

Vision 2025

To be a sustainable electricity provider in the Region

Immediate Vision

Increased access by all people of Samoa to quality and affordable electricity supply

Mission

To provide and maintain quality electricity and customer service through innovative, sustainable and climate resilient infrastructure, in partnership with customers and stakeholders to support the development of Samoa.

STREET ADDRESS

Level 5 – Tui Atua Tupua Tamasese Efi Building, SOGI, APIA.

POSTAL ADDRESS

Post Office Box 2011 | APIA, SAMOA

FOR MORE INFORMATION

T: +685 65 500 | F: +6685 23 748 | W: www.epc.ws | E: epc.info@epc.ws

Table of Contents

CHAIRMAN'S REMARKS.....	4
GENERAL MANAGER'S REPORT	6
FINANCIAL STATEMENTS.....	14

BOARD OF DIRECTORS

Leasi Tuiletufuga Galuvao. I. Vainalepa
Galuvao

CHAIRMAN

DIRECTORS

Asi Sagagauatasi Keve Tunupopo
Alo Lomitusi Pilimase Tyrell
Lilomaiava Filifilia Iosefa
Tapuala Letoa Ulupale Fuimaono

Lilomaiava Filifilia Iosefa

DIRECTOR

Chair – Finance, Audit & Risk Committee

Member- Tapuala Letoa Ulupale
Fuimaono

Independent member- Mulitalo Lealali
Mapu Mulitalo

Faumui Tauilili Iese Toimoana

GENERAL MANAGER

Ex-Officio

MANAGEMENT

Faumui Tauilili Iese Toimoana

General Manager

Tu'u'u Tauilili Ekiumeni Fauolo

Chief Engineer Power Generation

Tupa'i Latuselu Posi

Chief Engineer Distribution & Utilization

Vacant

Chief Engineer Quality Assurance &
Development

Afamasaga Victor Elia Afamasaga

Chief Engineer National Control & Dispatching
Centre

Asiata Tafu Salevao

Manager Savaii Operations

Palelēmafuta Sofia Silipa

Manager Finance & Commerce

Ta'aiseuga Jason Hisatake

Manager Corporate Governance

Fesola'i Edwin Ulberg

Manager ICT

Tofilau Alex Stanley

Manager Legal Services

Tuala Wendy Pogi (resigned 01st September
2023)

Maiava Faleoo Matoka

Manager Internal Audit & Investigation

Lealataua Sophia Lafai Oloapu (resigned in May
2024)

CHAIRMAN'S REMARKS

On behalf of the Electric Power Corporation's Board of Directors, I am pleased to present the Corporation's 42nd Annual Report for the financial year ending June 30, 2024. Despite ongoing financial challenges, EPC remains steadfast in its commitment to serving the people of Samoa.

Financial Performance

The Corporation ended the year with a total net loss of 3.5 million Tala, which is a substantial decrease of 94% compared to the previous year's loss of \$54.8 million. The main contributing factor to the improvement in financial performance was the removal of Government's 20% tariff reduction initially for government consumers on the 1st of July 2023 and then for all other Non-Domestic consumers on 1st November 2023. These changes resulted in Revenue Forgone due to Government Policy on the tariff to decrease from \$58 million in 2023 to \$26 million in 2024. Other financial changes during the year includes the following:

- Solar for Samoa, an Independent Power Producer company initially acquired by the Corporation, was resold at a gain of \$2 million Tala
- EPC and the Ministry of Finance revised their On Lending Agreement to assist with the Corporation's current financial situation. As a result, \$23 million worth of VAGST refunds was swapped to pay off outstanding payments, loan repayments to recommence in 2026 and interest was waived for two years.

Renewables

The continuous efforts by the Corporation in order to increase the diversity of renewable energy generation sources, will contribute to lowering the costs of electricity for the people of Samoa and for EPC to meet the increase of overall energy demand.

The electricity production at the end of this financial year totaled to 214,707,698 kWh, a 13% increase compared to 189,757,533 kWh in the previous year. Total diesel production increased from 130,814,510 kWh in the previous year to 150,855,866 kWh, reflects a 15% increase. Total renewable energy production increased marginally from 58,939,880 kWh the last FY to 63,851,832 kWh, primarily due to Upolu Hydro, totaling the overall RE contribution to 30%, compared to 31% in previous financial year.

For the reported year, hydro itself contributed to 70% of total renewable energy and 21% of total EPC generation. In the year ended June 2024, Renewable energy produced 63.8 million MWh and contributed 30% of total generation production.

Independent Power Producers (IPPs)

Independent Power Producers (IPP) produced 13.3 million MWh of solar PV, a slight drop in output year over year. Although solar renewable energy (RE) offers EPC and its client's long-term and sustainable generation, EPC is currently reviewing the Power Purchase Agreement (PPA) business model to identify better cost synergies that will guarantee sustainability. Because of this, EPC has made large investments in its own renewable energy procurement, which is detailed below and is anticipated to move forward once government approval is granted.

Renewable Energy Developments

The Electric Power Corporation is determined to develop more renewable energy sources in partnership with the Private Sector (IPP) through a power purchase agreement (PPA). Private capital is globally observed as key to meeting the energy transition and climate change targets, and offers many benefits to the EPC – not limited to creating a competitive feed-in-tariff market, offsetting project capital from utility, and offsetting Operating & Maintenance costs from the utility. The National Energy Coordination Committee (NECC) and Cabinet Development Committee (CDC) have endorsed and approved, respectively, six (6) new renewable energy expansion projects totaling to over 25% contribution to annual energy production. All six projects are targeted to start construction stages by the end of year 2025

Governance

As a state-owned enterprise, EPC fulfilled its reporting obligations by:

- Submitting the 2022-2023 Annual Report to Parliament in January 2024.
- Providing timely Quarterly Reports to the Ministry of Public Enterprise.

Additionally, the Board of Directors held 12 regular meetings during the financial year.

Closing remarks

On behalf of the Board, I extend gratitude to the Government of Samoa for its unwavering support, EPC's management and staff for their dedication, and our development partners and stakeholders for their contributions to our infrastructure and operations. Most importantly, we thank our customers for their continued trust and support.

We look forward to building on these achievements and enhancing our services to better serve the people of Samoa.

Ma lo'u faaaloalo tele,

Leasi Tuiletufuga Galuvao Ioane Galuvao

Chairman

EPC Board of Directors

GENERAL MANAGER'S REPORT

I am pleased to present the Electric Power Corporation's 42nd Annual Report, prepared in compliance with the Public Bodies (Performance and Accountability) Act 2001. This report provides an overview of EPC's principal activities and financial results for the fiscal year ending June 30, 2024.

