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(Please address all correspondences to:
Hon. Minister of Agriculture & Fisheries).



Government of Samoa

OFFICE OF THE MINISTER
MINISTRY OF AGRICULTURE & FISHERIES
(and SCIENTIFIC RESEARCH ORGANISATION OF SAMOA)

Honorable Speaker of the House
Legislative Assembly
MU LIN U'U

In accordance with the Scientific Research Organisation of Samoa's Acts 2006 (RDIS Act 2006) and 2008 (SROS Act 2008), I am pleased to submit herein the 13th Annual Report of the Scientific Research Organisation of Samoa (SROS) for the year ended 30th June 2019.

The Report is the record of the Organisation's performance during this financial year, in accordance with its mandate and output structure, and to be laid before the Legislative Assembly of Samoa.

Ma le fa'aaloalo lava

A handwritten signature in black ink, appearing to read 'Lopao'o Natanielu Mu'a'.

Honourable Lopao'o Natanielu Mu'a

MINISTER
SCIENTIFIC RESEARCH ORGANISATION OF SAMOA

1.1 STATEMENT TO THE PARLIAMENT

I. INTRODUCTION.

Financial year 2018-2019 has been another successful fiscal year for SROS and they continue to offer technical support to the private sectors in conducting scientific researches and sharing technical ideas to improve the quality of export products and farmer's local products. There are over 60 staff members employed by the organisation who are all based at Nafanua. One of SROS's most notable features is its ability to provide scientist positions to graduate students from overseas and local universities. SROS works in partnership with various industries, universities and local communities to assist through scientific researches thus providing an in-depth level of understanding and application of science to benefit Samoa's economy and its industries. The organisation provides expert opinions to meetings or consultations regarding locally available tests, researches and new developments they are currently working on.

The world is rapidly changing in all aspects including economy and industries and Samoa must evolve and advance with these changes in order to seize opportunities brought about by these changes. We must be innovative, creative and persistent in order to achieve our vision which is "through research and development of value adding to goods and services, a significant improvement in the national GDP and social benefits to Samoa is achieved."

This year we carried out scientific researches on frozen cooked products and other new product developments. The frozen baked ulu was exported to New Zealand and we received positive feedback from the Samoan expatriate population in Auckland. One of the milestones this year is the establishment of the first Biodiscovery centre in Samoa. This project was funded by the government of Samoa and SROS. In addition, SROS signed a Memorandum of Understanding with the Maurice Wilkins Centre to assist with the Biodiscovery Centre especially in the capacity development of its scientists. The organization also continues to play leading roles in regional research projects with the overall objectives of improving the quality of export commodities from Samoa. SROS continues to be a vibrant and integral part of Samoa's development in the field of research and development

2.1 SROS' VISION AND MISSION

SROS Vision

“Through research and development of value adding to goods and services, a significant improvement in the national GDP and social benefits to Samoa is achieved”.

SROS' Mission Statement

“SROS aims to conduct scientific research and develop technologies which outcomes are of great value in the development and sustainability of value added goods and services for export and to achieve reduction on fuel imports and greenhouse gas emissions”

II. OBJECTIVES AND PRIORITIES

The research and development activities performed are geared by the Organisations objectives which are;

- a) To promote the national economy of Samoa based on research and development;
- b) To undertake scientific and technical research with the primary aim of adding value to local resources and services;
- c) To develop functional prototypes of products and processes based on scientific and technical research for the local or overseas markets;
- d) To establish partnership with the private sector and commercial interests to support the Organisation's activities;
- e) To ensure effective training for researchers and professionals engaged in scientific and technical research work;
- f) To conduct analysis of narcotics or precursors for the purposes of investigations and prosecution of offences; and,
- g) To undertake environment impact assessments.

3.1 MESSAGE FROM THE CHAIRPERSON

SROS has shown great tenacity with which the organization carries out its mission to impact the growth and development of Samoa. Within these twelve months we have seen the organization grow in capacity and increased investigative research in the fields of food science, plant and post-harvest, technical services, environment and renewable energy. We are focused on economic transformation and boosting business competitiveness by backing local businesses and communities with scientific research. We have a critical role in ensuring Samoa is well positioned to grasp the opportunities presented by technological change and Samoa's economic growth.

All our five divisions within the organization are delivering and achieving their objectives, increasing research collaboration which includes identifying and addressing future skills needs to meet growing opportunities. We continue to develop new products that have the potential to be commercialized, provide scientists for consultancies and projects, and to increase technical services.

I would like to say thank you to SROS' Board of Directors, Management, and dedicated staff who all have worked tirelessly and committed to ensure that knowledge and services are made available to the people of Samoa that we proudly serving. Their collective vision is what fuels the future of this organization and I am so grateful to lead this incredible group of people. We have come a long way and the future provides so much more opportunities for continuous growth.

Thank You,



Sulamanaia Montini Ott
Chairman SROS' Board of Directors

4.1 CHIEF EXECUTIVE OFFICER REPORT

SROS endeavours to address some of today's most pressing challenges in health, nutrition, environment and agriculture through improved research and quality services. Together with our partners, we are developing solutions to tackle these challenges and thus improve people's quality of life in Samoa. Sustainability is embedded in all our scientific research as a fundamental condition for achieving this. Our diversified technical divisions bring in local scientists with different expertise to collaboratively move the Organization forward.

Innovative technologies are increasingly being applied in research and development in order to enhance our product development and service delivery. This has resulted in SROS laboratories being well equipped and staffed by competent and certified scientists, the utilisation of food technology for the development of new products, utilisation of plant and postharvest technologies to ensure food security and decipher the potential of natural products, seeking alternative energy resources, assuring environmental stability of agricultural practices, and using the latest information technology to maintain the daily operations of the organisation.

SROS continues to support subsistence and semi-commercial farmers with specially tailored and sustainable solutions that help them utilize their agricultural harvest which in turn improves their standard of living. In addition, we find innovative and sustainable solutions to the challenges facing the different sectors in Samoa, we maintain numerous collaborations and partnerships with leading research institutes and partners from the public and private sectors.

SROS continues to find solutions to some of the major challenges of our time. Our research activities and services provided are therefore focused on improving people's quality of life in Samoa.

At the end of the financial year of 2018-2019, SROS achieved most of its plans and introduced new innovative scientific ideas to assist our local farmers and investors. One of the highlights of SROS' performance when they were able to start up the Samoa Biodiscovery Center, through the assistance of the Government of Samoa. Also, SROS engaged with well-known research centers and universities in New Zealand and Australia. In the area of production the Taro whiskey continues to grow and is now available at the duty free at the airport for our overseas whiskey customers.

5.1 TECHNICAL SERVICES DIVISION (TSD)

The Technical Services Division (TSD) continues to strive towards its targets through the work executed by its three (3) laboratories namely;

- Chemistry
- Microbiology
- Narcotics

These laboratories are well equipped with technologies and accredited methods that recognized worldwide, as well as the local scientists who are very competent and certified to perform general and specialised technical analysis.

