

SAMOA POST ANNUAL REPORT FOR FINANCIAL YEAR 2022/2023



STATEMENT TO PARLIAMENT

30 June 2023

The Honorable Speaker

Legislative Assembly of Samoa

Mulinuu

Sir,

In pursuant of Part VI, Section 23 of the Public Bodies Act 2001 (Performance and Accountability), I present to the Legislative Assembly for discussion, Samoa Post's Annual Report for the Financial Year ended on the 30th June 2023.

Samoa Post VISION is:

To excel in the provision of affordable, reliable, accessible and profitable Postal, Electronic and Financial Services to domestic and international customers.

Through the Mission Statement of:

To move towards postal digitization, facilitating physical distribution of parcels, express and e-commerce items, and strengthens networks for the provision of Electronic and Financial services for the community supporting Government drive towards a Digital Economy.

Ma le faaaloalo,



Toetupe Poumulinuku Onesemo
MINISTER OF SAMOA POST

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CHAIRMAN'S REPORT

As the interim Chair and on behalf of my fellow directors, I am happy to present the audited Financial Statements of Samoa Post for the Financial Year 2022/2023, together with an overall report on the board's governance role for the company for the year.

Performance for the period

Samoa Post is committed to the performance of its mandate, the provision of postal services for Samoa in addition to commercial business partnerships with the international and domestic business communities for bill payment, financial services and E-commerce.

First quarter results were robust until unfortunate impacts from the reopening of the international border, caused revenue decline during the last three quarters when significant changes were encountered, in mail volumes and weights, for both inbound and outward traffic.

The Board decided to review the budget when key performance indicators for the first two quarters varied enormously reflecting financial reality. The revised budget accounted for external disruptions, yet, contributed extensively to financial results for the period. Income was 53 percent less than the prior period with net profit after tax of 78 percent below forecast.

Capital and Dividend

Capital position remains strong at \$4.97 million, indicating sufficient capital for any financial commitments and grew by 5 percent from last year's total of 4.74 million. Management controlled expenditures sensibly, guaranteeing sustainable financial position during and against any unforeseen disruption in the future.

Retained earnings increased by 6 percent from the prior period, though a little lower than the Ministry of Enterprises minimum threshold of 7 percent. But it must be noted that operations are still recovering post covid. Retain earnings exceeded Corporate Plan forecast for 2022/2023 by 30 percent and stronger than expected.

Shareholder's equity continues to grow year after year, demonstrating optimal utilization of shareholder's funds and efficient operations under unforeseen challenges from time to time.

With a strong capital position, Samoa Post did not undertake any borrowings, due to high guaranteed cash holding for operations and projects. Excess funds were securely invested to earn additional interest supporting declining revenue earnings.

Dividend dropped by 78 percent comparable to the previous period, from challenges explained earlier but 44 percent higher than Corporate Plan forecasts.

Samoa Post settled total dividend of \$336,626 to the Ministry for Public Enterprises (MPE) during the year, being the final dividend for financial year 2021/2022 when audit was completed, plus interim dividend for the first six months of this financial year. Final dividend for the period will be paid when audited accounts are completed.

The board approved to reinvest dividend received from UTOS investment, for financial year 2021/2022 of \$171,510 received within this period, again contributing positively to total income.

Director's Information

There were five directors steering the company at the beginning of this financial year with seven board meeting until March 2023. Board meetings were scheduled to be held on the last Friday of each month, however, there were months without board meetings and are clarified in the table below.

Table 1

Months with No Board Meetings

<i>Month</i>	<i>Comments</i>
October 2022	Renovation Work at Matafele.
December 2022	Meeting date fell on the festive holidays & busiest time for postal operations.
March 2023 – April 2023	MPE advised to terminate Board meetings due to ongoing Director's recruitment process.
May 2023	No Quorum as there were only 2 Directors confirmed from MPE, and one was in New Zealand for medical checkup.

Directors attended two training seminars organized by the Institute of Directors during the period, including training on Governance and Development and Understanding Key National Priorities. These training events strengthen and build director's capabilities in their directorship roles annually.

Previous directors are listed in the table below:

Table 2:

<i>Previous Board of Directors</i>	
1. Faavaeolenuu Ioane Tagata	4. Atoa Louis Tafunai
2. Palea Taualetoa Vaalele Faolotoi	5. Toleafoa Joseph Toleafoa
3. Solamalemalo Uputasi Maiava	

Out of the five directors above, four ended their contracts in March 2023 as advised by the Ministry for Public Enterprises except Toleafoa Joe Toleafoa, whose employment continues as his contract ends on the 24 December 2023.

Table 3

Director's Expenses

<i>Categories</i>	<i>Expenses</i>	<i>Comments</i>
Salaries	\$77,364	Salaries for the financial year.
Miscellaneous	\$5,927	Meals and Other Expenses
Institute of Director's Training	\$840.00	Institute of Directors fees for training and Luncheon
Total	\$84,131.00	

I conveyed my appreciation and gratitude to the former Chairman of the Board, Afioga Faavaeolenuu Ioane Tagata and fellow directors, for their invaluable contributions to the development of Samoa Post, in the last three years of their appointments.

May our Heavenly Father blesses them and their families abundantly and wish them well in their future endeavors.

Afioga Afoa Szegedi Stefan, the new appointed director, joined in April 2023 and continued the Board's governance role with the final meeting for the year held in June 2023.

Community Service Obligations (CSO)

Samoa Post does not provide an official Community Service Obligations (CSO) in the strict framework of CSO provision and Government subsidies. However, Samoa Post provides postal services through five (5) District Post Offices in Savaii to serve these rural communities, though contradicts State Owned Enterprises' mandate of operating purely on commercial lines.

The commitment to serve these rural communities through postal and additional complementary services, is in accordance with our strategic drive towards service inclusion, service accessibility, instantaneously, achieved our Universal Postal Union mandate for Universal Service Obligation (USO) that is delivering every mail to wherever the addressee resides.

We constantly reviewed district post office operations in respect to overall financial position every year, ensuring the company's mandates of profitability and dividend payment obligations, are not compromised at year end.

Gratitude

We are thankful for God's guidance during this challenging period as we gradually recovered from the pandemic. We thanked our international and domestic business partners and our customers for confidence and support, through persistently using postal services during the year.

May the Lord guides us all during these challenging times and continue to protect Samoa from natural disasters and potential pandemics in the future.

God Bless,



Toleafoa Joe Toleafoa

INTERIM CHAIRMAN - BOARD OF DIRECTORS

CHIEF EXECUTIVE OFFICER'S REPORT

The year ended well despite of persisting challenging operational environment particularly changes in the international regulatory business environment, mail security risks, inflationary operational costs and network upgrade requirements.

Samoa Post achieved overall key financial and non-financial performance indicators for this period.

Highlights for the year

a. Performance during the year

Year results fluctuated enormously but exceeded economic forecasts at yearend, though experiencing financial impacts of the international border reopening in August 2022.

Full adverse effects were reflected in the second and third quarters, when both outbound and inbound volumes dropped to its lowest throughout the financial year. Travel rush saw increasing number of the travelling public and flights arriving and departing from Samoa, after family's separation for a long period of time during lockdowns. Luggage and gifts previously transmitted through the postal network during the lockdown, now being carried by the travelling public and revenues now diverted to airlines.

The final quarter recorded a slow recovery in mail volumes though challenged by inflationary operational costs and these external factors are beyond the company's control.

b. New Postal Tariff effective on the 1 July 2022

A new postal tariff came into effect at the beginning of this financial year and understandably contributed to declining posted volumes to some extent. However, the price increase was unavoidable with rising annual operational costs, while prices remained since 2008. Samoa Post subsidized outbound tariff costs with revenues earned from inbound mails for fourteen (14) years. We were completely aware that a price increase, could result in a decline in outbound volumes, given postal service is not an essential service for the community such as water and electricity.

As Samoa is isolated from the rest of the world, delivery and freight costs, are generally higher for international trade, and constitute a huge proportion of any product or service price. The unavoidable new tariff reflected many changes during Covid, when Samoa Post exported huge and heavy volumes, thus immediately became a net exporter. Instantaneously, inbound volumes nearly disappeared since 2020 to the first few months of this financial year, from

overseas countries' extended covid lockdowns, reducing revenues from inbound mails and increasing outbound payments made to overseas postal administrations.

High delivery costs payments to overseas postal administrations, plus huge freight costs payable to airlines was the new trade norm. It changed our long standing position suddenly, from being a mail debtor to being a mail creditor.

New systems, new vehicles and buildings were renewed and upgraded and these trade factors led to the new tariff, ensuring mail services are sustainable in the long term.