Highlights

Key Achievements

N-2 Project for Savai'i Power Station

The N-2 Project, initiated to improve the energy resilience of the Savai'i Power Station, involved installing the first-ever 2MW diesel generator on the island. Designed to support peak demand and provide reliable backup power when renewable sources fall short, the generator strengthens Savai'i's energy infrastructure by ensuring stable power supply year-round. This project included training local EPC technicians in operating and maintaining the generator, securing sustainable, long-term operation. Although diesel is less environmentally friendly, this project complements EPC's strategy of reaching 70% renewable energy by 2031 and serves as a transitional solution for energy stability.

Samoa's EV Pilot Project

The Electric Power Corporation (EPC), launched its Electric Vehicle (EV) Pilot Project in 2021 with a clear objective: to lead the way towards cleaner and more sustainable transportation in Samoa. The project involved the procurement and integration of 10 electric vehicles into EPC's operational fleet. These include 5 KONA Electrics, renowned for their efficiency and performance, 3 LDV EV Trucks suited for heavy-duty tasks, and 2 LDV EV Vans for passenger and cargo transport. To support these EVs, EPC installed 10 charging stations at key operational sites across Samoa. These installations were strategically located to ensure that the EVs could operate efficiently without range limitations. Tanugamanono Renewable Energy site, Fulusou National Control Centre and Fiaga Diesel Power Station each have 1 station while Vaitele Distribution Site is equipped with 3 chargers, as is the Savaii Power Station. These chargers, compatible with the different types of EVs, facilitate smooth operations and reduce dependency on fossil fuels.

The project's design was intended to assess the overall viability of electric vehicles in Samoa's unique conditions. This includes understanding the energy consumption patterns, charging costs, maintenance requirements, and operational challenges or advantages of EVs compared to diesel-powered vehicles. EPC's fleet was thus converted into a living experiment, with detailed tracking of real-time data related to performance, cost-efficiency, and the environmental impact of this transition. One of the primary impacts of the project was the cost savings realized by switching from diesel vehicles to EVs. The long-term operational data showed that EVs require significantly less maintenance than their diesel counterparts, as EVs have fewer moving parts and do not require oil changes, filters, or fuel system maintenance.

Moreover, the environmental benefits of the project have been equally important. By reducing fuel consumption and associated emissions, the pilot contributes to Samoa's commitment to climate change mitigation and the broader goal of achieving 70% renewable energy by 2031. The project also had a wider-reaching impact on public perception and policy. EPC's leadership in adopting electric vehicles sends a strong message to other industries and government bodies about the feasibility of transitioning to greener transportation solutions.

This project assessed EV viability in Samoa, revealing cost and environmental benefits such as reduced fuel consumption and fewer maintenance needs compared to diesel vehicles. The project influenced public awareness and policy, providing a framework for other government EV initiatives.

Renewable Energy Penetration by 2030 Network Study

Renewable Energy Penetration by 2030 Network Study, prepared for the Electric Power Corporation (EPC) of Samoa, provides a comprehensive analysis of the current and future performance of Samoa's power grid as the country transitions towards a 70% renewable energy target. It identifies potential upgrades needed for the grid to accommodate increased renewable energy while maintaining stability and reliability. The report examines load flow, fault ride-through capabilities, and system strength, providing recommendations for reactive power compensation, protection system enhancements, and optimal use of diesel generators for grid balance.

The study highlights the critical infrastructure and strategic decisions required to meet Samoa's renewable energy goals, identifies key challenges, such as insufficient reactive power, voltage control issues, and frequency response during peak renewable generation periods. The proposed solutions, including the installation of capacitor banks, STATCOMs, or synchronous condensers, ensure that the grid remains stable even with high renewable energy penetration. The report also emphasizes the importance of BESS in managing PV generation intermittency and maintaining frequency stability. Successful implementation of these recommendations will enhance Samoa's energy independence, reduce reliance on imported fuels, and contribute to the nation's goal of significantly reducing greenhouse gas emissions.

Strategic Direction

In alignment with the Public Bodies Act 2001, EPC has submitted all required reports, including the Annual Report for 2023-2024 to the Office of the Legislative Assembly and Quarterly Reports to the Ministry for Public Enterprises, on time.

Key Issues

Below are key issues that the EPC encountered during the financial year.

1. Challenges from Government Electricity Tariff Reduction Policy

The Corporation continued to face financial difficulties due to the Government's 20% reduction in electricity tariffs. While financial performance improved, with the policy now

benefiting only domestic consumers, EPC still recorded an operating loss of 7.8 million Tala for the year.

2. Insufficient Community Service Obligation (CSO) Allocation

The Government's CSO allocation for the 2023/2024 budget was set at 1 million Tala, which proved inadequate. This shortfall contributed to an increase in CSO arrears, which totaled 4.7 million Tala as of June 30, 2024.

3. Climate Change Impacts on Hydro Plant Performance

The ongoing effects of climate change negatively impacted the performance of hydroelectric plants. Reduced water levels in rivers and below-average annual rainfall significantly hindered energy production.

4. Rising Fuel and Operational Costs

Fuel costs remain a major concern as they are directly tied to production expenses. This issue is compounded by increasing costs for materials essential to the Corporation's operations and higher shipping expenses, as all supplies are imported. While the average fuel price for the financial year decreased slightly by 3 sene per liter, it remains high at 2.90 Tala per liter compared to 1.80 Tala per liter in 2021

Government Debts

- i. Total Government Debts as at end of financial year was \$8.1million which includes current billing of \$3.6 million
- ii. There has been improvement in the payment of electricity consumptions by Government Ministries and Corporations, however, the major increase is due to the non-payment of electricity consumptions for Street Lights.
- iii. VAGST receivable decreased by \$16 million and was a result of the \$23 million swap of cheques for payment for PSEP loan

1. Operating Performance and Results

Production

The electricity production as at end of this financial year totaled to 214,707,698 kWh a 13% increase compared to 189,757,533 kWh in the previous year. Total diesel production increased from 130,814,510 kWh in previous year to 150,855,866 kWh, a 15% increase. Total renewable energy production increased marginally from 58,939,880 kWh in previous year to 63,851,832 kWh, primarily due to Upolu Hydro, totaling the overall RE contribution to 30%, compared to 31% in previous financial year. Total production is further detailed in below Figures 01 and 02