The TSD Division key achievements for this financial year include:

- a) Achieved the continuation of the International Accreditation status of both Biological and Chemical Testing Laboratory for another year, after a successful assessment by International Accreditation New Zealand (IANZ).
- b) Able to increase competency of SROS testing laboratories with participation in two Inter-laboratory Proficiency Program, namely FAPAS Proficiency testing (FAPAS) and Global Proficiency Testing Programme (GPTP) The former validated the accuracy and the reliability of Mercury and Histamine methods. The GPTP validated the biological testing methods and other chemical testing methods. Results produced by the laboratories categorised as “Good” compared to other participated international testing laboratories.
- c) Achieved the development and validation of new testing methods to be accredited. Three methods (all chemical testing methods) were developed, validated and accredited (soil pH, water pH and total suspended solids in water (TSS)).
- d) Achieved the upgrade capacities of the testing laboratories to the international standards through the maintenance and procurement of new analytical equipment. A new Atomic Absorption Spectrometry (AAS) and HPLC’s fluorescence detector were procured to increase capacities of SROS analysis to toxins, heavy metals, vitamins and others.
- e) To ensure the safety of bottled water for public consumption and compliance to National Drinking Water Standard. The Ministry of Health received no complaints from the public on poor quality bottled water. There was no outbreak of water borne diseases and reduced cases of Bottled water companies subjected to non-compliance.
- f) To ensure reliable results of drug analysis for exhibit samples from MOP that will assist with the quick proceeding of court cases by the Ministry of Justice and Court Administration (MJCA). Total of 16 suspected samples were received from MOP, 11 samples suspected for cannabis and 5 for hard drugs. All were tested and submitted reports.

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- g) Able to increase the usage of technical services for scientific/analytical testing respectively by the public, private sector and government ministries. Therefore, more than one thousand and five hundred samples submitted by clients for respective testing in this fiscal year (2018 – 2019). For the received samples more than ten thousands tests were completed and their results were reported back to clients/customers. These clients were government ministries and organisations, manufactures, private sector and the general public.

6.1 FOOD SCIENCE & TECHNOLOGY DIVISION (FSTD)

The Food Science & Technology is responsible for research on food material, through value addition using the appropriate technologies to develop new products and improve existing processing techniques. This involves food preservation, development of new and novel foods and ingredients, as well as food sensory, packaging and safety consideration.

The FSTD Division key achievements for this financial year include:

- a) Completed the PHAMA funded- On-farm site Cocoa Fermentation and Solar Drying project. Cocoa farmers can now use the report as a reference particularly for determining their costs and prices with yields at the various stages of the process now fully documented.
- b) Completed the FAO funded -Community Capacity Building for Crops Value Added Project, along with a study of the market in New Zealand for breadfruit value added products. This project allowed four women committees (2 in Savaii and 2 in Upolu) to be trained on value added and food preservation methods, health and safety, hygiene, and various food processing principles. The two committees in Savaii now produce and sell on a weekly basis taro and breadfruit fries within the communities as a revenue earner.
- c) Completed the FAO funded -Youth Employment Value Added Products and Marketing Projects resulting in the making of various products like herbal teas (turmeric and ginger, ginger and lemongrass), jams (pawpaw and oranges), fries (taro and breadfruit), and desiccated coconut. Twenty five young farmers were trained at SROS on food value added principles and had hands on practical in producing the products using simple processing equipment. They also produced and marketed the products as part of their training.
- d) Successfully air freighted and marketed convenience, baked, frozen ulu to New Zealand, in collaboration with a private importer. In addition, feedback was sought from the target market and confirmed the product to be highly liked and favoured by consumers with most expressing the need for a continuous supply.

7.1 PLANTS & POSTHARVEST TECHNOLOGIES DIVISION.

The Plants & Postharvest Technologies Division key functions are to:

- Minimize agricultural postharvest losses
- Ensure food security and food safety through improved postharvest handling
- Open access to overseas markets and
- Investigate pharmaceutical and cosmetic potential of Samoan plant natural products

The PPT Division key achievements for this financial year include:

- a) Completion of the FAO TCP/SAM 2601: Improving Smallholder Farmer Capacity to Market a Consistent Supply of quality and safe produce, upon delivery of the its end-of-project workshop to relevant farmer and Ministry stakeholders and the submission of the End Of Project Report to FAO in Nov 2018.
 - i. More than 100 smallholder and semi-commercial farmers were trained in food safety, food act awareness and postharvest handling techniques
 - ii. Selected farmers were given field equipment for harvesting and postharvest handling to trial for applicability and reliability
- b) Reporting at the ACIAR HORT 2014/077 Project Review in Brisbane Aug 2018, and submitting its end-of-project review presentation to ACIAR project reviewers in Fiji and Tonga May 2019.
 - i. Report was well received, and recommendations to approach breadfruit as a whole-systems overhaul was supported by the review team
 - ii. Reputation of SROS as a research organisation was improved
- c) The publication of its research findings under the Better Border Biosecurity and ACIAR HORT 2014/077 Projects in the New Zealand Plant Protection Society Journal Volume 72.
 - i. Credibility of SROS as a research organisation was improved through increase in scientific research/journal publications
- d) The appointment of PPT Division Manager as an Adjunct Associate Professor at the University of the Sunshine Coast resulting from successful implementation and completion of some of their collaborative research activities & projects.
- e) Completion of the ACIAR HORT 2017/014 Project through the completion of its final technical report with research partners at the Plant & Food Research.
 - i. There is a tangible possibility of fresh Samoan taro gaining access into Australia, pending Quarantine application to Australian authorities
- f) Completion of its component under the Samoa Cocoa Industry Development Initiative Project on Cocoa Phylogenetics.
 - i. Plant material collected, DNA extracted and sent for sequencing, and opportunities for capacity building of staff were utilized.

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- g) We have also collected 67 plants used in Samoan traditional medicine, prepared 134 extracts from those, have completed antimicrobial activity screening of 77 extracts, from which we found that 46 of those extracts were able to inhibit bacterial growth (60% bioactivity rate).
- i. Research is on-going
- h) PPTD staff have also had opportunities to build their capacity through various overseas training programs in New Zealand (University of Otago, Victoria University of Wellington, Plant & Food Research New Zealand), Thailand and the United States.

8.1 ENVIRONMENT AND RENEWABLE DIVISION (ERED)

The ERED is responsible for:

- ✓ Developing processes to increase the use of locally available renewable resources
- ✓ Carrying out environmental assessments for potential developments
- ✓ Ongoing monitoring and research into local environmental threats on our natural resources.
- ✓ Product development research into locally available resources

The ERE Division key achievements for this financial year include:

- a) Achieved the assessment and management of Samoa's natural waterways (rivers, natural spring pools etc.) through the implementation of a comprehensive water quality monitoring program.
- b) Achieved the establishment of baseline water quality analysis profiles for some of the priority water resources in Samoa (Fagalii and Letogo/Vailele Watersheds).
- c) Completed the evaluation process of different feedstock combinations for optimum energy content value for the new Biomass Gasification Plant in Afolau, under the Biomass Feedstock Composition Study. This project is funded by the 'Improving the Performance & Reliability of RE Power System in Samoa' project (IMPRESS).
- d) Completed the bioactivity screening for anti-diabetes research of 106 extracts prepared from 104 Samoan plant and 2 marine samples and achieved the sampling of 15 new plant species. Plant extracts were prepared and screened against the alpha-glucosidase enzyme, from which 16 species showed positive bioactivity.
- e) Completed a Preliminary Environmental Assessment Report (PEAR) of the development site for new Biomass Gasification Plant at Afolau. This assessment was implemented under the Development & Implementation of Sustainable Bioenergy in Samoa project, to be utilized by renewable energy subsector stakeholders in Samoa for formulation of further biomass energy developments.