Despite of the price increase, Samoa Post pricing for courier services, are still the cheapest comparable to other service providers in the market. We strived to keep prices affordable for our people in accordance with our vision statement.

c. Staff Capacity Building

Training our workforce remains a priority and we are very fortunate in securing training fellowships from our international postal family for our employees. It is one of the Management's objective in high level meetings and networking, is to seek financial and training fellowships for capacity building and development projects for Samoa Post.

Total of six employees attended international trainings physically, as soon as the border was reopened. All these training were funded by our close trading partners in conjunction with the Universal Postal Union's for ORE3 (Operational Readiness for E-commerce) project. These capacity building assistances continued to form an essential part of developing our work employees' skills and much needed assistance for Samoa Post.

Many operational changes were introduced this year as international mail transmission are becoming more complicated. High proportion of mail items are now purchased online, thus losing postal administration's control on items are now being transmitted in mail items.

This caused concerns from European Union countries, United States of America and Australia. Tightening of border security from illegal trade led to additional and stricter security policies imposed by the border security. Electronic submission of international mails data to border security and international postal administrations, becomes mandatory and non-compliance will result in mails not accepted by destination countries.

Cargo agents were also mandated to transmit scanning events and data, of all mail consignments before international transmission and at all transit points. Sending pre alerts to

airlines were enforced, in addition to scanning reports. Mail consignments cannot be loaded on airplanes if these operational policies are not met at all times.

We acknowledged with gratitude our international postal family for their continuous assistance in Samoa Post's capacity building to strengthen our network, services and compliance every year. We utilized all opportunities for employees' capacity building to cope with operational changes and changing delivery targets set by the Universal Postal Union.

Online workshops and meetings – Three employees participated in three online meetings and workshops conducted by the Universal Postal Union focusing on strengthening the transmission of online information on posted items as required by cross border securities and meeting new delivery standards for the year 2023.

High Level and Business Meetings – the CEO attended high level meetings, two online and three with physical participation. They were:

- **Online** - the Asia Pacific Postal Union Executive meeting in Bangkok in August 2022, which discusses the finances of the APPU for the financial year, planned developments projects and training plans and fellowships;
- **Online** - the United Nations Capital Development Fund (UNCDF) meeting in Suva Fiji in June 2023, discussing criteria UN funds can assist Pacific Islands to mitigate and respond to climate change consequences. Samoa Post submitted a development project proposal to the UNCDF, unfortunately it was declined as does not fall within the fund's criteria for climate change pursued by UNCDF;
- **EuroGiro** – the Eurogiro meeting in Dubai addressed operational issues with Eurogiro partnership, compliance with legal requirements from the Central Bank of Samoa, in respect to money laundering and new operational procedures.
- **Meeting with the Universal Postal Union Director General** – A meeting in Nadi from the 24 - 26 May 2023 with the Director General of the Universal Postal Union, to negotiate financial assistance through development projects, secured training fellowships from the union and confirmed seats for the Pacific Postal Operators, in the Universal Postal Union Councils of Administration (CA) and the Postal Operation Council (POC).
- **World Customs Organization (WCO) and UPU meeting** – this WCO meeting was in conjunction with the Universal Postal Union (UPU), held in Tokyo Japan on the 5 – 6 June 2023.

The objectives were to highlight key concerns from World Customs on the increasing trend in illegal drugs and substances, now being transmitted through the postal network.

As security becomes a paramount issue for cross border mails, Japan Post funded the attendance of Pacific Islands soliciting their participation. Pacific postal administrations are required to be fully alert on this international illegal trade and understand the scope of this worldwide threat.

The drive is to strengthen the cross border security in the Pacific, ensuring that the Pacific could not to be used, as a transit point for illegal drugs and substances, destined to Europe, America and Australia, due to its weakened security status.

Table 4

Staff Capacity Building for Financial Year 2022/2023				
	Attendees	Venue	Project	Funding
1	Mrs Faapaia Epa	Bangkok Thailand 4 November - 2 December 2022	Operations Management Course (OMC)	New Zealand Post
2	Mrs Betty Pitovao	Nadi, Fiji 15 - 17 November 2022	Operational Readiness for E-commerce (ORE 3)	Universal Postal Union (Under Australia funding)
3	Ms Roketi Lapalapa	Nadi, Fiji 15-17 November 2022	Operational Readiness for E-commerce (ORE 3)	Universal Postal Union (Under Australia funding)
4	Mr Mark Ulatifa	Bangkok Thailand (6 -31 March 2023)	Parcels and Logistics Services	Australia Post
5	Mr Esera Junior Esera	Nukualofa Tonga (27- 31 March 2023)	Non-Psychoactive Substances (NPS) and Postal Inspection and Security conducted by ICAO	Universal Postal Union
6	Ms Leleiga Opetiaia	Nadi Fiji 24 – 26 May 2023	Mail Transport Project	Universal Postal Union

Overseas Training Attended by employees during the year

Workshop in Bangkok, Thailand



Workshop in Nadi, Fiji



Workshop in Nukualofa, Tonga



Workshop and UPU meeting in Nadi, Fii



d. Australia Post visit to Samoa

We hosted two Australia Post colleagues in June this year, as part of their site visit around postal administrations in the Pacific, to identify areas in which Australia Post can assist to improve postal services by designated operators in the region.

They inspected and assessed Samoa Post's postal network around Savaii and Upolu, identifying any areas where Australia Post can assist Samoa Post in improving its operational performance and improve Quality of Service.

e. Parliamentary Revenue and Expenditure Committee's site visit to Savaii

As part of the discussion of Samoa Post's Annual report for the financial year 2021/2022 during the year, the Parliament Sub Committee for Revenues and Expenditures carried out a site visit around District Post Offices in Savaii. They submitted a report with recommendations for District Post Office's improvement. The Board discussed the report, approved funds and plan to execute the recommendation in the next financial year.

f. Operational Challenges

As highlighted earlier, the travel rush period was a doubled sword for postal operations resulting in decreasing inbound mails and more seriously outbound volumes and revenue collection.

Additionally, airlines prioritized the travelling public and their luggage. Mail consignments were offloaded for days due to capacity issues. Both inbound and outbound mails were affected and sometimes, offload delays took two weeks. Customer's complaints increased for excessive delays in inbound mail delivery and dispatch of outbound mails. But the issues were beyond Samoa Post's control as commercial flights are used and priorities are for the travelling passengers.

g. Border security and illegal substances

Discovery of illegal substances through mail network is an emerging challenge and a real concern this year for both Samoa Post Management and the Ministry of Revenue and Customs.

Two cases of illegal substances arriving onto our shores, as transit mails destined for other countries were intercepted by Custom and K9 team and were handled by Customs and the Ministry of Police for further investigations.

These security issues resulted in the installation of security cameras inside the mail room and throughout custom's operational areas. The objective is to strengthen security and monitoring of inbound mails and potential illegal substances. We took these issues seriously and assist border security in protecting our country.

We conducted meetings with the country of origin of these mail bags for their investigations in accordance with international mail procedures and to ensure all mail consignments crossing our border, complied with all security regulations.

h. High rate of staff termination, resignations and high recruitment costs

Staff termination and resignations are becoming regular disruption. Four staffs were terminated during the period, three from Matafele main office, due to noncompliance with international operational mail procedures and Human Resource policies compromising mail security.

One employee was terminated from Tuasivi Post Office for misappropriation of Western Union cash out funds and the two cases of illegal drugs and theft, were referred for police investigations.

Three employees also resigned from district post offices to take care of their children and aged parents, while their spouses took up employment through the Government seasonal worker scheme. These unavoidable incidents led to high staff recruitment and staff training costs for new recruits during the year.

Overview of Operating performance and results achieved

Operational Performances

Operational activities increased as overall mail volumes rose by 4 percent this period, but 72 percent of that is inbound light weighted mail items, a huge change from only 56 percent of inbound mails previously.

Outbound mail volumes dropped by 40 percent, with total weight also dropped by 75% from last year, of 168,054 kilograms to 41,186 kilograms this year. Our key strength lies in outbound heavy and bulky items, generating significant revenues last year, and the drop in volume and weights corresponds to income reduction this period.

Key adverse impacts in operational results are:

- although overall mail volumes increased this year, again, they were from light weighted inbound mail items, received from overseas;
- income collection is predominantly determined by outbound mail volumes and weights; and
- the postal tariff is weight related, the heavier the items, the higher the revenues earned.