Figure 01: Electricity Production by Island/Source

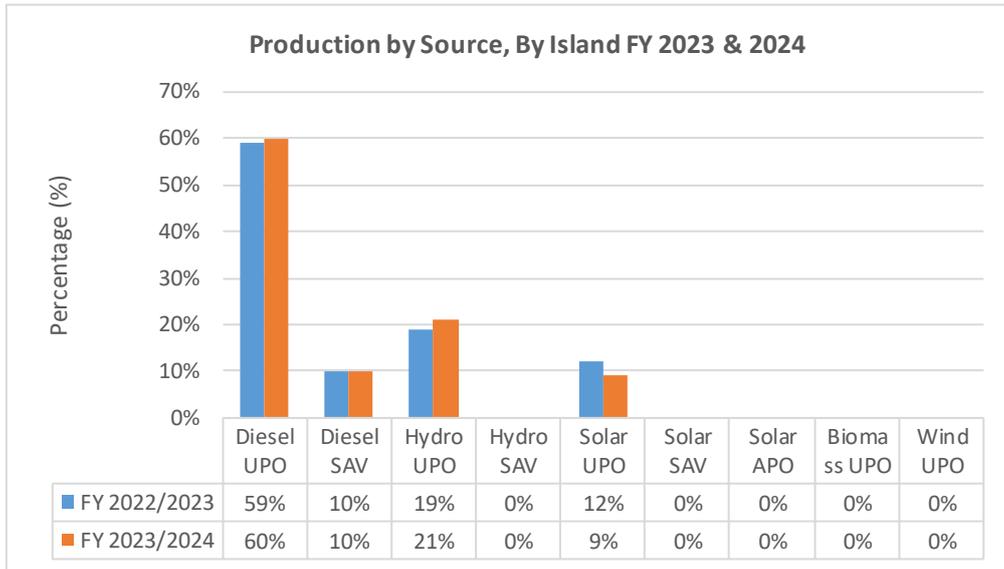
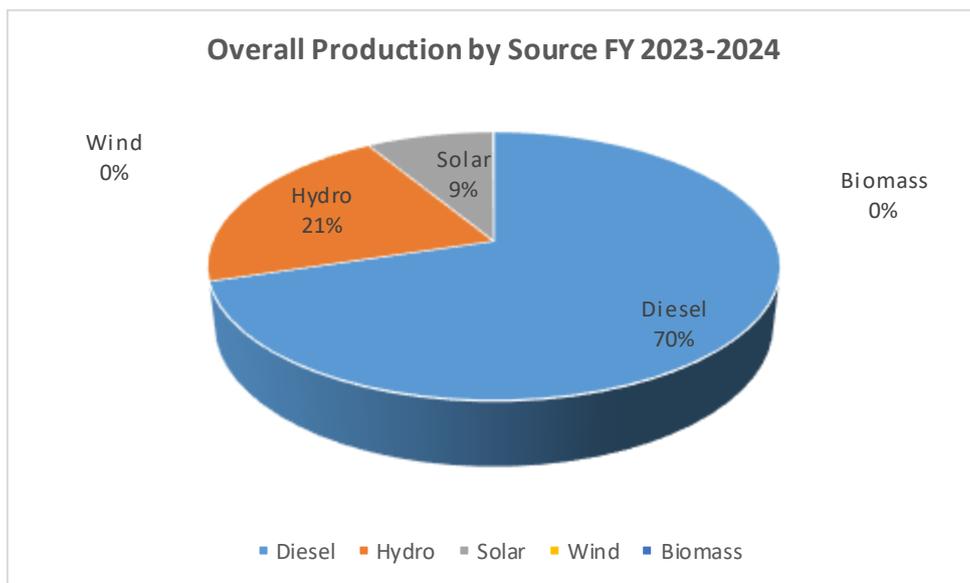


Figure 02: Overall Production by Source



Consumer Base

EPC registered 44,602 consumers overall as of the end of June 2024, a 2.7% increase from the previous year. The overall user base was made up of 1,584 non-prepayment meters including 120 large consumers on Fixed Rate and 43,018 prepayment meters, as detailed in below table 02.

Table 02: Total Consumers by Island & By Meter Type

TOTAL CONSUMERS BY ISLAND & BY METER TYPE 2023-2024			
Island	Prepayment Meters	Non-Prepayment Meters	Total By Island
UPOLU	33,811	1,370	35,181
SAVAII	9,027	212	9,239
APOLIMA	11	1	12
MANONO	169	1	170
Total by Meter Type	43,018	1,584	44,602

The total consumption including consumption within EPC's operations totaled to 191,976,287 kWh compared to 168,927,025 kWh in the previous year.

Human Resource Management & Development

As of June 30, 2024, the Electric Power Corporation (EPC) employed a total of 315 staff, distributed as follows:

- **Location:** 246 staff based in Upolu and 69 in Savaii.
- **Gender:** 253 male and 62 female employees.
- **Employment Status:**
 - 51 contract staff
 - 249 permanent staff
 - 15 temporary staff
- **Age Distribution:**
 - 257 employees aged between 21 and 50 years
 - 42 employees aged between 51 and 60 years
 - 16 employees under the age of 20

Staff Movement

During the financial year, EPC experienced:

- **Turnover:** A total of 34 staff left the organization due to resignations, retirements, terminations, or the end of employment contracts.
- **Appointments:**
 - 48 new appointments, including permanent, temporary, and contract roles.
 - 4 contract re-appointments.

Staff Development

EPC prioritized staff development during the year, facilitating:

- 22 invitational in-country, overseas, and online training programs.
- Participation of 46 staff members in these training opportunities, enhancing skills and capacity within the organization.

Financial Performance

The Corporation ended the year with a net loss and other Comprehensive income of \$3.52 million Tala, compared to \$54.83 Million Tala in the previous year. Electricity sales of \$159 million Tala represents 94 percent of Total income for the year. Imported diesel fuel of \$109.9 million Tala, is the major expenditure for this period and account for 75 percent of the Total Electricity Costs of \$146.58 million Tala.

3. Progress with Corporate Plan

This is the final financial year of the current Corporate Plan for planning period 2021-2024. The progress of implementation of the third year of the Corporate Plan, as reported to the Ministry for Public Enterprises every quarter, is summarized in below table 03.