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- f) Identified the most efficient method for paper making utilizing banana fiber, sugarcane fiber, and office paper waste for waste management purposes. As a result, achieved and competed trials using banana fiber, sugarcane fiber, and A4 waste paper to produce final paper product prototype that is needed by the current market.

Continual production of taro whiskey and other alcohol products and assist in planning preparations for potential commercialization of alcohol products.

9.1 CORPORATE SERVICES DIVISION (CSD)

The Corporate Service Division is responsible for the day to day operations of SROS, including a variety of responsibilities such as finance, human resources management, information technology (IT), marketing, administration functions and general services.

CSD key achievements for this financial year include:

- a) Completed and submitted the budget for the financial year of 2019-2020 at the Ministry of Finance. SROS' received the total grant of 3.4 million tala, and it was a 4% increase from the financial year of 2018-2019.
- b) Completed the audit for the financial year 2018-2019 accounts, and submitted to the Cabinet for approval before the deadline of the 30th of October 2019.
- c) Completed the renovation and procurement of the scientific equipment for first Samoa's Biodiscovery centre. The project was co-funded by the Government of Samoa and SROS.
- d) Achieved the recruitment and selection target to occupy all the vacant positions before the end of the previous financial year. Also, offered part-time working opportunities for Science Students studying at the National University of Samoa, USP, and the overseas scholarship students.
- e) Upgrade the internet connection and speed from 4 megapits to 10 megapits, and install new wifi connection to improve the internet connectivity in laboratories for online conferences and meeting with overseas counterparts.
- f) Built the new office vehicle garage, reception area, library, and the renovation of laboratories and office buildings.

10.1 PROGRESS IN ACHIEVING THE CORPORATE PLAN (CP) 2017-2020

Priority Objectives	Activity
1. To promote the national economy of Samoa based on research and development.	<ul style="list-style-type: none"> • Gluten-free breadfruit flour • FAO funded consultancy on scientific research for food safety risk and post-harvest analysis of fresh produce in Samoa • ACIAR HORT 2014/077 regional fruit tree project • ACIAR HORT 2014/078 Cocoa Project • ACIAR HORT 2017/014 Taro Project • Better Border Biosecurity Project • SCIDI Cocoa Phylogenetics Project • Biogas Evaluation Project • Taro Whiskey • Biodiscovery Project • Biomass IMPRESS funded Project
2. To undertake scientific and technical research with the primary aim of adding value to local resources and services.	<ul style="list-style-type: none"> • PHAMA and TCM/EIF -funded cocoa value adding • Frozen products pathway • Fruit spirits • ACIAR HORT 2014/078 Cocoa Project • Taro Whiskey • Essential Oils & Soap Project • Tea bags, nonu drink, cinnamon powder, dessicated coconut Value Added Project • Banana fiber paper • FAO Youth Value-Adding and Marketing Project • Water Monitoring Project
3. To develop functional prototypes of products and processes based on scientific and technical research for the local or overseas markets.	<ul style="list-style-type: none"> • Bio medicinal screening • Cocoa identification project • Biomass IMPRESS funded project • Biogas Evaluation project
4. To establish partnership with the private sector and commercial interests to support the Organization's activities.	<ul style="list-style-type: none"> • SROS maintains IANZ Accreditation to maintain its international assurance of quality tests • Bottled water monitoring program with MOH • Narcotics analysis • MNRE funded waterfront project • Official and promotional visits to SROS • Maurice Wilkins Research Centre
5. To ensure effective training for researchers and technical research.	<ul style="list-style-type: none"> • Staff development activities undertaken during this quarter comprised of courses, seminars and meetings attended by SROS staff

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|---|--|
| 6. To augment and effectively manage financial and human resources of the organization. | <ul style="list-style-type: none"> • Facilities and asset register are maintained, and necessary repairs completed according to set schedules. • Financial position updated for monthly review by the Management. • Performance feedback to individual staff formally provided once a year via the staff performance appraisal process. |
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11.1 KEY FINANCIAL AND BUDGET PERFORMANCES

I. BUDGET FOR FY2018-2019

SROS received \$3.3 million tala grant from the Government. There was an increase of the approved budget from the last financial year 2017-2018, and \$88,893 thousand tala was added in the current FY18-19. The additional approved budget was for the new lab consumables, casual new positions, and salary adjustments.

II. EXPENDITURE COSTS

The total amount that was spent on expenditure costs was \$4,743,227 million tala. The total was spent on administrative, personnel, occupancy, director fees, and project cost expenses. At the end of the financial year the current spending was over 8% when compared to the last fiscal year spending of 2017-2018.

III. REVENUE PERFORMANCE

SROS' primary source of revenues are from the Government Grant, technical services sampling fees, and Donor project income. After the 12 months, the Technical Services achieved and surpassed the revenue collection target by 15%. Also, the additional funding received by SROS from the Government to implement the Cancer and medicinal research project.

Another source of revenue is the sale of products including the Samoa Taro whiskey, breadfruit flour, avocado oil, and consultancy fees.

IV. CAPITAL COSTS

The new capital costs for SROS inside the current FY2018-2019 was fully funded by the Government Grant and the accumulated savings. Therefore the essential Capital costs in the current financial year are:

- | | | |
|-------------------------------|----------------------------|------------|
| ✓ Samoa's Biodiscovery Center | (Cancer research funds) | \$98,054. |
| ✓ New Scientific Equipment | (Cancer research funds) | \$57,604. |
| ✓ New testing facilities | (Chemistry Laboratory) | \$300,816. |
| ✓ Buildings | (Offices and Laboratories) | \$189,255. |

12.1 OUTLOOK FOR NEXT YEAR (FY2019-2020)

SROS aims to continue to improve its scientific research methods, and assist the private sectors and the government ministries in scientific testing and consultancy services.

Therefore the following are the major tasks and targets for the organisation inside the financial year of 2019-2020:

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- a) Launching of first Samoa's Biodiscovery Center in September 2019.
 - b) Maintain and continue the Technical Services testing IANZ international accreditation.
 - c) Offer consultancy services to Government Ministries, Government funded projects and private sectors.
 - d) Continue the capacity development and professional skills for the Staff through local and overseas training.
 - e) Continue to work closely with donor partners, private sectors, local and overseas Universities.
 - f) Continue to promote Science and SROS core work functions to Schools.
 - g) Secure funding from the Government and Donor partners for new scientific projects.
 - h) Continue to research new value-added products.
 - i) Continue with the Medicinal and Biodiscovery project.
 - j) Create working opportunities for new Science Graduates Students.
 - k) Purchase new Distillers to maximise the production of the taro whiskey.
 - l) Continue on renovation for the existing office buildings and laboratories.