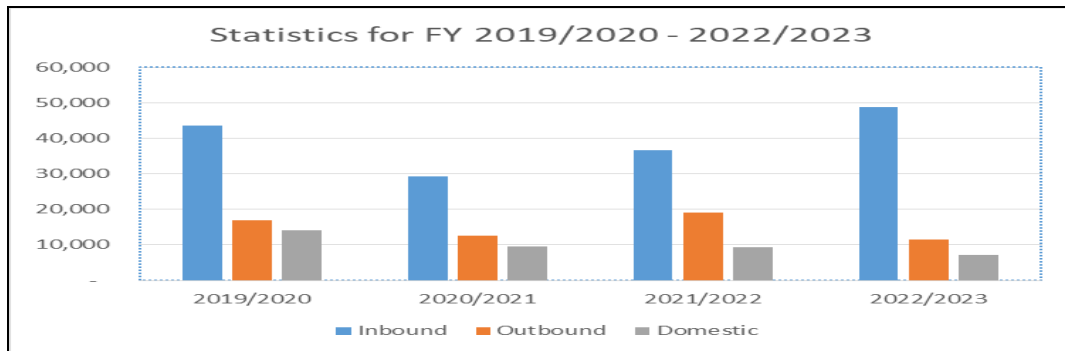
Domestic mails dropped by 24 percent from last year with minimal financial implications given the fixed domestic rate of \$1.00 per item regardless of weight.

On the other hand, local businesses opted to deliver invoices through email as cost effective for them. Financial institution now provide online banking access to their customers, a game changer for physical delivery of telephone bills, bank and insurance statements.

Table. 5

Mail Statistics over the last 4 years

<i>Mail Statistics for FY 2019/2020 – 2022/2023</i>					
	2019/2020	2020/2021	2021/2022	2022/2023	(+/-)
Inbound	43,523	29,255	36,567	48,803	33%
Outbound	16,848	12,611	19,036	11,454	-40%
Domestic	14,045	9,485	9,358	7,077	-24%
Total	74,416	51,351	64,961	67,334	4%

Graph 1

Comparisons with Corporate Plan (CP) Forecasts

Performance were stronger compared to Corporate Plan forecasts, as CP figures were based on general trends, without external disruptions such as the pandemic.

Total volume was 35 percent higher than Corporate Plan forecast, driven by a rise in outbound volumes in the first quarter with gradual increase later in the final quarter of the financial year.

Agencies Services

There were 16, 532 Agency services transactions performed under business partnership with the local and international business community, including Eurogiro, Western Union, Samoa Water Authority (SWA), Electric Power Corporation (EPC), Vodafone Samoa, Digicel and SNPF pension payments.

Overview of financial performance for the period

Each year, Board and Managements attempt to keep budget forecast as close as possible to corporate plan forecast keeping it as the minimal threshold except for unexpected events that can causes explainable variations.

There are no changes to revenues and expenditure structure from past years and Corporate Plan forecast structure as well. However, notable recorded changes were in income reduction from 4.5 million tala last year to 2.1 million tala this year, with contributing factors explained earlier.

Revenues

Total income collected dropped by 53 percent from the last financial year triggered by postal services and agency services dropping by 60 percent and 6 percent respectively from the prior year. Retail sales has no change from last year with a growth in other revenues and deferred income from higher returns from UTOS investments and Universal Postal Union donated assets.

From budget forecasts, most revenue streams performs just as projected except “other revenues” with a 6 percent drop as short term investments were withdrawn to settle due creditors, taking total revenues to an 8 percent stronger than budgeted.

From the Corporate Plan forecast we noted that, most revenue streams exceeded their budget figures, except for agency services and other revenues, with a below target performance of 20 percent and 11 percent respectively. Reduction was triggered by reduced commission earned when businesses opted for cost effective technology to deliver invoices and bank statements taking over physical delivery of invoices and business statements. On the other hand, “other revenues” also dropped due to external disruptions not foreseen when corporate plan forecast were prepared.

Major key revenue items are provided in the table below:

Table 6

Performance comparisons to Last Financial Year, Budget and Corporate Plan Forecast

<i>Revenues</i>	<i>2023 (\$)</i>	<i>2022 (\$)</i>	<i>(+/-)</i>	<i>Budget Figures (\$)</i>	<i>(+/-)</i>	<i>CP Forecast (\$)</i>	<i>(+/-)</i>
Postal Services	1,580,232	3,985,550	-60%	1,429,222	11%	1,260,000	25%
Retail Revenues	78,681	78,905	0%	56,539	39%	50,000	57%
Agency Services	87,674	92,879	-6%	83,045	6%	110,000	-20%
Other Revenues	277,144	275,232	1%	293,670	-6%	310,000	-11%
Deferred Income	90,773	80,963	12%	89,879	1%	82,000	11%
Total Expenditure	2,114,505	4,513,529	-53%	1,952,355	8%	1,812,000	17%

Expenses:

Total expenses were 39 percent below previous year's spending, with reduced costs from air carriers and international settlements as outbound traffic decreases. Cost of sales and depreciation are the only items being above its target for meetings and outbound mail costs.

In comparisons to budget figures, total expenses were 2 percent lower than the forecast with all costs items strictly within their allocated funds, except for personnel with 5 percent above budget for salaries and 14 percent of international postal cost being for outbound mail costs to airlines and international postal administrations.

For Corporate Plan comparisons, total depending exceeded its forecast by 17 percent when all spending were higher than budget due to inflation given CP estimates were done three years ago. Favorable results were in Board expenses, due to the reduction of Director's numbers from 5 to 3 this year.

Operations continued under challenging circumstances managing inflationary operational costs against declining revenues.

Key Expenditure Codes and Variations

Table 7

<i>Expenses</i>	<i>2023 (\$)</i>	<i>2022 (\$)</i>	<i>(+/-)</i>	<i>Budget Figures (\$)</i>	<i>(+/-)</i>	<i>CP Forecast (\$)</i>	<i>(+/-)</i>
Cost of sales	41,419	34,113	21%	51,175	-19%	40,000	4%
Audit fees	21,000	21,000	0%	25,055	-16%	21,000	0%
Doubtful debts	-	-		-		-	
Personnel	655,676	684,101	-4%	626,518	5%	640,000	2%
Board expenses	83,531	100,619	-17%	96,391	-13%	100,000	-16%
Depreciation	184,755	159,603	16%	192,825	-4%	143,000	29%
International postal cost	247,245	974,925	-75%	217,255	14%	120,000	106%
Other operating expenditure	601,189	1,041,858	-42%	660,632	-9%	507,000	19%
Total Expenditure	1,834,816	3,016,219	-39%	1,869,851	-2%	1,571,000	17%

The board and management never lost focus on Samoa Post's guiding principles, to operate profitably and pay dividend to Government each year, in addition to efficient and reliable postal and complimentary services to customers.

Maintaining an excellent balance between commercial and community corporate responsibility through has been achieved this year.

Cash Flows

Operating Cash Flows are inclusive of cash collected on behalf of our business partners such as Vodafone, Samoa Water Authority, Electric Power Corporation and Western Union cash outs. The funds collected are later transferred to our business partners' accounts, on a daily and weekly basis in accordance with business agreements.

Negative cash flows of 111 percent is recorded in operating activities, due to reduction in collected income, with huge provisional tax payments of \$495,896 made during the period plus creditor's settlements due within the period.

Investing activities has a negative balance from property purchase and term deposit withdrawer for creditor's settlements.

Financing activities also has a negative balance from dividend payment of \$336,626, made to the Ministry of Public Enterprises this year.

Although cash balance at yearend was 66 percent lower from the previous year, but related to meeting financial obligations due within the period. We consciously and frequently monitored our financial obligations from time to time, ensuring they are within our financial capabilities when due.

Capital structure

Controlling financial spending rewarded successfully with strong capital structure of 4.97 million tala at yearend, an increase of 5 per cent from last year of 4.74 million tala, and 26 per cent higher from Corporate Plan forecast of 3.94 million tala.

Furthermore, 80 per cent of this amount is invested in UTOS, guaranteeing additional annual interest, forming part of Other Revenues, reported in the Profit and Loss and Other Comprehensive Income Statement. It must also be noted, that UTOS dividend compliments the financial status of the company each year.

It's imperative to note that, a proportion of UTOS investment is related to creditor's funds payable when due at a later date, but securely invested for additional earnings. The remaining portion is accumulated retained earnings, reserved for development projects to develop, upgrade and grow Samoa Post's network for business sustainability moving forward.

Equity

Equity keeps increasing annually with an injection of \$235,558 this year, accounting for profitability and other comprehensive income at year end. Growth of 5 percent reflects effective and efficient management and utilization of shareholder's funds.

Our paramount objective is to constantly building shareholder's wealth each year, which currently stands at 4.971 million tala at year end and 26 percent higher from Corporate Plan equity forecast.

With positive and strong capital position, there were no borrowings this year. We stayed focused on stringently operating within budgets lines and consciously aware that overspending can result in detrimental results at yearend. That drive rewarded successfully without draining our financial investments, achieving mandates of being profitable and pay dividend to shareholders at the close of this financial year.