Table 03: Progress of Implementation of Corporate Plan

Strategy	Key Performance Indicator	FY 2023-2024 Target	Actual FY 2023-2024
Reporting to Board	No of days Board received monthly reports for meeting	7 working days	Target achieved.
Monitoring & Evaluation of CP Results	Quarterly review of CP output results to MPE	30 days after each QTR	All four (4) Quarterly Reports submitted to MPE on time, for their review.
Continuous distribution of electricity supply	System Average Interruption Duration Index (SAIDI) & System Average Interruption Frequency Index (SAIFI) reduced	Upolu SAIFI –7 times SAIDI- 600mins Savaii SAIFI –12 times SAIDI- 600mins	Upolu SAIFI – 1.9 times SAIDI- 182 mins Savaii SAIFI – 8.4 times SAIDI- 517 mins
Capacity Factor	Maintained at adequate level	Upolu – 45% Savaii – 40%	Upolu – 37% Savaii – 53%
Renewable Energy Generation Sources	Renewable Energy contribution increased	Upolu EPC – 45% IPP – 55% Savaii EPC – 34.14% IPP – 66%	Upolu EPC – 78.75% IPP – 21.25% Savaii EPC – 0% IPP – 0%

Improve revenue collection	Electricity and Non Electricity Sales increased	Electricity Sales - \$132m Non-Electricity Sales - \$10.8m	Electricity Sales \$39.6m Non-Electricity Sales - \$789k
Debt Recovery & collection of Arrears improved	Electricity and Non Electricity Arrears reduced	Electricity Arrears - \$3m Non-Electricity Arrears - \$20m	Electricity Arrears \$4.1m Non-Electricity Arrears – \$12.2m
Financial Performance in line with Budget and financial & statutory obligations	\$11m	\$10m	\$3.4m

4. Capital Expenditure and projects for the year

The Capital Expenditure for this financial year totaled to \$5.3million Tala. \$4.03million tala for Power Plants and Distribution Assets, \$1.15million for Motor Vehicles and \$76,084 for other assets (Office equipment and furniture).

5. Outlook for next year

The current governing legislations and mandate requires a thorough review for sustainable and accessible electricity service delivery, in addition to meeting obligations under the mandated Public Performance Accountability Act. The removal of the 20% tariff reduction for non-domestic consumer is a huge relief for the Corporations and it is anticipated that it will further reduce losses in future years.

The increase in electricity production from diesel is a concern for the Corporation as the average diesel prices is \$2.90 per litre and is forecasted to increase gradually. This will drive costs of productions up due to the increasing demand for electricity.

The uncontrollable changes in weather patterns remain as a hindrance factor for the Corporation given its impact on the level of generation from renewable sources. This poses the risk of reverting back to thermal, which is the costly source of generation.

6. Future Risks and Uncertainties

The effects of climate change on weather patterns and the constant fluctuation of fuel prices will always be high risks for the Corporation.

Changes in Government’s CSO policy with regards to street lights consumptions without appropriate review for funding means that the Corporation may not be able to provide that service in the future.

7. Community Service Obligation (CSO)

The \$1 million provided for CSO is not sufficient to cover electricity consumptions of street lights therefore CSO committee cannot approve any further new streetlights or any other developments under this policy. With the impact of other government policies on finances, the Corporation needs to invest only in sustainable developments and infrastructure.

Acknowledgement

Despite challenges, EPC remains dedicated to delivering accessible, high-quality electricity to Samoa. We extend our gratitude to the Chairman, Board of Directors, management, and staff for their steadfast support and commitment to EPC's vision.

Ma le faaaloalo lava,

Fesolai Faumui Tauiliili Iese Toimoana
General Manager

FINANCIAL STATEMENTS

For the year ended 30 June 2024

Management's Report

For the year ended 30 June 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The Board of Directors and management have established and maintained accounting and internal control systems that include written policies and procedures. These systems are designed to provide reasonable assurance that 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.

The Government Controller and Chief Auditor, have audited our financial statements. The accompanying independent auditors' report outlines the scope of their examination and their opinion.



Palelēmafuta Sofia Silipa

Manager Finance and Commerce



Fesola'i Faumui Tauiliili Iese Toimoana

General Manager

Dated: 23rd October 2024

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

Directors Report

For the year ended 30 June 2024

The Directors present their report together with the financial statements of the Electric Power Corporation (“the Corporation”) for the year ended 30 June 2023 as set out on the accompanying pages and the auditors' report thereon in accordance with the Public Finance Management Act and the Public Bodies (Performance and Accountability) Act 2001.

Directors

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

Leasi Vainalepa Ioane Galuvao
Lomitusi Pilimase Tyrell
Asi Keve Tunupopo
Lilomaiaava Filifilia Iosefa
Tapuala Letoa Ulupale Fuimaono
Faumui Tauilili Iese Toimoana – ex officio

Principal Activity

The principal activity of the Electric Power Corporation is the generation, sale and distribution of electrical energy. There has been no change in the principal activity of the Corporation during the year.

State of Affairs

In the opinion of the directors:

- (i) the accompanying Statement of Financial Performance & Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows are drawn up so as to give a true and fair view of the operations and results of the Corporation for the year ended 30 June 2024;
- (ii) the accompanying Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Corporation as at 30 June 2024.

Operating Results

The net loss & other comprehensive income for the year is **\$3,522,824**; 2023: **(\$54,827,380)**

Dividends

Given the operating results recorded, the Directors did not approve for the provision of any Dividends for the year ended 30 June 2024.

Dated at Apia this:

Signed in accordance with a resolution of the Directors.



DIRECTOR



DIRECTOR

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

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

Please address all correspondences
to the Controller and Auditor General



P.O. BOX 13
APIA, SAMOA

AUDIT OFFICE

REPORT OF THE AUDIT OFFICE

TO THE GOVERNING BODY IN CHARGE OF GOVERNANCE – ELECTRIC POWER CORPORATION

Audit Opinion

We have audited the accompanying Financial Statements of the Electric Power Corporation (the Corporation) which comprise of the Statement of Financial Position as at 30 June 2024, the Statements of Financial Performance, Cash Flows and Changes in Equity for the year ended 30 June 2024, a Summary of Significant Accounting Policies and Other Explanatory Notes. The Accounting Firm of Su'a ma Pauga & Associates, Chartered Accountants assisted in the audit. The Engagement Partner on the audit resulting in this Independent Auditor's Report is Tagaloa Fa'afuina Su'a.

In our opinion, the financial statements give a true and fair view of the financial position of the Electric Power Corporation as at 30 June 2024, and of its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of financial statements in Samoa, and we have fulfilled our other 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. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In preparing the financial statements, Directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless directors and management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Key Audit Matters (KAM)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters and for the purpose of this report.

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:

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

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

*Please address all correspondence
to the Controller and Auditor General*



P.O Box 13
APIA, SAMOA

AUDIT OFFICE

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

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 (Performance and Accountability Act) 2001
- ii. Public Finance Management Act 2001 (and amendments)

We also confirm that:

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

Our audit was completed on the 15th October 2024 and our opinion is expressed as at that date.