13.1 FUTURE RISKS AND UNCERTAINTIES

I. Future Risks

- ✓ One of the ongoing risks is the staff turnover. SROS' scientists are becoming the target by other Government Ministries and Regional offices. These offices offered better salary benefits, and attractive remuneration packages.
- ✓ Replacing existing scientific machines is very costly. SROS' need to replace and upgrade the existing experimental machines and devices in order to improve the quality of testing results.
- ✓ Increase of requests for scientific research that is outside of the organisation ability. There are multiple requests from local and exporters and SROS can carry out the work.
- ✓ Copyright and patent for high-value-added products and scientific methodologies such as the Medicinal Plants.

II. Uncertainties

- ✓ The pressure to commercialise the prototype products, and SROS' requires to change its mandate.
- ✓ Looking for private investors to take up the commercialisation side, but there are no interested parties to engage with SROS.

14.1 CSO IMPLEMENTATION (WHERE APPLICABLE)

- ✓ Not applicable to SROS in this financial year.

15.1 AUDITED FINANCIAL STATEMENTS 2018 – 2019
FINANCIAL YEAR

Audited Financial Statements

The Scientific Research Organisation of Samoa
For the year ended 30 June 2019

**The Scientific Research Organisation of Samoa
Financial Statements
For the year ended 30 June 2019**

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**The Scientific Research Organisation of Samoa
Management Responsibility Statement
For the year ended 30 June 2019**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements are the responsibility of Management. The financial statements have been prepared according to International Financial Reporting Standards and include amounts based on management's best estimates and judgments.

Management has established and maintains accounting and internal control systems that include written policies and procedures. These systems are designed to provide reasonable assurance that our financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements, and that our assets are properly safeguarded.

The Board of Directors oversees Management's responsibilities for financial reporting. The financial statements have been reviewed and approved by the Board of Directors on recommendation from Management.

Our independent auditors, BDO, having been appointed by the Auditor General and Controller of the Independent State of Samoa, have audited our Financial Statements. The accompanying independent auditors' report of the Samoa Audit Office outlines the scope of their examination and their opinion.



Dr. Seuseu Joseph Tauati

Chief Executive Officer

Apia, Samoa

Dated: 25/10/2019



Alailepule Christopher Lei Sam
**Manager Administration &
Finance**

Apia, Samoa

Dated: 25/10/2019

The Scientific Research Organisation of Samoa
Directors Report
For the year ended 30 June 2019

The Directors present their report together with the financial statements of the Scientific Research Organisation of Samoa for the year ended 30 JUNE 2019 as set out on the accompanying pages and the auditors' report thereon in accordance with the Public Finance Management Act 2001 and the Public Bodies and Accountability Act 2001.

Directors

The directors of the Organisation at any time during the financial year were:

Sulamanaia Nuetolu Montini Ott	Chairman	
Dr. Satupaitea Viali	Director	
Manuleleua Dr. Sonny Lameta	Director	
Jewel Monica Adeline Cook	Director	
Tusani Iosefatu Reti	Director	
Tilafono David Hunter	Director	(from 1 January 2019)
Dr. Seuseu Tauati	Ex-Officio/CEO	(from 20 February 2019)

The new Board Directors' appointments were formalised on the 8 June 2019 for a term of three (3) years as per F.K.(16)22.

Principal Activity

The principal activity of the Scientific Research Organisation of Samoa is to conduct scientific research and develop technologies which outcomes are of great value in the development and sustainability of value-added goods and services for export and to achieve reduction on fuel imports and greenhouse gas emissions. There has been no significant change in the principal activity of the Organisation during the year or any of the classes of business that it operates in.

State of Affairs

In the Opinion of the Directors:

- i. the accompanying Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash Flows are drawn up so as to give a true and fair view of the operations and results of the Organisation for the year ended 30 JUNE 2019.
- ii. the accompanying Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Organisation as at 30 JUNE 2019.

Operating Results

The net loss for the year is	\$ (261,705)	(2018: Net loss	\$ (152,472)
Dated at Apia	this 25 th	day of October	2019.

Going concern

The financial statements of the Organisation have been prepared on a going concern basis. We consider the application of the going concern principle to be appropriate in the preparation of these financial statements as we believe that the Fund has adequate funds to meet its liabilities when they fall due over the next 12 months from the date of the Directors report.

The Scientific Research Organisation of Samoa
Directors Report
For the year ended 30 June 2019

Current assets

Prior to the completion of the Organisation's financial statements the directors took reasonable steps to ascertain that the current assets of the Organisation were shown in the accounting records at a value equal to or below the value that would be expected to be realized in the ordinary course of the business.

At the date of this report, the directors are not aware of any circumstances which would render the values attributable to the current assets in the Fund's financial statements misleading.

Related party

All related party transactions have been adequately recorded in the financial statements and disclosed in the notes to the financial statements.

Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year which would require adjustment to or disclosure in the financial statements.

Other circumstances

As at the date of this report:

- no charge on the assets of the Organisation has been given since the end of the financial year to secure the liabilities other person;
- no contingent liabilities have arisen since the end of the financial year for which the Organisation could become liable;
- no contingent liabilities or other liabilities of the Organisation have become or are likely to become enforceable within period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Organisation to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with report or the Organisation or the Organisation's financial statements, which would make adherence to the existing method of assets or liabilities of the Organisation misleading or inappropriate.

Unusual transactions

The result of the Organisation's operations during the financial year and up to the date of this report, has not in the opinion the directors, been substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the financial statements.

This report is made in accordance with a resolution of the board of directors and signed on behalf of the board:



Sulamanaia Nu'uetolu Montini Ott
Chairman

Apia, Samoa
25/10/2019



Professor Asiata, Dr.
Satupa'itea Viali
Director

Apia, Samoa
25/10/2019

The Scientific Research Organisation of Samoa
Statement of Income and Expenditure
For the year ended 30 June 2019

		2019	2018
	Notes	SAT\$	SAT\$
INCOME			
Grants from Government of Samoa		3,332,837	3,243,944
Technical Services income		240,369	232,775
Donor Project income	12(a)	757,315	484,464
Cancer Project fund	12(b)	98,054	-
Other income	13	134,458	98,133
Total income		4,563,033	4,059,316
EXPENDITURES			
Audit fees - current		23,805	24,795
Audit fees - FY17/18 over-accrued		(345)	3,174
Depreciation	10	486,465	382,259
Personnel costs	14	2,062,409	2,096,239
Occupancy costs	15	229,396	206,572
Administrative costs	16	738,250	593,804
Directors fees & board expenses	21	108,792	81,919
Donor Project costs	17	757,315	404,970
Other costs	18	418,649	418,056
Total expenditures		4,824,738	4,211,788
Net Loss		(261,705)	(152,472)

The accompanying notes form part of these financial statement.

