

**OFFICE OF THE REGULATOR**

**FINANCIAL STATEMENTS**

**30 JUNE 2021**

**OFFICE OF THE REGULATOR  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

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**OFFICE OF THE REGULATOR  
CERTIFICATION BY MANAGEMENT  
FOR THE YEAR ENDED 30 JUNE 2021**

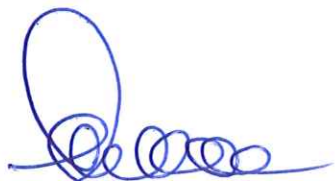
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We certify that the attached financial statements for the Office of the Regulator comprising of the Statement of Financial Position, Income Statement, Statement of Changes in Equity, Statement of Cash Flows and Notes forming part of the financial statements for the year ended 30 June 2021:

- a) give a true and fair view of the matters to which they relate; and
- b) have been prepared in accordance with International Financial Reporting Standards; and
- c) comply with the Public Finance Management Act 2001 in relation to the form or content of financial statements made under the Public Bodies (Performance and Accountability) Act 2001.

We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on behalf of the Office of the Regulator



Lematua Gisa Fuatai Purcell  
**Regulator**  
Office of the Regulator  
Apia, Samoa  
05 / 11 / 2021



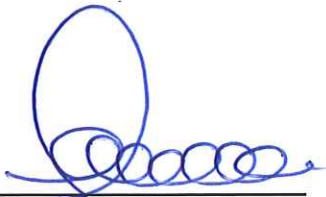
Vanessa Pelenato  
**ACEO-Corporate Services**  
Office of the Regulator  
Apia, Samoa  
05 / 11 / 2021

OFFICE OF THE REGULATOR  
 STATEMENT OF FINANCIAL POSITION  
 AS AT 30 JUNE 2021

	NOTE	2021 SAT\$	2020 SAT\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3	805,788	345,921
Accounts and Other Receivables	4	6,249,777	5,054,994
<b>Total Current Assets</b>		<b>7,055,565</b>	<b>5,400,915</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	7	358,316	579,257
<b>Total Non-Current Assets</b>		<b>358,316</b>	<b>878,577</b>
<b>TOTAL ASSETS</b>		<b>7,413,881</b>	<b>5,428,011</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>EQUITY</b>			
Government Contribution	6	1,300,015	1,300,015
Accumulated Funds		(808,621)	(765,850)
<b>Total Equity</b>		<b>491,394</b>	<b>534,165</b>
<b>Current Liabilities</b>			
Accounts and Other Payables	8	6,922,488	5,446,007
<b>Total Current Liabilities</b>		<b>6,922,488</b>	<b>5,446,007</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>7,413,881</b>	<b>5,980,172</b>

The relevant accompanying notes form an integral part of the above Statement of Financial Position.

We authorise the attached financial statements for issue on behalf of the Office of the Regulator



Lematua Gisa Fuatai Purcell  
**Regulator**  
 Office of the Regulator  
 Apia, Samoa  
 \_\_\_ / \_\_\_ / \_\_\_



Vanessa Pelenato  
**ACEO-Corporate Services**  
 Office of the Regulator  
 Apia, Samoa  
 \_\_\_ / \_\_\_ / \_\_\_

**OFFICE OF THE REGULATOR  
INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2021**

<b>INCOME</b>	<b>NOTE</b>	<b>2021 SAT\$</b>	<b>2020 SAT\$</b>
<b>Fees collected for Government:</b>			
Telecom Licence Fees		1,925,545	2,656,555
Radio Spectrum License Fees		1,078,360	489,731
Administrative fees		3,240	
Broadcasting fees		13,303	32,191
Electricity fees		406,153	800,950
Total		3,426,601	3,979,426
Less Paid to Government		(3,426,601)	(3,979,426)
Balance			
<b>Other income:</b>			
Government Grants		1,947,244	1,947,138
Other	9	19,407	38,997
<b>TOTAL INCOME</b>		<b>1,966,651</b>	<b>1,986,134</b>
<b>EXPENSES</b>			
Allowances		16,448	65,249
Audit Fees		38,078	33,835
Consultancy Fees		2,087	34,634
Doubtful debts	5	-	-
Depreciation	7	335,639	333,555
Other Operating Expenses	10	317,940	457,164
Personnel Expenses	11	1,293,122	1,394,366
Office Renovations		6,110	9,941
<b>TOTAL EXPENSES</b>		<b>2,009,423</b>	<b>2,328,745</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(42,772)</b>	<b>(342,611)</b>