Apia, Samoa
30 October 2024

Roseanne Faaul
AUDIT DIRECTOR PUBLIC BODIES AUDIT

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

	Notes	2024 \$	2023 \$
INCOME			
Electricity sales	5,6	158,730,962	111,029,780
Direct costs electricity energy sales	9	146,581,965	146,067,817
Gross Profit		12,148,997	(35,038,038)
<i>Add:</i>			
Non electricity energy sales		1,473,893	459,316
Other income	7	9,420,738	6,886,933
		10,894,632	7,346,249
<i>Less:</i>			
Administration costs		4,935,526	5,096,417
Selling and distribution costs	10	14,973,674	13,149,172
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)		3,134,428	(45,937,377)
<i>Less:</i>			
Net finance costs	11	935,793	(1,346,344)
Amortization costs	14	(575,386)	(575,386)
Depreciation costs	15	(11,313,781)	(11,363,390)
Net Profit/(Loss) after Interest, Depreciation & Amortisation		(7,818,946)	(59,222,497)
<i>Add/(Less): Other Comprehensive Income (OCI)</i>			
ARR Amortisation (recognising asset erosion)	25	4,296,121	4,296,121
Difference of IPP Leases & Actual Solar Cost Amounts		-	98,996
Loss of Revenue (20% reduction in Electricity Tariff)		26,433,251	58,079,118
Government assistance (20% reduction in Electricity Tariff)		(26,433,251)	(58,079,118)
Other Comprehensive Income/(loss) for the year		4,296,121	4,395,117
Net Profit/(Loss) & OCI credit to Equity		(3,522,824)	(54,827,380)

The accompanying notes form an integral part of the above Statement of Financial Performance & Other Comprehensive income.

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

	Notes	2024 \$	2023 \$
ASSETS			
Non current assets			
Property, plant and equipment	19	363,778,092	386,440,629
Prospect development costs	17	218,452	218,452
Right of use asset	16	66,795,393	100,620,365
Self-Insurance special purpose fund	23	7,948,968	9,927,764
Total non current assets		438,740,905	497,207,210
Current assets			
Cash at bank and on hand	22	2,649,131	5,734,945
Trade receivables	20	11,762,229	6,295,659
Other receivables and prepayments	21	25,988,722	37,338,920
Inventory	18	15,155,163	16,769,161
Total current assets		55,555,246	66,138,686
TOTAL ASSETS		494,296,151	563,345,895
EQUITY AND LIABILITIES			
Equity			
Government of Samoa Capital	24	160,279,631	160,279,631
Assets Revaluation Reserves	25	106,876,273	111,172,394
Self Insurance Reserves	31	13,529,850	17,002,904
Accumulated Profit / (Losses)		(34,531,650)	(36,981,879)
Total Equity		246,154,104	251,473,050
Non current liabilities			
Borrowings	26	84,317,577	107,788,334
Deferred income	27	58,586,155	63,163,980
Leased Liability	16	60,188,422	92,760,274
Total non current liabilities		203,092,155	263,712,589
Current liabilities			
Trade creditors		19,357,443	19,654,460
Provisions and accruals	28	4,773,276	5,333,872
Current portion of deferred income	27	5,803,994	5,832,328
Current portion of borrowings	26	8,508,208	8,508,208
Current portion of leased liability	16	6,606,971	8,831,388
Total current liabilities		45,049,892	48,160,256
TOTAL EQUITY AND LIABILITIES		494,296,151	563,345,895

Signed on behalf of the Board:

Director

Director

Date :

Date :

23/10/2024

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

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

	Notes	Government of Samoa Capital \$	Asset Revaluation Reserve \$	Self Insurance Reserves \$	Accumulated Profit/(Loss) \$	Total Equity \$
Balance at 30 June 2022		160,279,631	115,468,516	21,922,812	10,425,593	308,096,551
Less: Amortised portion of asset erosion	25		(4,296,121)			(4,296,121)
Net profit/(loss) & OCI for the year					(54,827,380)	(54,827,380)
Dividend declared @ 35% of Net Profit	29				-	-
Self Insurance Reserves	31			2,500,000		2,500,000
Approved to finance operational costs - FK23(05)	31			(7,419,908)	7,419,908	-
Balance at 30 June 2023		160,279,631	111,172,394	17,002,904	(36,981,879)	251,473,050
Less: Amortised portion of asset erosion	25		(4,296,121)			(4,296,121)
Net profit/(loss) & OCI for the year					(3,522,824)	(3,522,824)
Dividend declared @ 35% of Net Profit	29				-	-
Self Insurance Reserves	31			2,500,000		2,500,000
Approved to purchase SFS - FK23 Faapitua 04	31			(5,973,054)	5,973,054	-
Balance at 30 June 2024		160,279,631	106,876,273	13,529,850	(34,531,650)	246,154,104

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

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

	2024	2023
	\$	\$
Cash flows from operating activities		
Receipts from customers	146,697,508	103,896,532
Receipts from VAGST	30,776,656	5,000,000
Interest received	298,396	49,894
UNCC / sundry income	3,249,446	2,107,212
Payments to suppliers and employees	(157,861,316)	(152,618,411)
Net cash flows from operating activities	<u>23,160,690</u>	<u>(41,564,772)</u>
Cash flows from investing activities		
Proceeds from drawdown of term deposits	4,609,745	41,417,619
Proceeds from sale of property, plant and equipment	5,973,054	252,780
Gain on sales of fixed assets (SfS)	1,988,546	-
Payment for term deposits	-	(1,856,154)
Payments for property, plant and equipment	(15,347,092)	(1,514,838)
Net cash flows from investing activities	<u>(2,775,747)</u>	<u>38,299,407</u>
Cash flows from financing activities		
Repayment of PSEP Loan	(23,470,757)	-
Net cash flows from financing activities	<u>(23,470,757)</u>	<u>-</u>
Net increase/(decrease) in cash balances	(3,085,814)	(3,265,364)
Cash balances brought forward	5,734,945	9,000,310
Ending cash balance	<u><u>2,649,131</u></u>	<u><u>5,734,945</u></u>
This is represented by:		
Petty Cash on hand	3,530	3,530
ANZ Bank (Samoa) Ltd	744,631	512,471
Bank South Pacific Ltd	315,391	80,170
National Bank of Samoa	1,520,102	5,120,821
Samoa Commercial Bank	65,477	17,953
	<u><u>2,649,131</u></u>	<u><u>5,734,945</u></u>

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

Notes to, and forming parts of, the accounts

For the year ended 30 June 2024

1. General information

The Electric Power Corporation (the Corporation) is a wholly owned Government Corporation (Trading Body) which is involved in the generation, distribution and selling of electricity through diesel generator, hydro, wind and solar power.