The Scientific Research Organisation of Samoa
Statement of Financial Position
As at 30 June 2019

		2019	2018
	Notes	SAT\$	SAT\$
ACCUMULATED FUNDS			
Opening balance		3,684,314	3,836,786
Less: loss		(261,705)	(152,472)
Closing balance		<u>3,422,609</u>	<u>3,684,314</u>
Represented by:			
Current assets			
Cash and cash equivalent	5	1,750,807	2,197,811
Trade & Other Receivables	6	112,532	206,771
Prepayments		54,959	53,094
Stock on hand		135,288	143,892
Total current assets		<u>2,053,586</u>	<u>2,601,568</u>
Current liabilities			
Trade Payables		73,242	64,014
Accruals	7	70,291	159,093
Allowance for staff benefits	8	100,124	92,919
Deferred income	9	1,171,511	1,324,208
Total current liabilities		<u>1,415,168</u>	<u>1,640,234</u>
Working capital		638,418	961,334
Non Current assets			
Property, plant and equipment	10	2,784,191	2,722,981
Net assets		<u>3,422,609</u>	<u>3,684,315</u>

The accompanying notes form part of these financial statement.

Signed for and on behalf of the directors of the Scientific Research Organisation of Samoa:



Signature

Sulamanaia Nu'uetolu Montini Ott
Chairman

Apia, Samoa
25/10/2019



Signature

Professor Asiata Dr. Satupa'itea
Viali
Director

Apia, Samoa
25/10/2019

The Scientific Research Organisation of Samoa
Statement of changes in accumulated funds
For the year ended 30 June 2019

	2019	2018
	\$	\$
Accumulated Funds		
Opening Balance	3,684,314	3,836,786
Less: Deficit	(261,705)	(152,472)
Closing balance	3,422,610	3,684,314
Total Accumulated Funds	3,422,610	3,684,314

The Scientific Research Organisation of Samoa
Statement of cash flows
For the year ended 30 June 2019

		2019	2018
	Notes	SAT\$	SAT\$
Cash flows from/(to) operating activities			
Cash received from Government of Samoa		3,332,837	3,243,944
Cash Received from Republic of Korea (Fruit Wine)		-	-
Cash received from	- Secretariat of the Pacific Community	-	-
	- Coconut oil refinement fund	-	-
	- Technical services	240,369	232,775
	- Sales Breadfruit Flour - Gluten Free fund	19,133	-
	- PHAMA	-	700
	- Consultancy services	30,000	30,000
	- ACIAR Project Funds	250,732	42,680
	- FAO Consultancy	74,603	5,285
	- TCM Project Funds	66,133	138,360
	- Cocoa Phylogenetics	9,882	10,976
	- Avocado Margarine	10,405	-
	- PHAMA Cocoa Project	5,620	15,700
	- Water Supply & Sanitation Funds - Income	5,685	17,779
	- Other income	134,458	97,433
Cash paid for expenses		(4,079,189)	(3,434,118)
Net cash flow by operating activities		100,670	401,513
Cash flows from/(to) investing activities			
Purchase of property, plant and equipment	10	(547,675)	(932,074)
Net cash used by investing activities		(547,675)	(932,074)
Net increase/(decrease) in cash		(447,005)	(530,561)
Cash and cash equivalent at the beginning		2,197,812	2,728,373
Cash and cash equivalent at the end	5	1,750,807	2,197,812

The accompanying notes form part of these Financial Statements

1. General

The Research and Development Institute of Samoa is an independent corporate body constituted and operating under the provisions of the Research and Development Institute of Samoa (RDIS) Act 2006 and amendments. Its name changed to The Scientific Research Organisation of Samoa (SROS) on 20th November 2008 following amendment of the Act. It is currently located at Nafanua.

The SROS objectives are:

- a) to promote the national economy of Samoa based on research and development;
- b) to undertake scientific and technical research with the primary aim of adding value to local resources or services;
- c) to develop functional prototypes of products and processes based on scientific and technical research for the local or overseas markets;
- d) to establish partnership with the private sector and commercial interests to support the Organisation's activities; and
- e) ensure effective training for researchers and professionals engaged in scientific and technical research.

2. Adoption of new and revised Standards

New standards adopted as at 1st January 2018

IFRS 15 'Revenue from Contracts with Customers'

In 2018 the Organisation has adopted new guidance for the recognition of revenue from contracts with customers. This guidance was applied using a modified retrospective ('cumulative catch-up') approach under which changes having a material effect on the statement of financial position as at 1 January 2018 are presented together as a single adjustment to the opening balance of retained earnings. Accordingly, the Organisation is not required to present a third statement of financial position as at that date.

IFRS 9 'Financial Instruments'

Further, the Organisation has adopted new guidance for accounting for financial instruments (see Note 3 below). This guidance was applied using the transitional relief allowing the entity not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in retained earnings. Financial assets of the Organisation were previously recognised in the loans and receivables category (cash and receivables) under IAS 39 and measured at amortised cost. Under IFRS 9 they are classified as amortised cost and the measurement remains the same.

The accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Organisation's financial liabilities were not impacted by the adoption of IFRS 9.

Impairment

The impairment of financial assets under IFRS 9 uses an 'expected credit loss model' compared to the former 'incurred loss model' for trade receivables. The expected credit loss model requires the Organisation to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, which is what the Organisation has chosen.

Transition to the new standards

In adopting the new IFRS standards as at 1st January 2018 there were no changes required and no adjustments necessary to opening retained earnings.

2. Adoption of new and revised Standards (continued)

Standards, amendments and interpretations not yet effective and not early adopted by the Organisation

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Organisation.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Organisation's financial statements.

IFRS 16 'Leases'

IFRS 16 will replace IAS 17 '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 a lease liability. There are two important reliefs provided by IFRS 16 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. Early adoption is permitted; however, the Organisation has decided not to early adopt.

Management is in the process of assessing the full impact of the Standard. So far, the Organisation believes that the most significant impact will be that the Organisation will need to recognise a right of use asset and lease liability. This will mean that the nature of the expense of the above cost will change from being an operating lease expense to depreciation and interest expense on recognition of a right of use asset.

3. Statement of significant accounting policies

a. Basis of preparation

The financial statements of Scientific Research Organisation of Samoa ("Organisation") have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Organisation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

3. Statement of significant accounting policies (continued)

b. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Organisation operates (the "functional currency") which is the Samoan Tala (WST). The Organisation operates in Samoa and therefore the financial statements are presented in Samoan Tala which the Organisation's functional and presentation currency.

Foreign currency transactions are translated 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 recognised in the profit or loss. Monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the 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.

c. Government grants

The fair value of government grants are not recognised until there is reasonable assurance that the Organisation will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Organisation recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Organisation should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Organisation with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants towards staff re-training costs are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

Government grants relating to the acquisition of property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

d. Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Organisation becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when, it is extinguished, discharged, cancelled or expires.

3. Statement of significant accounting policies (continued)

Classification and measurement of financial assets

Classification and initial measurement

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets of the Organisation are classified into the amortised cost category only and consist of cash and cash equivalents, bank term deposits and trade receivables. The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets at amortised cost

Assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'interest income' using the effective interest rate method.