*The relevant accompanying notes form an integral part of the above Income Statement.*

OFFICE OF THE REGULATOR  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	Government Contribution SAT\$	Accumulated Funds SAT\$	Total SAT\$
<b>2020</b>				
Balance at 1 July 2019		1,300,015	(423,239)	876,776
Profit for the period		-	(342,611)	(342,611)
<b>Balance at 30 June 2020</b>		<b><u>1,300,015</u></b>	<b><u>(765,850)</u></b>	<b><u>534,165</u></b>
<b>2021</b>				
Balance at 1 July 2020		1,300,015	(765,850)	534,165
(Loss)/Profit for the period		-	(42,772)	(42,772)
<b>Balance at 30 June 2021</b>		<b><u>1,300,015</u></b>	<b><u>(808,621)</u></b>	<b><u>491,394</u></b>

*The relevant accompanying notes form an integral part of the above Statement of Changes in Equity.*

OFFICE OF THE REGULATOR  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 SAT\$	2020 SAT\$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash received from customers		3,324,001	3,001,793
Cash paid to suppliers and employees		<u>(1,431,385)</u>	<u>(1,027,067)</u>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>		<u><b>1,892,616</b></u>	<u><b>3,331,438</b></u>
<b>CASH FLOWS FROM/(TO) INVESTING ACTIVITIES</b>			
Acquisition of fixed assets		<u>(114,697)</u>	<u>(107,587)</u>
<b>Net Cash Outflow from Investing Activities</b>		<u><b>(114,697)</b></u>	<u><b>(53,988)</b></u>
<b>CASH FLOWS FROM/(TO) FINANCING ACTIVITIES</b>			
Grant from the Government of Samoa		1,947,244	1,947,138
Payment to the Government of Samoa		<u>(3,265,795)</u>	<u>(3,940,430)</u>
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<u><b>(1,318,551)</b></u>	<u><b>(3,227,099)</b></u>
Net Decrease In Cash Flows		459,368	(126,152)
Cash and Cash Equivalent at the beginning of year		345,921	472,073
<b>CASH AND CASH EQUIVALENT AT YEAR END</b>	<b>3</b>	<u><b>805,288</b></u>	<u><b>345,921</b></u>

*The relevant accompanying notes form an integral part of the above Statement of Cash Flows.*

**OFFICE OF THE REGULATOR  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

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**1. GENERAL INFORMATION**

The Office of the Regulator was established in July 2006 and its mandate is set out in Section 3 of the Telecommunications Act 2005, Section 3 of the Broadcasting Act 2010, Section 3 of the Postal Services Act 2010 and Section 3 of the Electricity Act 2010. The main purpose of the Office is to regulate the Telecommunications, Broadcasting, Postal and Electricity Sectors in Samoa.

**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

Set out below is a summary of significant accounting policies adopted by the Office in the preparation of its financial statements.

**(a) Statement of Compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB).

**(b) Basis of preparation**

The financial statements are prepared on the basis of historical costs. Reporting financial statements in accordance with International Financial Reporting Standards (IFRS) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period and future periods.

**(c) Comparative information**

Comparative information has been restated where necessary to achieve consistency in disclosure with and current financial year amounts.

**(d) Functional and presentation currency**

The financial statements are presented in Samoan Tala (SAT\$), which is the Office's functional currency all values presented in Samoan Tala have been rounded to the nearest tala.