The Corporation was established by the Electric Power Corporation Act 1972. It is governed by a five member board of directors (the Board) with its own Chairman. The Board includes the General Manager of the Electric Power Corporation as an *ex-officio*.

The Corporation's main office is located on the 5th floor of the Tui Atua Tupua Tamasese Efi Building, Sogi and its postal address is PO Box 2011.

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

These financial statements were authorised for issue by the Board of Directors at 31 October 2024.

2. Statement of significant accounting policies

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

a. Statement of compliance

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

b. Basis of preparation

The financial statements have been prepared on the historical cost basis unless otherwise stated. The principal accounting policies are stated to assist in a general understanding of these financial statements.

c. Foreign currency transactions

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

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

d. Property, plant and equipment

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

Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of material and direct labour, any other costs directly attributable to bringing the asset into working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

The costs of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied with that part will flow to the company and its cost can be measured reliably. The costs of the day to day servicing of the property, plant and equipment are recognised in profit and loss as incurred.

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

• Buildings	2.50%
• Power plants and distribution assets	
Diesel stations	vary from 2.50% - 10.00%
Hydro station	vary from 2.00% - 5.00%
Distribution lines	4.00%
Power plant access infrastructure	vary from 1.3% - 2.50%
Tools and radio equipment	10.00%
• Office equipment and furniture	vary from 1.00% – 50.00%
• Motor vehicles	20.00%

The residual value is reassessed annually.

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

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

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

e. Prospect development costs

The Corporation accumulates costs associated with renewable electricity generation projects and electric site prospect development activities. Recovery of these costs is dependent upon the successful completion of the related projects. Costs associated with the successful projects are reclassified as property, plant and equipment and amortised over the useful life of the projects. Costs of unsuccessful projects are written off in the year the prospect is abandoned.

f. Inventories

Inventories are valued at the lower of cost using first in first out (FIFO) for inventory of fuel and weighted average for all other items of inventory) and net realisable value. The cost of purchased inventory comprises direct material and where applicable, direct labour and other direct variable costs incurred in order to bring inventories to their present location and condition. Net realisable value is the estimated amount the inventories are expected to be realised in the ordinary course of business.

g. Financial assets

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

Loans and receivables are classified as trade and other receivables, cash at bank and on hand and term deposits in the current assets section of the balance sheet. The Corporation assesses at each balance sheet date whether there is an objective evidence that a financial asset or group of assets is impaired.

h. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of the

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

i. Contributed capital

Capital contributed by the Government classified as equity. Contributed capital also includes reimbursements made by the Government to the Corporation for capital works performed by the Corporation under the Government's Community Service Obligation (CSO).

j. Loans payable

Loans payable are recognised initially at fair value, net of transaction costs incurred. Loans payable are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

k. Provisions

A provision is recognised in the balance sheet when the Corporation has a present legal or constructive obligation as a result of past event, and it is more likely that an outflow of economic benefits will be required to settle the obligation, and the amount has been reliably estimated.

l. Accounts payable

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

m. Cash and cash equivalents

Cash and cash equivalents consist of cash, bank deposits and term deposits with maturities less than 90 days net of bank overdrafts for the purposes of the statement of cash flows.

n. Impairment

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

Calculation of recoverable amount

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

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

Reversals of impairment

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

o. Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Corporation's activities. Revenue is shown net of returns, rebates and discounts.

Revenue from electrical energy sales are recognised at the time of generation and delivery to the customer as metered at the point of interconnection with the distribution system.

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the balance date as measured by progress invoices raised to customers in conjunction with an assessment of costs incurred to date.

Interest revenue is recognised in the income statement as it accrues, using the effective interest rate method.

p. Government grants

Government grants are not recognised until there is reasonable assurance that the Corporation will comply with the conditions attaching to them and the grants will be received.

Government grants whose primary condition is that the Corporation should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets unless instructed by the shareholder to treat government grants as contributed capital.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognised in profit or loss in the period in which they become receivable.

q. Distinction between capital and revenue expenditure

Capital expenditure is defined as all expenditure incurred in the creation of a new asset (which includes the acquisition and installation of a new unit of plant) and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use.

Revenue expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the Corporation.

r. Employee benefits

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

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

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

On resignation or cessation of service other than by misconduct, an employee is entitled to compensation (termination grant) based on the employee's salary and wage at the time of ceasing employment. The liability for ceasing employment (termination grant) is measured on an undiscounted basis and expensed as they become due.

s. Net finance costs

Net finance costs comprises interest on long term borrowings, realised and unrealized foreign exchange gains and losses, interest income on short term deposits, bank charges and bank overdraft fees that are recognised in profit or loss.

t. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

u. Value added goods and services tax

As a Public Trading Body the Corporation does not charge VAGST on its electricity energy sales. On January 2016, the Corporation registered as zero rate under the VAGST Act 2015 and the VAGST paid from onward is recognised as receivable from the Government in the statement of financial position.

v. Income tax

The Corporation shall not be liable to taxation by virtue of section 20 of the Electric Power Corporation Act 1980.

w. Leases – IFRS 16

Leases treatment changed and effective after 1 January 2019. The International Accounting Standard Board (IASB) issued IFRS16 Leases, which required lessees to recognise assets and liabilities for most leases.

The objective of the disclosure requirements is for the Corporation to disclose information in the financial statements that enable users “to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee”. To achieve this objective, Corporation are required to provide disclosures about their assets, liabilities, expenses and cash flows that are generated by lease contracts

x. Dividend distribution

Cabinet directive FK (18) 25 dated August 8th, 2018 changed the calculation of dividend from 50% to 35% of the Net Profit. The Corporation recognizes a dividend payable to the Government based on this dividend calculation.

y. Comparatives

Where necessary previous periods comparatives have been changed to conform with the presentation of financial information for the current year. The changes to the prior year amounts are a result of correction of a prior year accounting error. The material changes for the comparatives are restated to reflect the corresponding changes to the prior year figures.

z. Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations issued by the IASB to those standards have been published that are mandatory for the Corporation’s accounting periods beginning on or after 1 April 2008 or later periods but which the Corporation has not earlier adopted.

Not yet adopted:

- Amendments to IAS 1: Presentation of Financial Statements which are mandatory for reporting periods beginning on or after 1 January 2009 – The revised IAS 1 requires an entity to present all owner changes in equity, separately from non-owner changes in equity, in a statement of changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (an income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. Management is yet to determine the impact of this standard on future financial statements.

3. Financial risk management

3.1 Financial risk factors

The Corporation’s activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Corporation’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation’s financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of non-derivative financial instruments, and investment of excess liquidity.