Impairment of financial assets

The Organisation assesses on a forward-looking basis the expected credit loss associated with trade and other receivables carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Organisation applies the simplified approach due to the short term nature of the financial assets, which requires expected lifetime losses to be recognized from the initial recognition of the receivables.

Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Organisation or the counterparty.

3. Statement of significant accounting policies (continued)

Classification and measurement of financial liabilities

The Organisation's financial liabilities include trade and other payables and are classified into the amortised cost category.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Organisation designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

e. Cash and cash equivalents

Cash and cash equivalents comprises of petty cash, cash at bank and cash held by other Government Ministries for relevant projects form an integral part of the Organisation's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

f. Functional and presentation currency

Liabilities for employees' entitlements to salaries and wages 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.

g. 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:

Buildings and improvements	5%
Roads	20%
Motor vehicles	20%
Laboratory equipment	20%
Furniture and fittings	20%
Office and other equipment	20%

3. Statement of significant accounting policies (continued)

h. Income tax

The Scientific Research Organisation of Samoa is not subject to taxation.

i. Stock on hand

Stock on hand are stated at the lower of cost and net realisable value.

j. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to statement of income and expenditure on a straight-line basis over the term of the relevant lease.

k. Provisions

A provision is recognized in the statement of financial position when the Organisation 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.

l. 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.

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. A provision of one-third of sick leave balance as at year end is taken into account as a liability.

ii. Superannuation contributions

The organisation 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 recognised immediately in the statement of income and expenditure.

4. Financial risk management

Financial risk factors

The Organisation's activities expose it to financial risks such as market risks related to cash flow interest risk, credit risk and liquidity risk. Risk management is carried out by management and the board of directors. They evaluate and monitor financial risks in all areas of the business.

Cash flow interest risk.

Cash flows interest rate risk is the potential for a change in interest rates to change net interest costs and earnings in the current reporting period and in future years. The risk is managed closely by the management and the directors within approved policy parameters.

4. Financial risk management (continued)

The Organisation has interest-bearing asset in the form of term deposits. This is at fixed interest rate and hence, there are no interest rate risks during the period of investment.

For re-investment of term deposits, the Organisation negotiates an appropriate interest rate with the banks and invests with the bank which offers the highest interest return. Given the fixed nature of interest rates, the Organisation has a high level of certainty over the impact on cash flows arising from interest income derived from these term deposits.

Credit risk

Credit risk is the risk of financial loss to the Organisation if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Organisation's receivables from customers. The Organisation's exposure to credit risk is influenced mainly by individual characteristics of each customer.

The Organisation's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Board through Management monitors and manages the approval of credit whereby each new customer is analysed individually for creditworthiness before the Organisations' standard payment and delivery terms and conditions are offered. A good portion of accounts receivable customers include Government Ministries and State Owned Enterprises. Management consider these accounts receivable as representing a low risk of credit default.

However specific provision has been made for those customers where the organisation has assessed that there is no chance of recovery. Refer to note 6 for details of the movement in impairment provision.

Liquidity risk

Liquidity risk is the risk that the Organisation will not be able to meet its financial obligations as they fall due. The Organization's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Organization's reputation. The Organisation carries out cash flow projections taking into account cash inflows and outflows annually which assist it in monitoring cash flow requirements and optimizing its cash returns on investments. Typically, the Organisation ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. Cash position is monitored on a daily basis.

Other risks

Operational risk

Operational risk is the risk of loss arising from systems failure, human error and fraud. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The Organisation cannot eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the Organisation is able to manage risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment procedures.

5. Cash and cash equivalent

	2019	2018
	\$	\$
Petty cash	500	500
Cash at ANZ Bank (Samoa) Limited - main account	264,889	547,759
Cash at Westpac Bank Ltd - Technical Services	837,545	672,464
ANZ Bank (Samoa) Limited: project account		
SPC / PARDI Funds	-	-
FAO Consultancy Fund	74,603	270,769
PHAMA Cocoa	4,205	193,136
FAO Youth	33,659	-
TCM EIF Tier II Project Fund	66,133	339,436
Water Supply & Sanitation Fund - MNRE	5,685	5,056
Photosynthetic Bacteria Research funds	-	4,961
Other income	463,587	163,730
Total cash and cash equivalent	1,750,807	2,197,811

6. Trade and other receivables

	2019	2018
	\$	\$
Trade receivables	184,264	136,716
Other receivables	27,257	88,939
Less: Provision for doubtful debt	(98,989)	(18,884)
Total trade and other receivables	112,532	206,771

SROS uses the simplified model for calculating lifetime expected credit losses (ECL) and has applied the probability of default (PD) to the overall portfolio of debtors as they share similar credit characteristics being mainly government ministries and state-owned enterprises.

Management has determined that there is 100 percent collection rate due to 0 percent expected credit loss rate.

7. Other creditors and accruals

	2019	2018
	SAT\$	SAT\$
Accrued expenses	28,644	117,213
Audit fees	24,150	24,495
Electricity	17,497	17,280
Land lease	-	105
Total other creditors and accruals	70,291	159,093

The Scientific Research Organisation of Samoa
Notes forming part of the financial statements
For the year ended 30 June 2019

8. Allowance for staff benefit

	2019 SAT\$	2018 SAT\$
Staff annual leave entitlements	100,124	92,919
Total allowance for staff benefits	<u>100,124</u>	<u>92,919</u>

Movement for Allowance of Staff Benefits

Balance at beginning of the year	92,919	76,783
Additional allowance during the year	22,296	17,616
Utilised during the year	(15,090)	(1,480)
Balance at year end	<u>100,125</u>	<u>92,919</u>

9. Deferred liability

Donors	Opening Balance (2018)	Additional Funding	Costs incurred	Ending Balance (2019)
SPC Consultancy/PARDI	\$ 121,217	\$ -	\$ 64,234	\$ 56,983
Coconut Oil Refinement Fund	270,769	-	-	270,769
Avocado Margarine Fund	193,633	-	8,754	184,879
PHAMA - Frozen Taro Project Fund	5,263	-	4,949	314
PHAMA - Cocoa Fermentation Project Fund	3,214	-	-	3,214
FAO Consultancy Fund	63,447	89,488	152,935	-
TCM EIF Tier II Project Fund	535,014	60,000	66,118	528,896
Photosynthetic Bacteria Research Fund	4,961	-	-	4,961
Water Supply & Sanitation Fund - MNRE	17,779	-	5,685	12,094
PHAMA Cocoa	15,682	7,446	23,128	-
Cocoa Phylogenetics	1,266	-	-	1,266
FAO LOA	19,845	-	19,417	428
FAO Youth	19,013	21,409	30,055	10,367
ACIAR Project 2017/044	6,906	-	4,750	2,156
Taro & Rum Project	-	82,437	82,437	-
Building Reserve Funds	-	44,246	44,246	-
Medicinal Project	-	38,769	38,769	-
Breadfruit flour Project	-	19,396	19,396	-
SCIDI Project	-	22,073	15,093	6,980
PEAR Project	-	18,000	8,824	9,176
SPC Consultancy/ACIAR cocoa project	-	15,701	767	14,935
IMPRESS Project	-	45,817	3,820	41,997
SIDS Donated Assets	46,199	-	24,104	22,095
Total Deferred liability	<u>1,324,208</u>	<u>464,783</u>	<u>617,481</u>	<u>1,171,511</u>