**(e) Foreign currency**

Transactions in foreign currency are translated to Samoan tala at the foreign exchange rate ruling at the date of the transaction. Amounts receivable and payable denominated in foreign currencies are translated at the rates of exchange ruling at balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement.

**(f) Bad and doubtful debts provision**

Collectability of receivables is reviewed on an ongoing basis. A provision is raised for any doubtful debt based on a general review of the outstanding amounts at the end of the reporting period. Bad debts are written off against the provision for doubtful debts in the period in which they are identified as unrecoverable. Unless there was no provision raised before, then write off in income statement.

**IFRS 9 - Financial Instruments**

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets. The office has yet to assess IFRS's full impact on the Accounts Receivables within the current and thr prior year financial statements. The Office intends to adopt IFRS 9 no later than the accounting period on or after July 2021. This will allow the office to consider the impact of the standard on the remaining and new balances of Account Receivables in the financials.



**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Revenue Recognition**

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date. The revenue is recognised when:

- The amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- The probable economic benefits with the transaction will flow to the entity.

No revenue is recognized if there are significant uncertainties regarding collection of the revenue due.

***Government Grant***

Grants from the Government of Samoa which are intended to support and finance the operations of the Office are taken to income in the period they are receivable.

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. They are not credited directly to shareholder's equity. When the grant relates to an asset, the fair value is credited to a deferred income account and amortised to income statement in the same amount as the related depreciation expense on the asset. That is, amortised over the expected useful life of the relevant asset by equal annual instalments.

**(h) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise of cash at bank and on hand. Cash is recognised at its nominal amount.

**(i) Accounts and other receivables**

Accounts and other receivables are recorded at expected realization value after providing for bad and doubtful debts. At the end of each reporting period, the carrying amounts of accounts and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the income statement.

VAGST collected is included in Accounts Receivables.

**(j) Provisions**

A provision is recognized in the balance sheet when the Office has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**(k) Accounts and other payables**

Accounts payable and other payables are recognized at cost and represent liabilities for goods and services provided to the Office before the end of the financial year that are unpaid and arise when the Office becomes obliged to make future payments in respect of the purchase of these goods and services.

**(l) Income Tax**

The Office is exempt from income tax.

**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method.

The following rates are used for the depreciation of property, plant and equipment:-

Item	Annual rate
Furniture and Fittings	20%
Office equipment	20%
Motor vehicles	20%
Spectrum Monitoring Mobile System	20%
Computer software	20%

**(n) Leases - IFRS 16**

IFRS16 will replace IAS17 'Leases' and three related interpretations. It completes the IASB's long running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and lease liability. There are two important reliefs provided by IFRS16 for assets of low value and short-term leases of less than 12 months.

IFRS 16 is effective from periods beginning on or after 1 January 2019. The Office of the Regulator has adopted IFRS 16. However the Office has sought relief under the standards since its leases are of low value as well as short term of less than 12 months.

Management has assessed the full impact of the Standard. So far, the Office believes that the most significant impact will be that the Office of the Regulator will need to recognize a right of use asset and a lease liability if it had a long term lease agreement in place and at that moment has sought relief under the standard since its leases are of low value as well as short term of 12 months.

**(o) Grants to Ministry of Finance**

All daily collections received from Licenses Fees and other fees relating to Office operations are issued a master receipt by the Ministry of Finance and lodged into the Treasury Revenue Fund. Therefore cash paid back is treated as an expense of the office.

**(p) Employee benefits**

***i) Salaries and wages, annual leave and long service leave***

Liabilities for employees' entitlements to salaries and wages, annual leave, long service leave and other current employee entitlements (that are expected to be paid within twelve months) are accrued at undiscounted amounts, and calculated at amounts expected to be paid as at reporting date.

***i) Salaries and wages, annual leave and long service leave***

Liabilities for other employee entitlements, which are not expected to be paid or settled within twelve months of reporting date, are accrued in respect of all employees at the present value of future amounts expected to be paid.

No provision is made for non-vesting sick leave as the pattern of sick leave taken indicates that no additional liability will arise for non-vesting sick leave.