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

Market Risk

Interest rate risk

Interest rate risk is the risk that the value of the Corporation's assets and liabilities will fluctuate due to changes in market interest rates. The Corporation has interest bearing debt (government borrowings and finance leases) that are subject to fixed interest rates. Borrowings issued at fixed rates expose the Corporation to fair value interest rate risk. The Corporation's policy is to keep primarily 100% of its borrowings at fixed rates.

The Corporation has no significant interest bearing assets. Therefore the Corporation's income and expenses and operating cash flows are substantially independent of changes in market interest rates.

Foreign currency risk

Foreign currency risk is the risk that the value of the Corporation's assets and liabilities or revenues and expenses will fluctuate due to changes in foreign exchange rates. The Corporation is exposed to currency risk as a result of transactions that are denominated in a currency other than Samoan Tala. The Corporation's policy does not hedge any material foreign currency exposure.

Sensitivity analysis

Carrying Amount (USD)		33,008,849		92,825,785
		0.3556	(ANZ rate)	\$SAT
				Exchange Gain/Loss
		Loan Balance		
USD - Loan Accounts	5%	88,405,510		(4,420,275)
USD - Loan Accounts	-5%	97,711,353		4,885,568
USD - Loan Accounts	10%	84,387,078		(8,438,708)
USD - Loan Accounts	-10%	103,139,762		10,313,976
USD - Loan Accounts	15%	80,718,074		(12,107,711)
USD - Loan Accounts	-15%	109,206,806		16,381,021

Price risk

The Corporation is not exposed to any significant price risk.

Liquidity Risk

Liquidity risk represents the risk that the Corporation may not have the financial ability to meet its contractual obligations. Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Corporation's short, medium and long-term funding and liquidity management requirements. The Corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Forecasted liquidity reserve per 30 June 2024 is as follows:

	2024 - 2025	2025 - 2026
	\$	\$
Opening balance for the period	2,649,131	(58,007,396)
Operating proceeds	113,906,515	125,297,167
Operating cash outflows	(148,076,304)	(152,518,593)
Cash outflow for investments	(25,555,028)	(26,321,679)
Proceeds from sales of investments and interest received	1,296,000	1,334,880
Financing proceeds	-	-
Payments of debts and dividends	(2,227,710)	(2,294,542)
	<u>(58,007,396)</u>	<u>(112,510,162)</u>

The table below analyses the Corporation's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

2024	At Call	Less than 1 year	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Total
Borrowings	-	(8,508,208)	(17,000,000)	(51,000,000)	(16,317,577)	(92,825,785)
Trade and other payables	-	(24,130,719)	-	-	-	(24,130,719)
Cash	2,649,131	-	-	-	-	2,649,131
Term deposits/Investment	7,948,968	-	-	-	-	7,948,968
Accounts receivable	-	37,750,952	-	-	-	37,750,952
	<u>10,598,100</u>	<u>5,112,025</u>	<u>(17,000,000)</u>	<u>(51,000,000)</u>	<u>(16,317,577)</u>	<u>(68,607,452)</u>

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash at bank and short term bank deposits and trade receivables.

The Corporation places its cash and short term deposits with high credit quality financial institutions and sovereign bodies and limits the amount of credit exposure to any one financial institution in accordance with its board-approved cash management policy.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Corporation has significant credit risk exposure to a single counterparty. The Corporation defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk is defined as counterparty revenue exceeding 5% of gross revenues. Included in electricity sales of \$158,730,962 (2023: \$111,029,780) are revenues of \$14,285,787 (2023: \$9,992,680) or 9% of total revenues relating to a single counterparty.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Corporation's maximum exposure to credit risk without taking account of the value of any collateral obtained.

3.2 Capital risk management

The Corporation's policy is to maintain a strong capital base to ensure that it will be able to continue as a going concern and to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Corporation recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The capital structure of the Corporation consists of debt, which includes the borrowings disclosed in note 27, cash and cash equivalents and contributed equity by the Government, asset revaluation reserves and accumulated funds as disclosed in notes 22, 25 and 26 respectively.

The Corporation's policies in respect of capital management are reviewed regularly by the board of directors. Consistent with others in the industry the Corporation monitors capital on the basis of the gearing ratio. The Corporation has a target gearing ratio of 20% to 45% determined as the proportion of net debt to equity.

The gearing ratio at the year-end was as follows:

	2024 \$	2023 \$
Debt (i)	92,825,785	116,296,542
less Cash equivalents and short term deposits	<u>(2,649,131)</u>	<u>(5,734,945)</u>
Net debt	90,176,654	110,561,597
Equity (ii)	<u>248,220,167</u>	<u>251,473,050</u>
Net debt to equity ratio	36%	44%

(i) Debt is defined as long and short term borrowings as detailed in note 27.

(ii) Equity includes contributed capital, asset revaluation reserve and accumulated funds.

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

3.3 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

4. Critical accounting estimates and judgments

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

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

The Corporation operates an extensive integrated electricity distribution network comprising large numbers of relatively minor individual network asset components. These components are replaced over time as part of an ongoing maintenance/refurbishment program, consistent with the Corporation's approved network asset management plan. The costs associated with recording and tracking all individual components replaced and removed from the network substantially outweigh the benefits of doing so. Management has estimated the quantities and the carrying values of components removed from the network in each reporting period. Any errors in the estimates of such removals are corrected at the next asset revaluation, and are not considered to be material on either an annual or a cumulative basis with respect to either reported net profits or carrying values of the network.

The Corporation invoices its customers monthly for electricity energy sales. For electricity energy sales to customers during June 2024 it will be invoiced at the end of June 2024, and therefore management has not estimated any accrued revenue at year end.

Property, plant and equipment are long-lived assets that are amortised over their useful lives. Useful lives are based on management's estimates of the period over which the assets will generate revenue. The values of property, plant, equipment and assets with indefinite lives are reviewed annually for impairment.

If the useful economic lives had been longer by an average of one year during the period ended 30 June 2024 (annualised), then the Corporation's depreciation charge would have been approximately \$2,204,336 lower if the useful lives had been longer by an average of one year, or approximately \$1,853,346 higher if the useful lives had been an average of one year shorter.