10. Plant and equipment

	Buildings & roads	Equipment & furniture	Laborator y equipment	Motor vehicles	Total
	\$	\$	\$	\$	\$
Cost					
Balance as at 30/06/18	2,880,216	1,940,288	4,123,349	602,483	9,546,336
Additions	189,255	57,604	300,816	-	547,675
Disposals	-	-	-	-	-
Balance as at 30/06/19	3,069,471	1,997,892	4,424,165	602,483	10,094,011
Accumulated Depreciation					
Balance as at 30/06/18	1,076,016	1,710,099	3,656,590	380,650	6,823,355
Depreciation	161,352	88,554	174,559	62,000	486,465
Disposals	-	-	-	-	-
Balance as at 30/06/19	1,237,368	1,798,653	3,831,149	442,650	7,309,820
Written down value:					
As at 30/06/18	1,804,200	230,189	466,759	221,833	2,722,981
As at 30/06/19	1,832,103	199,239	593,016	159,833	2,784,191

11. Amortisation schedule

The Amortisation Schedule relates to the donated Assets for SROS Activities from the Government of Samoa after the hosting of the SIDS meeting in September 2014. These Assets are amortised to income over 5 years for Office Equipment which are the same rates at which the Assets are depreciated.

	2019	2018
	\$	\$
Costs of Donated Assets		
SIDS Assets funded by the Government of Samoa	120,520	120,520
Total cost of assets	120,520	120,520
Accumulated Amortisation		
Opening accumulated amortisation	74,321	50,217
Amortisation for current year	24,104	24,104
Closing accumulated amortisation	98,425	74,321
Unamortised Amount	22,094	46,199
Current portion of amortisation	24,104	24,104
Non - current portion of amortisation	(2,010)	22,094
Unamortised amount	22,094	46,199

12. Donor project income

(a) Donor Project Income	2019	2018
Projects - Ministry of Finance	SAT\$	SAT\$
ACIAR Project Fund - 2014/077	250,732	5,450
Republic of Korea funds - Fruit Wine fund	19,559	6,539
Turkey - Breadfruit Project	9,882	10,976
Bio-ethanol - Turkey	50,202	-
	<u>330,375</u>	<u>22,965</u>
Donor Project funds		
Secretariat of the Pacific Community fund	767	-
Avocado fruits collection	10,405	-
PHAMA Frozen Taro Project fund	4,949	-
PHAMA Cocoa Fermentation Project fund	-	15,700
PHAMA Cocoa Project	5,620	5,285
FAO Consultancy fund	74,603	57,500
FAO LOA	6,525	138,360
TCM EIF Tier II Project fund	66,133	-
Photosynthetic Bacteria Research fund	-	42,680
ACIAR Project Fund - 2017/014	5,027	187,013
MNRE - Water Supply & Sanitation Project	5,685	-
FAO Youth Income	33,659	14,961
IMPRESS Project	3,820	-
SCIDI Project	15,525	-
PEAR Project	8,824	-
Biomass Project Income	145	-
	<u>241,687</u>	<u>461,499</u>
Projects funded by SROS		
Building Reserve Funds Income	44,913	-
Taro & Rum Project Income	82,437	-
Medicinal Project income	38,769	-
Sales Breadfruit Flour - Gluten Free fund	19,133	-
	<u>185,252</u>	<u>-</u>
Total Donor Project Income	<u>757,315</u>	<u>484,464</u>
(b) Cancer Research Funds		
Cancer Project funds	98,054	-
	<u>98,054</u>	<u>-</u>

The Scientific Research Organisation of Samoa
Notes forming part of the financial statements
For the year ended 30 June 2019

13. Other income

	2019	2018
	SAT\$	SAT\$
Amortisation Income	24,104	24,104
Consultancy fees	-	30,000
Other income	110,354	44,029
Total Other income	134,458	98,133

14. Personnel costs

	2019	2018
	SAT\$	SAT\$
Salaries and wages	1,880,082	1,872,950
NPF employer contributions	134,710	183,029
ACC Employer Levies	19,072	19,992
Higher Duty Allowances	28,545	20,268
Total Personnel Costs	2,062,409	2,096,239

15. Occupancy costs

	2019	2018
	\$	\$
Electricity	227,279	206,557
Land lease	2,117	15
Total occupancy costs	229,396	206,572

16. Administrative costs

	2019	2018
	SAT\$	SAT\$
Advertising and promotions	29,571	16,323
Bank charges	1,996	1,902
Internet charges	37,770	42,069
Fees, License and registrations	7,585	5,527
Rental / hire	41,132	60,228
Fuel and oil	25,350	22,121
Printing and stationery	54,007	72,928
Repairs and maintenance - motor vehicles	20,648	21,545
Repairs and maintenance - building	29,284	46,022
Repairs and maintenance - office equipment	9,028	4,623
Repairs and maintenance - plant & equipments	255	16,476
Repairs and maintenance - furniture and fittings	-	2,505
Subscriptions	7,417	9,709
Telephone, fax and postages	25,048	25,581
Travel and accommodation	42,187	16,902
DSA / Transit / Permit Visa & Incidental Allowances	91,745	28,101
Water supplies	9,232	8,878
Insurance	84,508	82,150
Local travel	18,470	19,473
Consultancy fees	-	770
General expenses	104,029	89,971
Doubtful debt	98,989	-
	<u>738,250</u>	<u>593,804</u>

17. Donor project costs

Projects - Ministry of Finance

ACIAR Project 2014/077	250,732	-
Fruit Wine Project costs	19,559	5,450
Turkey Breadfruit	9,882	-
Bio-ethanol Project	50,202	-
	<u>330,375</u>	<u>5,450</u>

17. Donor project costs (continued)

	2019 SAT\$	2018 SAT\$
Donor Project funds		
Secretariat of the Pacific Community Consultancy	767	-
PHAMA Cocoa Project	5,620	15,700
FAO Consultancy costs	74,603	5,285
TCM EIF Tier II Project costs	66,133	57,500
Photosynthetic Bacteria Research costs	-	138,360
ACIAR Project 2017/014	5,027	42,680
IMPRESS Project	3,820	-
Avocado Margarine Project	10,405	-
Water Supply & Sanitation Funds - MNRE costs	5,685	106,819
IUCN - Biodiesel Project costs	-	6,539
Biomass Project costs	145	-
FAO Youth project costs	33,659	10,976
FAO LOA Project	6,525	14,961
PHAMA Frozen Taro	4,949	700
PEAR Project	8,824	-
SCIDI Project	15,525	-
	<u>241,687</u>	<u>399,520</u>
Projects funded by SROS		
Building Reserve Funds Income	44,913	-
Taro & Rum Project Income	82,437	-
Medicinal Project income	38,769	-
Sales Breadfruit Flour - Gluten Free fund	19,133	-
	<u>185,252</u>	<u>-</u>
Total Donor Project Income	<u>757,315</u>	<u>404,970</u>