Capital Expenditures

New Development Projects funded by Samoa Post

1. Three key projects plus a minor one were completed during the period. These include the renewal and extension of Samoa Post Training Room, which also held Board Meetings, Staff Meetings and Sector Meetings. It was completed in May 2023, for total cost of \$25,747.83. The old training room seriously needed a facelift to accommodate the increasing numbers of users and addressed leaks from the roof and window and these are expected challenges of leasing in a very old building.
2. Second project was the building of new staff washrooms with total cost of \$39,210 and completed in November 2022. The project was urgently required due to the increasing staff numbers; improve working environment and addresses continuous problems from aged facilities for employees. The company also constructed a ramp to smoothly transfer mails to and from the airport and assisting employees in handling heavy parcels and mail bags all the time for total cost of \$3,000.
3. Installation of Security Cameras for the cost of \$5,175.00 by SSAB Company, in the mail room and custom's working areas and completed in June 2023. This was part of enhancing mail security and protection of Samoa, from being potentially used, as the transit point for illegal substances and from entering our shores.

These planned projects were not included in the Corporate Plan, but approved by the Board as necessary for staff's health and safety, mail security, improving working environment and responding to unforeseen circumstances arising from time to time.

Outlook for next year

Business and Development Plans

1. Digital Banking

The company is pursuing avenues of establishing a Samoa Post Bank Project for financial year 2023/2024. The initiative will coincide with Government drive for Digital Economy and digitization of the whole country and leaving no one behind.

The rationale behind the initiative is creating an enabling business environment for rural communities to create wealth and develop new businesses. Secondly, it increases access to cheaper and affordable financial services, realize the drive towards service and financial inclusion and pursue financial literacy.

We understand that massive proportion of seasonal workers employees' income is injected to our economy to their families through Money Transfers Operators, indicating a need for banking services for rural communities. Banking services capture and generate financial opportunities for these financial transactions, such as creating bank accounts, savings, lending and debit cards accesses.

We foresee financial inflows to continue due to high labor market mobility. We forecast demand for laborers from New Zealand and Australia will increase. Strengthening financial institution can cover personal new accounts and availability of Automatic Teller machines (ATM's) by rural communities and slowly replace cashing out of received funds. We focus on Savaii due to the absence of commercial banks, strict new accounts regulations and transportation issues in Savaii.

2. Digital Financial

Though financial services are now available through district post offices but its on partnerships with private financial institutions. What we are working on, is establishing financial services operated by postal administrations in our key corridors such as Australia Post, New Zealand Post and United States Postal Services.

This initiative ensures full utilization of the postal network and can possibly drive transactions downs and beneficial to customers and our people. We are also very passionate on this initiative as access to financial services is an effective engine towards lifting people out of poverty and improving the general wellbeing of our people, particularly in rural communities.

3. E-commerce challenges

E-commerce inbound trading, is still slow-moving with customers of being the top and rich end of the market, who afford online purchasing as understandably, online purchasing are further defied by our small economy, low consumer earnings, debit cards requirements and foreign currencies purchases.

Outbound e-commerce is challenged by supply consistency and market's capability to supply. The best examples are the Koko Samoa which is a seasonal plant, recording huge export growth in the last financial year but nearly disappear from postal export volumes this year. Taro chips, one of the strong export product previously, yet certified suppliers products are in short supply most of the time.

These are usual challenges faced by small countries with small population, the continuous issues are unsustainable production, inconsistent supply and the absence of commercial farming. Supplies usually fall short of market demand but postal services kept improving and ready for delivery when products are available for e-commerce trading.

4. New developments

Samoa Post plan key developments projects in the next financial year, as recommended by the Parliamentary Sub Committee for Revenue and Expenses. These include the following:

- building of a new Salelologa Post Office, to replace the current office, on lease from Samoa Land Corporations, due to the poor condition and working environment considered unsafe for both customers and staffs;
- renovations of Tuasivi Post Office and Asau Post Office as these buildings needs huge investments to upgrade; and
- Digital Banking Project - extending services to Digital Banking and Digital Financial for the rural communities, preparing and enabling postal network to support the Government drive towards Digital Economy.

These development plans are projected to be fully funded from UTOS invested funds and without any borrowing.

5. Key Network Development Projects:

Samoa Post plan key developments projects in the next financial year, as recommended by the Parliamentary Sub Committee for Revenue and Expenses. These include the following:

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- building of a new Salelologa Post Office, to replace the current office, on lease from Samoa Land Corporations, due to the poor condition and working environment considered unsafe for both customers and staffs;
 - renovations of Tuasivi Post Office and Asau Post Office as these buildings needs huge investments to upgrade; and
 - Digital Banking Project - extending services to Digital Banking and Digital Financial for the rural communities, preparing and enabling postal network to support the Government drive towards Digital Economy.

These development plans are projected to be fully funded from UTOS invested funds and without any borrowing.

Future Risks and Uncertainties

Operational Risks

Powerful and speedy communication devices, far reaching coverage, instant and cost effective connectivity, facilitates technological evolution and the greatest challenge for postal services, already overtaking physical letter communications between people and businesses.

Harmonizing operations with changing international regulations becomes more costly with serious effects delaying parcels and courier services delivery. A number of postal items sent overseas were seized by international border securities for noncompliance.

Samoa Post is being a recipient of Universal Financial Assistance, Developments Projects and Training fellowships for many year now. We foresee a time in the future when these financial assistance is removed adding more costs to postal operations that could have negative effects on the company's operational capability.

Infrastructure Risks

Operations is constantly challenged with our current location at the Matafele Building which is understandably in a very run down status. Samoa Post kept renovating some areas as in the Capital Expenditure section of this report without any financial assistance from the landlord. Persistent concerns include security of the public's properties (mail items) and safety of both customers and employees.

Addressing this issue, the board resolved to find a piece of land for a new Samoa Post office, funded by our UTOS investments.

District Post Offices in Savaii are aged buildings from the seventies under the Governments Departments and allocated to Samoa Post during Corporatization in 2008, under lease agreement with MNRE. Samoa Post kept renovating these five (5) outlets since then, pursuing our vision for service accessibility and inclusion for rural communities simultaneously keeping operational costs minimal

We were recently advised to renovate Salelologa, Asau and Tuasivi district post offices and a complete upgrade will be costly for the company, particularly with very minimal transactions from these outlets.

Example: average transactions from these areas are ten (10) per day with transaction processing time of three (3) minutes. The results are, it takes only 30 minutes for the staff to process 10 transactions per day, while the company pays employees eight (8) hours per day.

Nevertheless, the year ended successfully despite of the many challenges and believe God steered the company through these uncertain times and with favorable results achieved this year.

Recommendation to Cabinet

We respectfully requests Cabinet to approve Samoa Post's Annual Report for the financial year ended on the 30 June 2023.

