
Disposals	-	-	-	-	-	-
Depreciation charge for the year	-	104,367	135,934	14,000	-	**254,301**
Balance as at 30 June 2021	**45,000**	**1,951,377**	**1,351,723**	**539,475**	**168,205**	**4,055,780**
Net book value 30 June 2020	**1,500,000**	**2,327,666**	**263,722**	**(46,975)**	**-**	**4,044,413**
Net book value 30 June 2021	**1,500,000**	**2,223,299**	**175,979**	**35,025**	**-**	**3,934,303**

16. Cash and cash equivalents

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

	2021	**2020**
	$	**$**
W'pac Banking Corp Australia	99,722	86,746
ANZ Bank Samoa Ltd	108,821	991,962
BNZ Bank Ltd	48,993	32,531
National Bank Samoa Ltd	26,736	11,282
Bank South Pacific Samoa Ltd	2,477,235	133,432
Petty cash	100	100
Samoa Commercial Bank	94,979	95,118
Total cash and cash equivalents	**2,856,586**	**1,351,171**

17. Funds on deposit

Details of funds on deposit are specified as follows:

	2021 $	2020 $
ANZ (Samoa) Limited	498,993	789,693
BNZ Bank Ltd	1,694,781	1,615,723
National Bank Samoa Ltd	3,492,541	3,370,809
Bank South Pacific Samoa Ltd	2,338,056	1,750,516
W'pac Banking Corp (Australia)	163,419	153,989
Samoa Commercial Bank Ltd	1,848,062	1,773,777
Total funds on deposit	**10,035,852**	**9,454,507**

The above term deposits have a weighted average interest rate of 3.00% 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:

	2021 $	2020 $
Premiums in arrears	1,185,540	1,303,426
Penalty charges on premium arrears	126,376	141,678
Total accounts receivable	**1,311,916**	**1,445,104**

Premiums which are less than 3 months past due are not considered impaired. The above includes premiums of $889,155 (2020 $977,569) 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:

	2021 $	2020 $
Accrued interest from investments	332,235	248,429
Others	79,434	109,999
Total other receivables & prepayments	**411,669**	**358,428**

20. Insurance liabilities

Details of insurance liabilities are specified as follows:

	2021 $	2020 $
Premiums overpaid	785,835	610,329
Maturities, surrenders and death claims not paid	519,160	555,233
Total insurance liabilities	**1,304,995**	**1,165,562**

21. Other payables and accruals

Details of other payables and accruals are specified as follows:

	2021 $	2020 $
Provision for audit fees	13,144	18,244
Other creditors	452,226	510,844
Total other payable and accruals	**465,370**	**529,088**

22. Assurance fund

Details of assurance fund are specified as follows:

	2021 $	2020 $
Opening balance	46,440,374	43,703,348
Plus: Current year's net profit	1,946,465	2,587,027
Transfer from property revaluation reserve	150,000	150,000
Closing balance	**48,536,839**	**46,440,375**

23. Mortality and contingency reserve fund

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

	2021 $	2020 $
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:

	2021 $	2020 $
Members funds at beginning	1,692,820	2,253,512
Add: Contributions	79,801	80,803
Interests credited	232,093	158,583
	2,004,714	2,492,898
Less: Payments and other charges	-118,937	-800,078
Closing balance	**1,885,777**	**1,692,820**

25. Property revaluation reserve

Details of property revaluation reserve are specified as follows:

PROPERTY REVALUATION RESERVE

	2021 $	2020 $
Opening balance	240,751	390,751
Less: Transfer to assurance funds	-150,000	-150,000
Closing balance	**90,751**	**240,751**

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:

	2021 $	2020 $
Directors fees	93,290	76,441
Catering expenses	13,355	8,495
Training expenses	-	0
Membership fees	6,000	6,000
Total directors fees and expenses	**112,645**	**90,936**

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:

	2021 $	2020 $
Salaries and short-term employment benefits	321,227	444,373
Employers contribution to:		
National provident fund	118,134	70,715
Accident compensation commission	13,126	8,839
Total key management personnel costs	**452,487**	**523,927**

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 2021. 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 $ 156.3 m (2020: $168.8m) 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. Prior year figures are shown for comparison:

	2021 $'000	2020 $'000
Policyholder Funds as per accounts	49,637	47,540
Owner-occupied land and property revaluation recognised	150	150
	49,787	47,690
Less value of liabilities:Assurance Life policies	(39,485)	(38,962)
Less existing mortality and contingency reserve	(1,100)	(1,100)
Net surplus at 30 June 2021	**9,202**	**7,628**

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 $40 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:

	2021 $ SAT	2020 $ SAT
Exposure to Austalian dollars	263,139	240,734
Exposure to New Zealand dollars	1,743,773	1,648,254
	2,006,912	1,888,988

At 30 June 2021, 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 $1,672,471 (2020: $1,747,081) or $914,456 (2020:$1, 032,470), mainly as a result of foreign exchange gains/losses on translation of $NZ dollar-denominated financial assets.

At 30 June 2021, 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 $1,537,922 (2020: $1,619,109) or $1,079,248 (2020:$1,188,830), 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
2021					
Loans on policies	12.00%	5,000,000	13,909,997	-	18,909,997
Mortgages	8.00%	609,484	1,678,750	3,283,628	5,571,862
Funds on deposits	3.00%	7,535,852	2,500,000	0.00	10,035,852
Net total		**13,145,336**	**18,088,747**	**3,283,628**	**34,517,711**

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 recognised 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 2021 is as follows:

	2022	2023-2026
	$	$
Opening balance for the period	-8,828,000	-8,928,000
Operating proceeds	8,300,000	33,200,000
Operating cash outflows	-10,500,000	-42,000,000
Cash outflow for investments	-50,000	-200,000
Proceeds from sale of investments	2,150,000	8,600,000
Closing balance for the period	**-8,928,000**	**-9,328,000**

(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. Capital commitments and contingent liabilities/assets

There are no capital commitments this year.

Before the year ended 30 June 2021, 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.

30. Events occurring after balance date

There are no events occurred after the balance date.

31. Effects of Covid19 Pandemic

The continuous global effect of covid19 pandemic has continued to affect many countries including Samoa as a result of measures imposed to contain the spread of the virus.

For the year ended 30 June 2021, Samoa continued with the lockdown measures and emergency safety policies, of which they have a greater impact on our community, especially the tourism industry. The Government provided Covid19 assistance which helped with our local economy. Most of the businesses especially the Public Sector were able to continue its operations normally and Samoa Life focused on this businesses/sector to boost our sales for this year to enable to provide for the expected increase of claims.

There is an uncertainty over the covid19 prolong effect of which could have a longer impact on local businesses.