The Scientific Research Organisation of Samoa
Notes forming part of the financial statements
For the year ended 30 June 2019

18. Other costs

	2019	2018
	SAT\$	SAT\$
Lab consumables	185,119	178,079
Freight and handling costs	31,106	57,775
Accreditation costs	81,769	51,290
Plant hire expenses	887	1,032
Interviewing panel allowances	710	648
Gas expenses	544	33,969
Clothing allowance costs	6,600	1,200
Cleaning expenses	12,013	13,781
Staff training costs	50	4,690
Telephone allowances costs	300	-
Professional services expenses	2,211	24,980
Awareness expenses	27,450	24,015
Other internal project costs	62,289	12,927
Office catering costs	7,602	13,670
	418,649	418,056

19. Project Grants

The following projects are currently carried out by SROS as the Implementing agency, in which the actual Organisations are held by Government via the Ministry of Finance (MOF). Per confirmation from MOF, the following balances represent the unused Organisations at balance date.

Project Description	Opening Balance (2018)	Organisations received	Organisations expected	Ending Balance (2019)
Turkey Grant (Ethanol Project)	\$ 50,202	\$ -	\$ 50,202	\$ -
IUCN Biodiesel Project Funds - MNRE	23,283	-	-	23,283
Turkey Grant (Breadfruit Project)	5,567	-	5,553	14
Republic of Korea - Fruit Wine Project	69,687	-	69,680	7
Japanese Embassy - Sustainable Growth of Fragrant Plants for Poverty Reduction Project	26,154	226,233	237,117	15,270
ACIAR funded Regional Fruit Tree Project	831	431,749	236,083	196,497
Total Deferred liability	175,724	651,982	598,635	235,071

- i. Turkey Grant (Ethanol Project): Purpose: To develop and optimize a process to produce bioethanol from the identified starchy feedstock by maximizing sugar production from flour.
- ii. IUCN Biodiesel Project Funds - MNRE: Purpose: To determine the optimum conditions and characteristics of the alkali process for biodiesel production using Jatropha oil as a feedstock.

19. Project Grants (continued)

- iii. Turkey Grant (Breadfruit Project): Purpose: To identify breadfruit pathogens, especially virulent strains, present during pre-and post-harvest of breadfruits, and determine phylogenetic relation between the isolated pathogen strains.
- iv. Republic of Korea - Fruit Wine Project: Purpose: To produce wine-like beverages from various ripen fruits that are grown, available and abundant in Samoa, for domestic and export markets.
- v. Japanese Embassy - Sustainable Growth of Fragrant Plants for Poverty Reduction Project: Purpose: To promote orchids and fragrant oils as another means for income generation and job creation in the rural communities.
- vi. ACIAR funded Regional Fruit Tree Project: Purpose: To increase the efficiency of breadfruit and pineapple value chains through improved productivity and postharvest handling practices, and to enhance private sector and Government research and extension capacities in support of fruit industry development.
- vii. New Project received in June 2018, within this Financial Year 2018/2019:

PHAMA Cocoa Project: Purpose: To determine the best drying conditions for fermented cocoa beans using a new design of solar dryer, for the ultimate aim of producing high quality fermented cocoa beans for export and for a high quality chocolate product.
- viii. Cocoa Phylogenetics Project: Purpose: To improve science-based decisions on which cocoa varieties to propagate, this project aims to collate genetic information (Trinitario, Forastero, Criollo) of Samoan cocoa plants to their morphological features (high yielding, disease tolerance, etc.) as well as their chocolate aroma profiles for an improved product for export.

Equipments procured under Sustainable Growth of Fragrant Plants for Poverty Reduction Project:

The total funds expended under this project held with MOF to the amount of SAT211,721 comprises of research equipments related for this project. i) SAT\$202,209 (USD\$77,021.25 equivalent) for lab equipments procured in December 2015, ii) SAT\$9,460 (USD\$5,373.00 equivalent) for lab equipment procured in May 2018, iii) SAT\$52 for bank related fees. These equipments are planned to be utilised in the Financial Year 2017/2018 at the project beginning of the project, and some of these equipments will be transferred to the Private Sector for Commercialisation purposes.

20. Related parties

a) Directors

The names of persons who were directors of the Organization with sitting allowance and annual directors fees paid out during the financial year were as follows:

Sulamanaia Nuuetolu Montini Ott	(Chairman)
Asiata Dr. Satupaitea Viali	(Director)
Dr. Sonny Manuleleua Lameta	(Director)
Tusani Iosefatu Reti	(Director)
Jewel Monica Adeline Cook	(Director)
Masoe Iosefa Tautua	(Director)

	2019	2018
	\$	\$
(i) Board expenses	2,240	2,898
Balance represents board expenses for meetings held throughout the year.		
(ii) Directors' fees	106,552	79,021
Total directors' fees and board expenses	108,792	81,919

b) Key Management Personnel

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

Chief Executive Officer - Dr. Seuseu Joseph Tauati
CEO Executive Assistant – Frances Belford – Viali
Finance & Administration Manager - Alailepule Christopher Lei Sam
Technical Services Manager - Dr. Pousui Fiame Leo
Environment & Renewable Energy Manager - Annie Toailoa Tuisuga
Plant & Postharvest Technology Manager - Masuisuiolemalietao Dr. Seesei Molimau-Samasoni
Food Technology Manager - Tuimaseve Kuinimeri Asora-Finau
Business Development Specialist Manager - Fauono Sina Mualia

The remuneration of key management salaries for the period were as follows:

	2019	2018
	\$	\$
Salaries and short-term employee benefits	699,196	704,567

21. Capital commitments

There are no capital commitments at year end (2018: nil).

22. Approval of financial statements

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

INDEPENDENT AUDITORS REPORT

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P.O Box 13
APIA, SAMO



Please address all correspondences
to the Controller and Auditor General

AUDIT OFFICE

REPORT OF THE AUDIT OFFICE

TO THE GOVERNING BODY IN CHARGE OF GOVERNANCE – SCIENTIFIC RESEARCH ORGANISATION OF SAMOA

Audit Opinion

We have audited the accompanying Financial Statements of the Scientific Research Organisation of Samoa which comprise the Statement of Financial Position as at 30 June 2019, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, a Summary of Significant Accounting Policies and Other Explanatory Notes. The Accounting Firm of BDO, Chartered Accountants, assisted in the audit. The Engagement Partner on the audit resulting in this Independent Auditor's Report is Hanalei Betham.

In our opinion, the financial statements give a true and fair view of the financial position of the Scientific Research Organisation of Samoa as at 30 June 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Scientific Research Organisation of Samoa 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, 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 and management are responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Scientific Research Organisation of Samoa or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organisation'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

INDEPENDENT AUDITORS REPORT

material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation'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 Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In our opinion the financial statements of the Organisation 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.

We also confirm that:

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

Apia, Samoa
25 October 2019



Jaslyn T. Mariner-Leota
ASSISTANT CONTROLLER AND AUDITOR GENERAL