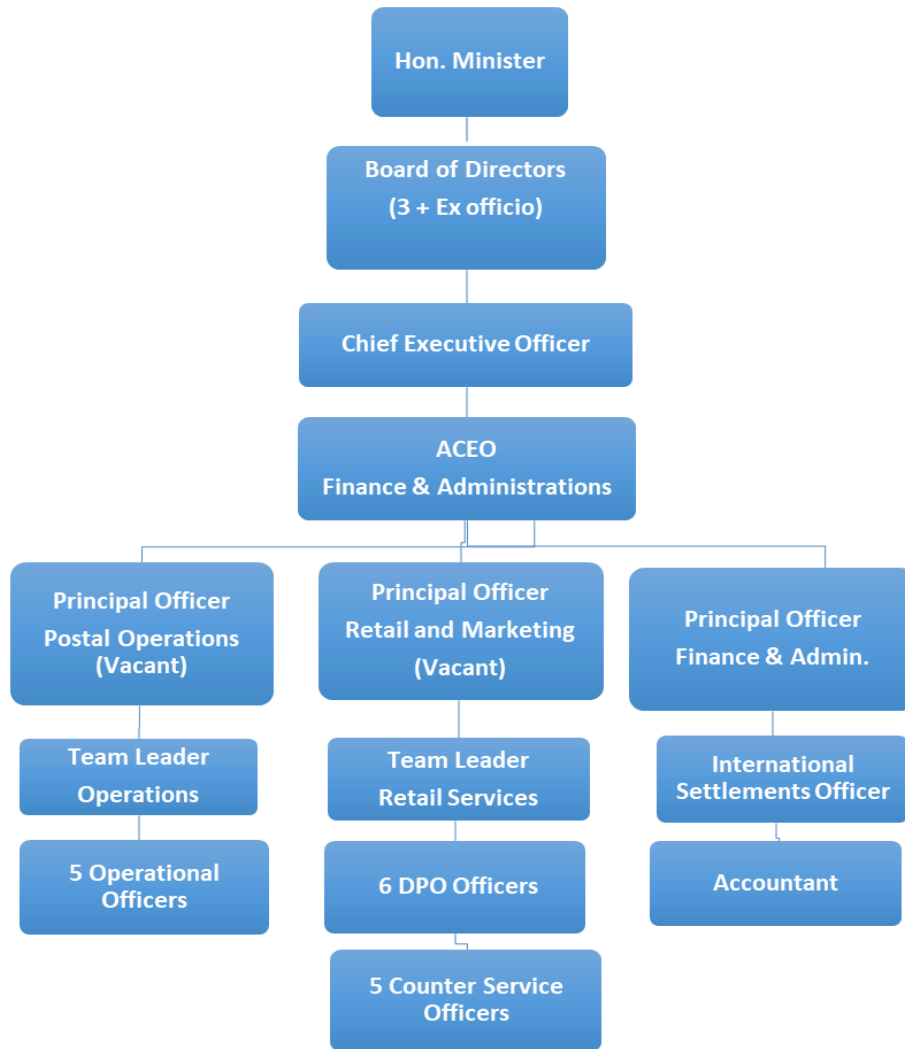
Ma le fa'aaloalo lava,



Lafaitupa'itea Tupe Ualolo Nun Yan

CHIEF EXECUTIVE OFFICER

SAMOA POST ORGANISATION STRUCTURE FOR FINANCIAL YEAR 2022/2023



Note:

1. There were 23 employees this year; and
2. 1 Caretaker at Asau Post Office

Samoa Post Key Financial Performance Indicators for the Financial Year ended on the 30 June 2023

SAMOA POST LIMITED ANALYSIS OF KEY FINANCIAL & NON-FINANCIAL INDICATORS

KEY FINANCIAL MEASURES	Period Ended		Variance	Year-to-Date	
	Actual	Budget		CP Figures	Variance
	\$	\$		\$	\$
	FY 2022/2023	FY 2021/2022		Forecast	(+/-)
Revenue:	2,114,504	4,513,529	-53%	1,812,000	17%
Expenditure	1,834,816	3,016,219	-39%	1,571,000	17%
Net Profit Before Tax	279,688	1,497,310	-81%	241,000	16%
Tax	(27,041)	(357,965)	-92%	(65,070)	-58%
Net profit After Tax	252,647	1,139,345	-78%	175,930	44%
Dividend	88,427	398,771	-78%	61,576	44%
Current Assets	5,949,202	6,880,111	-14%	815,000	630%
Total Assets	6,701,994	7,748,589	-14%	5,087,000	32%
Current Liabilities	1,338,636	2,480,389	-46%	961,000	39%
Total Liabilities	1,730,150	3,012,303	-43%	1,147,000	51%
Retain Earnings	4,471,844	4,236,286	6%	3,440,000	30%
Total Equity	4,971,844	4,736,286	5%	3,940,000	26%
Profitability:					
NPAT as % of sales	12%	25%	N/A	10%	N/A
Return on Equity	6%	31.6%	N/A	6%	N/A
Liquidity:					

Current Ratio	4.4.1	2.8.1	N/A	0.85	N/A
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Period

KEY NON-FINANCIAL MEASURES

	2023	2022	Variance	CP Figures	Variance
No. of SPO's	8	8		8	800%
No. of CPOs + DPO	1 + 5	1 + 5		1 + 5	1 + 5
No. of Occupied Post Boxes	1,073	1,203	-11%	1,500	-28%
Postal Volumes	67,334	64,961	4%	50,000	37%

Progress with Corporate Plan 2023

Performance Measures	Actual Performance	Corporate Plan 2023 Targets	Assessment to CP 2023
Revenue	\$ 2,114,504	\$ 1,812,000	Revenues is 17% stronger than the CP forecast.
Expenditure	\$ 1,834,816	\$ 1,571,000	Expenses were also 17% higher due to increase in IS Cost and Air Carriers linked to increase in revenues above.
Net Profit Before Tax	\$ 279,688	\$ 241,000	Net Profit Before Tax is 16% higher reflecting higher income.
Income Tax	\$ -27,041	\$ -65,070	Income tax reduces compared to CP by 58% forecast due to higher provisional taxes with the Ministry of revenues.
Net Profit After Tax	\$ 252,648	\$ 175,930	Higher NPAT by 44% generated from stronger revenues above.
Dividend	\$ 88,427	\$ 61,576	Dividend is also 44% greater than forecast indicating sound operations for the period.
Retained Earnings	\$ 4,471,844	\$ 3,440,000	An increase of 30% is recorded comparable to the CP forecast from higher profitability for the period.
Total Equity	\$ 4,971,844	\$ 3,940,000	Total Equity is also 26% higher than the CP forecast due to strong performance for the period.
Return of Equity (ROE)	6%	6%	ROE is just as expected.
Current Ratio	4.4.1	0.85	Current ratio is stronger than expected.

SAMOA POST'S AUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2022/2023

SAMOA POST LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

**SAMOA POST LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

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**SAMOA POST LIMITED
REPORT AND CERTIFICATION BY DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2023**

The directors present their report together with the financial statements of the company for the year ended 30 June 2023 and the auditors' report thereon.

Directors

The following were directors of Samoa Post Limited during the year and up to the date of this report:

- Faavaolenuu Ioane Tagata (ceased appointment March 2023)
- Atoa Louis Tafunai (ceased appointment March 2023)
- Palea Tauaaletoa Vaalele Faolotoi (ceased appointment March 2023)
- Solamalemalo Uputasi Maiava (ceased appointment March 2023)
- Toleafoa Joseph Toleafoa (Interim Chairman)
- Afoa Stefan Szegedi (appointed 28 April 2023)
- Foulalo Pativaine Leiataua Ngau Chun (appointed 19 July 2023)
- Lafaitupaitea Tupe Ualolo Nun Yan (ex officio director)

State of Affairs

Other than the on-going impact of COVID 19 pandemic, there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Principal Activities

The principal activities of the Company during the financial year were provision of postal and courier services both locally and internationally.

There were no significant changes in the nature of the activities of the Company during the financial year.

Results

Operations during the financial period resulted in a profit after income tax of \$252,648(2022: \$1,139,345).

Retained earnings carried forward to the next year amounts to \$4,471,844 (2022: \$4,236,286)

Dividend

The Company declared total dividend for the year of \$88,427(2022: \$398,771) which remained payable at year end.

Events subsequent to balance date

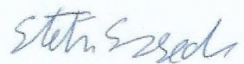
In the opinion of the directors, other than the on-going impact of COVID 19 there are no matters or circumstances that have arisen since the end of the financial period that have significantly affected the operations, results or state of affairs of the Company in future financial years.

The financial statements were authorized for issue on 25 October 2023 on behalf of the directors of Samoa Post Limited.



Toleafoa Joseph Toleafoa
INTERIM CHAIRMAN

Apia, Samoa
25 October 2023



Afoa Stefan Szegedi
DIRECTOR

Apia, Samoa
25 October 2023



AUDIT OFFICE

Please address all correspondences
to the Controller and Auditor General

REPORT OF THE AUDIT OFFICE

TO THE GOVERNING BODY IN CHARGE OF GOVERNANCE – SAMOA POST LIMITED

Audit Opinion

We have audited the accompanying Financial Statements of the Samoa Post Limited which comprises of Statement of Financial Position as at 30 June 2023, the statements of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2023, and notes to the financial statements, including a summary of significant accounting policies. The Accounting Firm of Leota & Niumata, Chartered Accountants assisted in the audit. The Engagement Partner on the audit resulting in this Independent Auditor's Report is Tuala Pat Leota.

In our opinion, the financial statements give a true and fair view of the financial position of the Samoa Post Limited as at 30 June 2023, its statements of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS), Public Finance Management Act 2001, Public Bodies (Performance and Accountability) Act 2001 and amendments.

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 Samoa Post Limited 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.

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, Public Finance Management Act 2001, Public Bodies (Performance and Accountability) Act 2001, and Samoa Companies Act 2001 and amendments 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, directors are responsible for assessing the Company'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 the directors and management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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:

- 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.

Please address all correspondences
to the Controller and Auditor General



AUDIT OFFICE

- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors and 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 Company'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 Company 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, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion the financial statements have been prepared in accordance with and complies with the requirements of:

- i. Public Bodies (Performances and Accountability) Act 2001, and the
- ii. Public Finance Management Act 2001 (and amendments).

We also confirm that:

- We have been given all information, explanations and assistance necessary for the conduct of the audit; and
- The Company has kept financial records sufficient to enable the financial statements to be prepared and audited.

Our audit was completed on the 19th October 2023 and our opinion is expressed as at that date.