***ii) Superannuation contributions***

The Office contributes towards the Samoa National Provident Fund (NPF), 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 the income statement.

OFFICE OF THE REGULATOR  
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS	2021 SAT\$	2020 SAT\$
Petty Cash	500	500
Cash at Bank	805,288	345,421
	<u>805,788</u>	<u>345,921</u>
<b>4. ACCOUNTS AND OTHER RECEIVABLES</b>		
Accounts and other receivables are specified as follows:		
Accounts receivables	3,680,902	3,622,696
Less: Provision for doubtful debts	(106,681)	(106,681)
	<u>3,574,221</u>	<u>3,516,015</u>
<b>Add: Other Receivables</b>		
Prepayments	44,159	11,895
VAGST Receivable	-	500,207
Accrued Revenue	2,324,797	1,026,877
Other receivables	306,600	-
<b>Total accounts and other receivables</b>	<u>6,249,777</u>	<u>5,054,994</u>
<p>Accrued Revenue represents estimated revenue from telecommunications licence fees for this financial year that have not yet been invoiced. Estimates based on previous periods' licence fees once invoices are issued, the relevant amounts will be transferred to Accounts Receivables. The amount of licence fees are in accordance with the Telecommunications Licence Fee Regulations 2007.</p>		
<b>5. PROVISION FOR DOUBTFUL DEBTS</b>		
Balance at the beginning of the year	106,681	106,681
Add: Additional provision	-	-
	<u>106,681</u>	<u>106,681</u>
<b>Less:</b>		
Debts written off	-	-
Doubtful debts recovered	-	-
Reversal of doubtful debts	-	-
<b>Balance as at year end</b>	<u>106,681</u>	<u>106,681</u>
<b>6. GOVERNMENT CONTRIBUTION</b>		
Net book value of Fixed Assets transferred from the Ministry of Communications & Information Technology as at 1 July 2007	156,734	156,734
Net book value of Fixed Assets purchased by the World Bank Telecommunications & Postal Sector Project as at 1 July 2007	1,143,281	1,143,281
	<u>1,300,015</u>	<u>1,300,015</u>

The cost of fixed assets transferred from the Ministry of Communications and Information Technology and those acquired through the World Bank Telecommunications and Postal Sector Reform Project are determined by reference to its net book value at 1 July 2007, the date when the Office of the Regulator operated independently.

OFFICE OF THE REGULATOR  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

7. PROPERTY, PLANT & EQUIPMENT

	Furniture & Fittings	Office Equipment	Motor Vehicles	Spectrum Monitoring Mobile System	Computer Software	RE Project Equipment	TOTAL
<b>COST</b>							
Balance at 1 July 2019	154,464	172,029	362,900	1,394,561	76,919	64,632	2,225,504
Additions	44,457	55,288	-	6,395	1,448	-	107,587
Disposals	(146,939)	(175,044)	(72,149)	(6,395)	(72,361)	-	(472,888)
Balance at 1 July 2020	<b>51,981</b>	<b>52,273</b>	<b>290,751</b>	<b>1,394,560</b>	<b>6,006</b>	<b>64,632</b>	<b>1,860,202</b>
Additions	27,838	86,859	-	-	-	-	114,697
Disposals	-	-	-	-	-	-	-
Balance at 30 June 2021	<b>79,819</b>	<b>139,132</b>	<b>290,751</b>	<b>1,394,560</b>	<b>6,006</b>	<b>64,632</b>	<b>1,974,901</b>
<b>ACCUMULATED DEPRECIATION</b>							
Balance at 1 July 2019	128,391	132,712	240,480	741,232	61,797	42,314	1,346,928
Depreciation	8,248	10,790	44,307	253,369	3,914	12,926	333,555
Disposals	(129,893)	(137,778)	(70,243)	-	61,623	-	(399,537)
Balance at 1 July 2020	<b>6,746</b>	<b>5,723</b>	<b>214,544</b>	<b>994,602</b>	<b>4,089</b>	<b>55,241</b>	<b>1,280,946</b>
Depreciation	11,628	19,197	41,614	253,342	465	9,391	335,639
Disposals	-	-	-	-	-	-	-
Balance at 30 June 2021	<b>18,374</b>	<b>24,920</b>	<b>256,158</b>	<b>1,247,944</b>	<b>4,554</b>	<b>64,632</b>	<b>1,616,585</b>
<b>30 June 2020</b>	<b>45,235</b>	<b>46,550</b>	<b>76,206</b>	<b>399,958</b>	<b>1,918</b>	<b>9,391</b>	<b>579,257</b>
<b>30 June 2021</b>	<b>61,445</b>	<b>114,212</b>	<b>34,592</b>	<b>146,616</b>	<b>1,453</b>	<b>-</b>	<b>358,316</b>