Apia, Samoa
27 October 2023

ASSISTANT CONTROLLER AND AUDITOR GENERAL

SAMOA POST LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
Income			
Postal service revenue		1,580,232	3,985,550
Postal retail revenue		78,681	78,905
Agency commission		87,674	92,879
Other revenue	17	277,144	275,232
Deferred income	13a	90,773	80,963
		2,114,505	4,513,529
Expenses			
Cost of sales		41,419	34,113
Audit fees		21,000	21,000
Doubtful debts	18	-	-
Personnel	14	655,676	684,101
Board expenses	15	83,531	100,619
Depreciation	11 & 12	184,755	159,603
International postal cost		247,245	974,925
Other operating expenditure	16	601,189	1,041,858
		1,834,816	3,016,219
Profit/(loss) before tax		279,688	1,497,310
Income tax (expense)/credit	10a	(27,041)	(357,965)
Profit for the period after tax		252,648	1,139,345
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain on investments		71,337	26,282
Total other comprehensive income		71,337	26,282
Total comprehensive income		71,337	26,282

The relevant accompanying notes form an integral part of the above Statement of Profit or Loss and Other Comprehensive Income.

SAMOA POST LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		2023	2022
	Note	\$	\$
CURRENT ASSETS			
Cash on hand and at bank	5a	563,003	1,641,830
Term deposits	5b	512,831	1,000,000
Investment	5c	3,994,628	3,751,781
Trade & other receivables	6	500,970	420,201
Inventories	7	53,549	66,299
Income tax receivable	10b	324,220	-
Total current assets		<u>5,949,202</u>	<u>6,880,111</u>
NON CURRENT ASSETS			
Property, plant and equipment	11	450,777	523,780
Right-of-use-assets	12a	271,930	317,252
Deferred tax asset	10c	30,086	27,446
Total non-current assets		<u>752,792</u>	<u>868,478</u>
TOTAL ASSETS		<u>6,701,994</u>	<u>7,748,589</u>
CURRENT LIABILITIES			
Trade & other payables	8	1,151,210	1,924,516
Employee entitlements		44,390	37,310
Dividend payable	9(ii)	18,650	266,850
Leased liabilities	12b	42,201	38,788
Deferred income	13b	82,186	70,962
Income tax payable		-	141,964
Total current liabilities		<u>1,338,636</u>	<u>2,480,389</u>
NON CURRENT LIABILITIES			
Deferred income	13b	112,278	210,477
Employee entitlements		5,541	5,541
Leased liabilities	12b	273,695	315,895
Total non-current liabilities		<u>391,514</u>	<u>531,913</u>
TOTAL LIABILITIES		<u>1,730,150</u>	<u>3,012,303</u>
NET ASSETS		<u>4,971,844</u>	<u>4,736,286</u>

SAMOA POST LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023
continued

SHAREHOLDER'S EQUITY

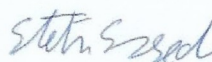
Paid Up Capital	4	500,000	500,000
Retained earnings		4,471,844	4,236,286
TOTAL SHAREHOLDER'S EQUITY		<u>4,971,844</u>	<u>4,736,286</u>

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

On behalf of the Board:



Interim Chairman
Toleafoa Joseph Toleafoa



Director
Afoa Stefan Szegedi

SAMOA POST LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Capital	Retained	
		\$	Earnings	Total
		<u>\$</u>	<u>\$</u>	<u>\$</u>
2022				
Opening balance		500,000	3,469,430	3,969,430
Profit for the year			1,139,345	1,139,345
Other comprehensive income			26,282	26,282
Less: Dividend declared	9 (i)		(398,771)	(398,771)
Balance as at 30 June 2022		<u>500,000</u>	<u>4,236,286</u>	<u>4,736,286</u>
2023				
Opening balance		500,000	4,236,286	4,736,286
Profit for the year			252,648	252,648
Other comprehensive income			71,337	71,337
Less: Dividend declared	9 (i)		(88,427)	(88,427)
Balance as at 30 June 2023		<u>500,000</u>	<u>4,471,844</u>	<u>4,971,844</u>

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

SAMOA POST LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers		10,317,142	14,820,507
Payments to suppliers and employees		(10,058,435)	(12,726,843)
Income tax paid	10b	(495,865)	(6,185)
Net cash flows from operating activities		(237,158)	2,087,479
Cash flows from investing activities			
Cash received from UTOS		-	-
Purchase of property, plant and equipment		(19,409)	(369,001)
Gain on disposal of fixed assets		27,197	59,000
Additional investment to UTOS/Term deposits		(512,831)	(1,000,000)
Cash received from UPU		-	226,032
Net cash flows used in investing activities		(505,043)	(1,083,969)
Cash flows from financing activities			
Dividend paid to Government of Samoa	9(ii)	(336,626)	(188,149)
Net cash flows used in financing activities		(336,626)	(188,149)
Net cash flows		(1,078,827)	815,361
Cash at beginning of the year		1,641,830	826,469
Cash at the end of the year		563,003	1,641,830
<i>Represented by:</i>			
Cash and bank balances	5a	563,003	1,641,830

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

SAMOA POST LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. GENERAL INFORMATION

Samoa Post is a public body incorporated under the *Companies Act 2001* and the *Postal Services Act 2010*. The entity's primary operations are the provision of postal services which includes the sending, receiving, sorting and delivery of mails. Samoa Post's main office is located at Matafele, with five agencies located in Savaii plus twenty eight Sub Post Offices around the islands.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of Compliance

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

b) Basis of Preparation

The financial statements are prepared on the basis of historical costs.

The financial statements are also prepared on the going concern basis, on the presumption that Samoa Post will continue its operation in the foreseeable future.

c) Leases

The Company determines if a contract contains a lease at inception of contract. As a lessee, the Company recognizes a right-of-use asset and subsequent leased liabilities as per IFRS 16. For low value leases and short term leases, the payments are recognized in the statement of profit or loss and other comprehensive income.

d) Comparative Figures

Where necessary, figures have been adjusted to conform to changes in the presentation in the current financial year.

e) Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Organization operates (the "functional currency") which is the Samoan Tala (WST). The Organization operates in Samoa and therefore the financial statements are presented in Samoan Tala which is the organization's functional and presentation currency. Amounts presented are rounded to the nearest tala, unless otherwise indicated.

f) Foreign Currency

Foreign currency transactions are transferred into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the transactions at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss. Monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transactions.

Foreign exchange gains and losses that related to borrowings and cash equivalents are presented in profit or loss together with all other foreign exchange gains and losses and are presented in profit or loss at a net amount

SAMOA POST LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise of cash at bank and on hand and short term deposits with maturities less than one year.

h) Revenue recognition

Revenue from postal services is recognized in the statement of profit or loss and other comprehensive income when the service is performed. Revenue from the sale of goods is recognized in the statement of profit or loss and other comprehensive income when significant risks and rewards of ownership have been transferred to the customer. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer. Recognition is at the point of sale in the case of postage items and provision of agency services, point of lodgment in the case of bulk mail and when control of goods has passed to the buyer in the case of retail products.

Allowance is made for the assessed amount of revenue from postage sales as at balance date in respect of which service had not yet been provided. No revenue is recognized if there are significant uncertainties regarding collection of the revenue due or on the possibility of goods being returned.

i) Trade and other receivables

Trade 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 amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, impairment loss is recognized immediately in the statement of profit or loss and other comprehensive income.

An assessment was made on the Trade Receivables and Company assessed that Trade Receivables past due greater than 90 days are not impaired.

j) Inventories

Inventories are valued at the lower of costs and net realizable value, with additional allowances for obsolescence where necessary. Costs have been assigned to inventory quantities on hand at balance sheet date using the weighted average basis. Inventory comprise of finished goods purchased for retail including direct variable costs incurred in bringing the inventory to its present location and condition. Consumables are not included in stocks. The stocks of stamps are for definitive and commemorative issues are excluded on the basis that they are destroyed every five years with only a nominal quantity retained for archive purposes.

k) Property, plant & 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:-

Computers and Software	25%
Office Equipment	25%
Furniture and Fittings	20%
Motor Vehicles	25%
Leasehold Improvements	5%

SAMOA POST LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l) Trade and other payables

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

m) Provisions

A provision is recognized in the balance sheet when the company has a present legal and 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 and can be reliably measured.

n) Income Tax

Income tax has been brought to account using the liability method of tax effect accounting. Income tax on profit comprises of current and deferred tax and is recognized in the statement of profit or loss and other comprehensive income.

Current tax is the expected tax payable on the income for the 12 months, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax provides for temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

o) Value Added Goods and Services Tax (VAGST)

All amounts are shown exclusive of VAGST, except for accounts receivables and payables which are stated inclusive of VAGST (where applicable).

p) Dividends

Dividends are recognized as a liability in the period in which they are due and payable pursuant to the Public Bodies (Performance & Accountability) Regulations 2002.

q) Employee benefits

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

Liabilities for employees' entitlements to salaries and wages, annual 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.

ii) Superannuation contributions

The organization contributes towards the 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 the statement of profit or loss and other comprehensive income.

r) Government grants

Government grants are recognized 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 recognized as income over the periods necessary to match the grant on a systematic basis to the costs

SAMOA POST LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

r) Government grants (cont'd)

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 amortized to statement of profit or loss and other comprehensive income in the same amount as the related depreciation expense on the asset. That is, amortized over the expected useful life of the relevant asset by equal annual installments.

3. INFORMATION ABOUT KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

3.1 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumption that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Provisions - doubtful debts and employee benefits

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

(b) Depreciation

On acquiring an asset, management determines the most reasonable length of time it expects the company to maintain that asset with reference to characteristics of similar assets or classes of assets held by the company presently or in the past. Where there is no reference available to assets or classes of assets held at present or in the past, reference is made to industry benchmarks. Each year management assesses the carrying value of assets to determine whether they are impaired. Appropriate revisions to policies are made, if necessary, or any significant impairment losses are accounted for in the financial statements as corrective measures. Appropriate disclosures would normally follow.

3.2 Critical judgments in applying the entity's accounting policy

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

SAMOA POST LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

4. PAID UP CAPITAL

	2023	2022
	<u>\$</u>	<u>\$</u>
Authorized Capital	<u>500,000</u>	<u>500,000</u>
Paid Up Capital - Government of Samoa	<u>500,000</u>	<u>500,000</u>

Paid up capital represented 500,000 ordinary shares at \$1 per share. The shares were fully paid up.

5. CASH AND CASH EQUIVALENTS

	2023	2022
	<u>\$</u>	<u>\$</u>
a) Cash and bank balances		
Petty Cash	2,000	2,000
Cash Floats	67,100	87,100
Cash at banks	493,903	1,552,730
Total cash and bank balances for the purpose of cash flow statement	<u>563,003</u>	<u>1,641,830</u>
b) Term Deposits		
Term deposits (6months)	<u>512,831</u>	<u>1,000,000</u>
Total term deposits	<u>512,831</u>	<u>1,000,000</u>

The above short term deposits are invested at a rate of 3% per annum with the commercial banks

c) UTOS Investment

Investment (UTOS units)	3,923,291	3,725,499
Fair value movement on investment	<u>71,337</u>	<u>26,282</u>
Total UTOS Investment	<u>3,994,628</u>	<u>3,751,781</u>

The total number of units at end of June with UTOS was 2,244,173 (2022: 2,143,875). The amount disclosed represents the fair value of investment at withdrawal price per unit of \$1.78 at end of balance date.

SAMOA POST LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

6. TRADE & OTHER RECEIVABLES

	2023	2022
	\$	\$
Trade Receivables	243,851	182,496
<i>Less allowance for doubtful debts</i>	<u>(56,104)</u>	<u>(56,104)</u>
Net Trade Receivables	<u>187,747</u>	<u>126,392</u>
<i>Movement in impairment provision</i>		
Opening balance	(56,104)	(71,345)
Decrease/(increase) in provision	-	15,241
Closing balance	<u>(56,104)</u>	<u>(56,104)</u>
<i>i) Analysis of ageing of Trade Receivables is as follows:</i>		
Current (not overdue)	131,978	158,795
Past due but not impaired	28,364	8,460
Past due and impaired	<u>83,508</u>	<u>15,241</u>
Total Gross	243,850	182,496
Provision for impairment	<u>(56,104)</u>	<u>(56,104)</u>
Total net	<u>187,746</u>	<u>126,392</u>
<i>Other receivables include:</i>		
Dividend receivable (UTOS)	179,534	171,510
Prepayments	15,811	19,260
GST receivable	45,917	36,855
Other receivable	81,740	66,184
<i>Less allowance for other receivables</i>	<u>(9,778)</u>	<u>-</u>
	<u>313,224</u>	<u>293,809</u>
Total Trade and other receivables	<u>500,970</u>	<u>420,201</u>

7. INVENTORIES

	2023	2022
	\$	\$
Stamps	40,799	47,973
Postcards	3,189	3,737
Stationeries	2,960	7,002
E-charge	2,968	2,590
Philatelic	709	525
Sundries	<u>2,924</u>	<u>4,472</u>
Total	<u>53,549</u>	<u>66,299</u>

SAMOA POST LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

8. TRADE & OTHER PAYABLES

		2023	2022
		\$	\$
Trade Payables	<i>Note 8 (i)</i>	5,280	22,497
Rechargeable Payables		835,395	1,268,062
Other payables		310,536	633,957
Total Trade Payables		1,151,210	1,924,516
Total		1,151,210	1,924,516

i) Ageing of Trade Payables is as follows:

Up to 3 months	3,415	17,176
3 to 6 months	-	-
6 to 12 months	1,865	5,321
1 to 2 years	-	-
	5,280	22,497

9. DIVIDEND PAYABLE

	2023	2022
	\$	\$
(i) Current year dividend		
Net profit after tax (NPAT)	252,648	1,139,345
Current financial year dividend at 35% of NPAT	88,427	398,771
(ii) Dividend payable		
Balance as at beginning of financial year	266,850	56,229
Less: dividend payment made in current financial year	(336,626)	(188,149)
Add: current financial year dividend calculation	88,427	398,771
Dividend payable to Government of Samoa	18,650	266,850

SAMOA POST LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

10. INCOME TAX

	2023	2022
	\$	\$
(a) Income Tax Expense		
Profit before tax	279,688	1,497,310
Prima facie 27% tax	75,516	404,274
<i>Tax effect of</i>		
Permanent difference	48,474	46,309
Income tax expense/(credit)	27,042	357,965
Temporary difference	2,640	(4,063)
Current tax (credit)/expense	29,682	353,901
(b) Current tax (receivable)/liability		
Balance at start of year	141,964	(205,753)
Income tax expense	27,042	357,965
Temporary differences	2,640	(4,063)
Income tax paid	(495,866)	(6,185)
Withholding Tax earned and paid	-	-
Current tax (receivable)/liability	(324,220)	141,964
(c) Deferred Tax Asset/(Liability)		
Balance at 1 July 2022	27,446	31,511
Deferred tax liability comprise the estimated future liability/benefit at current income tax rate on the following items;		
- Provisions for doubtful debts, obsolete stocks and other provisions	2,638	(4,065)
Balance as at 30 June 2023	<u>30,086</u>	<u>27,446</u>

SAMOA POST LIMITED
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FOR THE YEAR ENDED 30 JUNE 2023

11. PROPERTY, PLANT AND EQUIPMENT

	Computers & Software	Office Equipment	Furniture & Fittings	Motor Vehicles	Leasehold Improvements	Total
Cost	\$	\$	\$	\$	\$	\$
Balance as at 30 June 2022	421,165	108,318	179,946	533,746	77,630	1,320,805
Additions	4,404	6,960	5,284	-	60,298	76,946
Disposal	(265,465)	(8,003)	(36,946)	(67,826)	-	(378,240)
Balance as at 30 June 2023	160,104	107,275	148,284	465,920	137,928	1,019,511
Accumulated depreciation						
Balance as at 30 June 2022	369,448	91,285	115,058	204,137	17,099	797,027
Depreciation	24,180	9,355	12,099	88,924	4,876	139,434
Disposal	(267,509)	(9,581)	(33,996)	(56,641)	-	(367,727)
Balance as at 30 June 2023	126,119	91,059	93,161	236,420	21,975	568,734
Carrying amount						
Balance as at 30 June 2022	51,717	17,033	64,888	329,609	60,531	523,780
Balance as at 30 June 2023	33,985	16,216	55,123	229,500	115,953	450,777

12. LEASES

The Company has one significant lease obligation; which is its office building at Matafele. The remaining terms of the lease is 8 years with the option of extension; however this is not exercised at this point in time.

(a) Right-of-use-assets

	Building
Cost	\$
Balance as at 30 June 2022	453,218
Additions	-
Disposal	-
Balance as at 30 June 2023	453,218
Accumulated amortization	
Balance as at 30 June 2022	135,966
Amortization	45,322
Disposal	-
Balance as at 30 June 2023	181,288
Carrying amount	
Balance as at 30 June 2022	317,252
Balance as at 30 June 2023	271,930

SAMOA POST LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

12. LEASES (cont'd)

(b) Leased liabilities are analyzed as follows:

	2023	2022
	\$	\$
Current	42,201	38,788
Non-current	273,695	315,895
Total leased liabilities	315,896	354,683

The borrowing rate of 8.00% for the right of use asset remains the same for the rest of the years. The right-of-use asset is assessed every year in parallel to the borrowing rate at the end of every financial year until the asset has been realized.