8. ACCOUNTS AND OTHER PAYABLES

Accounts and other payables are specified as follows:

	2021 SAT\$	2020 SAT\$
Accounts payables	73,084	67,899
Provision for Audit fees	44,843	42,765
	<b>117,927</b>	<b>110,664</b>
<b>Add: Other Payables</b>		
Payable to Government	5,378,234	4,745,428
Accrued allowances & salaries	-	-
Other employee benefits accrued	44,231	27,842
Revenue received in advance	555,914	508,076
Deferred Revenue	627,465	45,593
Withholding tax payable	10,025	8,403
VAGST Payable	188,691	-
<b>Total accounts and other payables</b>	<b>6,922,488</b>	<b>5,446,007</b>

Deferred revenue relates to both telecommunications and radio spectrum licence fees for the next financial year that have already been invoiced in the current financial year. This amount will be reversed in the next financial year and revenue will be recognised then.

OFFICE OF THE REGULATOR  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

	2021 SAT\$	2020 SAT\$
<b>9. OTHER INCOME</b>		
Doubtful debts recovered	-	-
Other	19,407	38,997
	<u>19,407</u>	<u>38,997</u>
<b>10. OTHER OPERATING EXPENSES</b>		
Advertising	515	53,768
Bank charges	908	889
Electricity	20,586	30,713
Insurance	20,503	20,269
Internet & email	25,611	18,797
Loss on disposal of fixed assets	-	73,446
Motor vehicle running expenses	22,429	28,124
Office equipment	16,528	30,186
Other operating expenses	179,813	140,895
Postages and telephone	6,678	14,260
Stationery	16,230	22,972
Subscription to publications	8,138	22,846
	<u>317,940</u>	<u>457,164</u>
<b>11. PERSONNEL EXPENSES</b>		
Salaries and Wages	1,169,666	1,161,873
ACC Levy & NPF Contribution	123,456	232,493
	<u>1,293,122</u>	<u>1,394,366</u>
<b>12. RELATED PARTIES</b>		
<b>i) Key management personnel costs</b>		
The remuneration of key management personnel during the year were as follows:		
<b>Salaries and short term employment benefits</b>	<u>498,389</u>	<u>498,389</u>
<b>Employers contribution to:</b>		
National Provident Fund	34,887	34,887
Accident Compensation Levy	4,984	4,984
ii) There were no other transactions with Related Parties during the year.	<u>39,871</u>	<u>39,871</u>

**OFFICE OF THE REGULATOR  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

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**13. CAPITAL COMMITMENTS**

The Office of the Regulator is not aware of any capital commitments as at 30 June 2021 (2020: SAT\$nil)

**14. CONTINGENT LIABILITIES**

The Office of the Regulator is not aware of any contingent liabilities as at 30 June 2021 (2020: SAT\$nil)

**15. VAGST ACCOUNT RECONCILIATION**

The Office of the Regulator's request to the Ministry of Customs and Revenue (MCR) to waive penalty fees incurred due to the late filing of VAGST returns was approved. Therefore further verification and reconciliation is required to ensure that the records claimed and filed by the Office match the records of the MCR.

**16. APPROVAL OF FINANCIAL STATEMENTS**

The Management of the Office of the Regulator approved the financial statements on \_\_\_\_\_.