13. DEFERRED LIABILITY

a. Schedule of Donated Assets

	Computers & Software	Furniture & Fittings	Motor Vehicles	Total
	\$	\$	\$	\$
Cost				
Balance as at 30 June 2022	311,096	37,128	374,617	722,841
Additions	3,800	-	-	3,800
Disposal	(227,786)	(27,429)	(67,826)	(323,041)
Balance as at 30 June 2023	87,110	9,699	306,791	403,600

Accumulated amortization

Balance as at 30 June 2022	280,479	35,246	125,676	441,401
Amortization	10,578	452	71,156	82,186
Disposal	(227,786)	(27,429)	(59,237)	(314,452)
Balance as at 30 June 2023	63,271	8,269	137,595	209,135

Unamortized amount

Balance as at 30 June 2022	30,617	1,882	248,940	281,439
Balance as at 30 June 2023	23,839	1,430	169,196	194,465

b. Current & Non-current Classification

30 June 2022

Current liability	9,688	377	60,897	70,962
Non-current liability	20,929	1,505	188,043	210,477
	30,617	1,882	248,940	281,439

30 June 2023

Current liability	10,578	452	71,156	82,186
Non-current liability	13,261	978	98,039	112,278
	23,839	1,430	169,195	194,464

SAMOA POST LIMITED
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FOR THE YEAR ENDED 30 JUNE 2023

14. PERSONNEL COSTS

	2023	2022
	\$	\$
Salary & Wages, overtime, allowances and casual	559,760	578,207
NPF contribution	61,194	57,825
ACC levy	6,034	5,483
Staff training	508	144
Health & Safety,	3,453	2,308
Employee benefits	24,727	40,134
(annual & long service leave, phone allw and bonus)		
Total	655,676	684,101

15. BOARD EXPENSES

	2023	2022
	\$	\$
Directors Fees	77,605	94,499
Board Misc Exp	5,926	6,120
Total	83,531	100,619

16. OTHER OPERATING EXPENDITURE

	2023	2022
	\$	\$
Travel and Accommodation	66,035	8,342
Advertising & promotions	2,923	16,603
Bank Charges	3,070	3,125
Business License/membership/licenses fees	21,255	44,937
Utilities	99,856	133,470
IT Expenses	18,746	14,311
Commission Paid	738	841
Interest on lease liabilities	31,212	34,349
Leases	20,878	16,999
Insurance	12,878	9,710
Mail air freight expense	138,777	509,628
Other office expenses	103,651	160,170
Ministerial Expenses	15,806	21,063
Printing and stationeries	22,353	18,285
Repairs and maintenance	1,587	3,929
Vehicle expenses	41,424	46,096
Total	601,189	1,041,858

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17. OTHER REVENUE

	2023	2022
	\$	\$
Interest income	24,842	8,433
UTOS Dividend declared	179,534	171,510
Business center	18,899	18,720
Foreign exchange gain	451	-
Gain on disposal of assets	16,194	41,413
Retail income	37,224	35,156
Total	277,144	275,232

18. DOUBTFUL DEBTS

Increase in doubtful debts for provision to cover current and future losses

19. CAPITAL COMMITMENTS

The Directors are not aware of any capital commitments as at 30 June 2023. (2022: Nil)

20. CONTINGENT LIABILITIES

A contingent liability of \$9,788.20 exists at 30 June 2023 and is included in the provision for doubtful debts. It is in the Directors opinion that this will not have a material impact on the operations, cash flows of the Company. There is a possibility of reimbursement as the case is still on-going. (2022: Nil)

21. RELATED PARTY TRANSACTIONS

The following disclosures are made with respect to the related party transactions of the Company during the reporting period in accordance with International Accounting Standard 24 Related Party Disclosures:

(i) Directors Compensation

The Directors of the Corporation during the financial period were:

- Faavaolenuu Ioane Tagata (ceased appointment March 2023)
- Atoa Louis Tafunai (ceased appointment March 2023)
- Palea Tauaaletoa Vaalele Faolotoi (ceased appointment March 2023)
- Solamalemalo Uputasi Maiava (ceased appointment March 2023)
- Toleafoa Joseph Toleafoa (Interim Chairman)
- Afoa Stefan Szegedi (appointed 28 April 2023)
- Foumalo Pativaine Leiataua Ngau Chun (appointed 19 July 2023)
- Lafaitupaitea Tupe Ualolo Nun Yan (ex officio director)

Transactions with the following related parties occurred during the year:

(i) Fees paid for directors and meeting expenses during the period – see also Note 15

30 JUNE	30 JUNE
2023	2022
83,531	106,365

SAMOA POST LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

21. RELATED PARTY TRANSACTIONS (cont'd)

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the organization during the financial period.

- (ii) The remuneration of key management salaries for the period were as followed:

30 JUNE	30 JUNE
2023	2022
261,016	261,016

22. RISK MANAGEMENT DISCLOSURES

This section outlines the Company's exposure to the financial risks and describes the methods used by management to control these risks. The primary risks are those of credit risk, liquidity risk and market risk (interest rate, foreign exchange).

22.1 Credit Risk

Credit risk refers to the risk that a customer will default on its contractual obligations resulting in financial loss to the Company. The Company's primary exposure to credit risk arises from its sale activities.

Expected credit loss assessment for trade receivables as at 30 June 2023

The Company uses an allowance matrix to measure the ECLs of trade receivables. The Company uses its historical credit loss experience for trade receivables to estimate the 12 month expected credit losses or the lifetime expected credit losses.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2023.

	Matrix	Gross	Loss	Credit
	rate	Carrying	allowance	impaired
30 June 2023		amount		
		\$	\$	\$
Current (not overdue)	0.01%	131,978	14	131,965
31-60 days overdue	0.01%	28,364	3	28,361
61-180 days overdue	0.02%	9,778	2	9,776
181-365 days overdue	0.02%	-	-	-
Over 365 days overdue	0.03%	17,627	5	17,622
		<u>187,747</u>	<u>24</u>	<u>187,723</u>
Debts individually assessed		56,104	56,080	24
		<u>243,851</u>	<u>56,104</u>	<u>187,747</u>

Loss rates are based on actual credit loss experience over the past 12 months. These rates are multiplied by inflation to account for economic conditions over the expected lives of the receivables. The movement in the allowance for impairment in respect to trade receivables during the year is disclosed in note 6.

SAMOA POST LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

22. RISK MANAGEMENT DISCLOSURES (cont'd)

Cash

The Company held cash and cash equivalents of \$1,075,834 (2022: \$2,641,830) at 30 June 2023. The cash and cash equivalents are held with Banks. Impairment on cash has been measured on the 12 month expected loss basis. The Company considers that its cash and cash equivalents have low credit risk based on the external credit risk ratings of the counter parties. On initial application of IFRS 9, the amount recognized as impairment allowance for cash and cash equivalents at 1 July 2022 was \$nil. The amount of the allowance did not change during the period.

In addition:

1. There is a link between Debtors and Creditors, and offsetting is also a tool of International Settlements under UPU Regulations, but only applied when accounts are finally settled with Debtors and Creditors;
2. Universal Postal Union Regulations on international settlements process takes 18 to 24 months;
3. Creditors funds are invested by the company with UTOS, until settlements are accepted and finalized;
4. Delay in settlement of some Creditors is due to disputed accounts and non-receipt of invoices for settlements.

International Settlement \$329,987

22.2 Liquidity Risk

The risk arises in the general funding of the Company's activities. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

22.3 Interest Rate Risk

Interest rate risk arises from the change in interest rate causing fluctuations in the fair value of financial instruments and their liability funding. These mismatches may be due to timing differences in the re-pricing of the asset and liability. The Company's risk management strategy aims to actively monitor these mismatches to minimize the effects on interest rate risk.

22.4 Foreign Exchange Risk

Foreign exchange risk is the risk to earnings and value caused by a change in foreign exchange rates. Foreign exchange mismatches can arise from the day to day purchase and sale of foreign currency.

SAMOA POST LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

23. FINANCIAL INSTRUMENT POLICIES

The company uses only non-derivative financial instruments as part of its normal operations. These financial instruments include bank accounts, term deposits, accounts receivables and accounts payables. All financial instruments are recognized in the statement of financial position at their fair values.

24. SUBSEQUENT EVENTS AFTER REPORTING PERIOD

With the financial impacts of COVID-19 still on-going, the directors are not aware of any other events or circumstances not otherwise dealt with in the financial statements that have significantly or may significantly affect the operations of the company.

25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the board of directors and authorized for issue on the date the accounts were signed.