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

5. Electricity energy sales

Details of electricity energy sales and gross margins are specified as follows:

	2024	2023
	\$	\$
Electricity energy sales through monthly billings	93,733,616	62,655,687
Electricity energy sales through cash power	<u>64,997,346</u>	<u>48,374,092</u>
Total sales	158,730,962	111,029,780
Less direct costs of electricity energy sales	<u>(146,581,965)</u>	<u>(146,067,817)</u>
Gross margin on electricity energy sales	<u><u>12,148,997</u></u>	<u><u>(35,038,038)</u></u>

6. Information about market concentrations

Total electricity sales are divided among the following market segments:

	2024	2023
	\$	\$
Commercial	54,023,767	37,135,328
Domestic	39,191,553	32,826,242
Government Departments	37,846,485	23,556,694
Hotels	8,597,168	4,653,245
Industrial	9,258,538	5,909,616
Religions	7,156,147	4,688,820
Schools	<u>2,657,303</u>	<u>2,259,834</u>
	<u><u>158,730,962</u></u>	<u><u>111,029,780</u></u>

7. Other income

Details of other income are specified as follows:

	2024	2023
	\$	\$
Connection/reconnection fees	855,140	723,503
Service line receipts	37,117	33,768
Deferred income - CSO (refer note 26)	779,175	779,175
Deferred income for solar and wind energy	692,869	692,869
Deferred income for poles/lights from China	239,018	239,018
Deferred income renewable energy & power sector rehabs	2,866,763	2,866,763
Interest on overdue accounts	742,908	222,779
Proceed and gain from sales of assets	2,094,826	282,435
Dark Fibre and pole sharing with Bluesky & Digicel	370,389	924,189
Pole relocation & upgrade of lines	247,542	104,964
Recovery cost	382,796	-
PPA Sponsorships	-	6,937
Others	<u>112,195</u>	<u>10,531</u>
	<u><u>9,420,738</u></u>	<u><u>6,886,933</u></u>

8. Auditors remuneration

The remuneration of auditors for the year is allocated as follows:

	2024	2023
	\$	\$
Audit of EPC financial statements	51,485	51,485
Audit Office review fee	<u>6,455</u>	<u>6,730</u>
	<u><u>57,940</u></u>	<u><u>58,215</u></u>

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

9. Direct costs electricity energy sales

Direct costs electricity energy sales are specified as follows:

	2024	2023
	\$	\$
Cost of diesel fuel and oil less ACC levy rebate	109,935,207	108,755,758
Amortization costs	153,972	155,172
Depreciation expense	14,362,510	14,350,817
Insurance costs	2,500,000	2,500,000
IPP costs	7,404,957	8,891,171
Motor vehicle costs (fuel, repairs & maintenance)	155,550	144,946
Solar Operational Expenses	131,265	22,386
Operating expenses	1,605,745	1,214,410
Labor costs	3,562,953	3,683,546
Local consumption	3,792,999	3,282,802
SCADA operational expenses	210,011	175,561
Repairs and maintenance	2,766,796	2,891,248
	<u>146,581,965</u>	<u>146,067,817</u>

10. Selling and distribution costs

Selling and distribution costs are specified as follows:

	2024	2023
	\$	\$
Intallation and inspection costs	902,245	630,428
Operating costs	2,425,551	2,523,713
Labor costs	4,984,303	4,713,128
Motor vehicle costs	664,716	585,583
Repairs and maintenance	5,996,860	4,696,320
	<u>14,973,674</u>	<u>13,149,172</u>

11. Net finance costs

Net finance costs are specified as follows:

	2024	2023
	\$	\$
Interest income on short term deposit	(284,744)	(883,007)
<i>Less finance costs relating to:</i>		
Interest on borrowings - PSEP	(653,055)	2,227,710
Bank charges	2,005	1,640
Net finance costs	<u>(935,793)</u>	<u>1,346,344</u>

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

12. **Personnel costs**

Personnel costs are specified as follows:

	2024	2023
Personnel costs	\$	\$
General Manager's Office	361,542	318,635
Internal Audit	224,702	234,496
Corporate Governance	584,847	501,354
Legal & Policy	148,732	163,666
Information Communication & Technology	360,858	345,130
Finance & Commerce	1,471,983	1,370,752
Generation	1,824,290	1,944,385
National Control Centre	854,516	804,969
Distribution & Utilisation	2,322,945	2,013,505
Project Management Unit	-	-
Quality Assurance	1,323,556	1,415,727
Savaii	1,895,873	1,888,913
Employers contribution to:		
National Provident Fund	1,096,753	1,026,051
Accident Compensation Corporation	103,259	103,312
	<u>12,573,853</u>	<u>12,130,895</u>

The average number of persons employed during the year is 316 (2023: 301)

13. **Directors and executive management compensation**

i. *Directors*

The Directors of the Corporation during the financial period were:

Leasi Vainalepa Ioane Galuvao (Chairman of the Board)
Lomitusi Pilimase Tyrell (member of Board)
Asi Keve Tunupopo (member of Board)
Lilomaiava Filifilia Iosefa (member of Board)
Tapuala Letoa Ulupale Fuimaono (member of Board)
Faumui Tauilili lese Toimoana – EPC General Manager ex officio

Directors fees of \$87,326.61 (2023: \$77,775) were paid during the year. Board expenses amounted to \$19,261 (2023: \$15,843). Directors appointed from Government Corporations and Ministries receive a director's fee but no longer receive a sitting allowance. Government regulations specify that directors' fees are \$18,000 per annum, \$22,500 for chairman.

	2024	2023
<i>Directors and executive management compensation</i>	\$	\$
Directors fees - current	87,327	77,775
Catering for board meeting	4,981	6,183
Membership fees	7,420	3,320
Other	6,860	6,340
	<u>106,837</u>	<u>93,618</u>

ii. *Key management personnel costs*

The remuneration of key members of management during the year was as follows:

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

	2024	2023
	\$	\$
Salaries and short-term employment benefits	1,052,144	1,057,778
<i>Employers contribution to:</i>		
National Provident Fund	105,214	105,778
Accident Compensation Corporation	10,521	10,578
	1,167,879	1,174,134

14. Amortization costs

	2024	2023
Represented by:	\$	\$
Amortization Selling & Distribution Costs	139,948	139,948
Amortization Administration costs	435,438	435,438
	575,386	575,386

15. Depreciation costs

	2024	2023
Represented by:	\$	\$
Depreciation Selling & Distribution Costs	9,804,744	9,848,907
Depreciation Administration costs	1,509,037	1,514,483
	11,313,781	11,363,390

16. Right of Use Lease Assets

The Corporation applied the modified transition method and thus prior comparatives were not restated. The Corporation provides the disclosures specified in IFRS 16.53 and, where appropriate, made reference to other sections of the financial statements. In addition, the Corporation disclosed the maturity analysis of lease liabilities separately from the maturity analyses of other financial liabilities

Lease asset

Lease asset are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred during takeover less any lease incentive received. No impairment loss recognised given land value appreciates.

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

Lease Liability

Lease liability is measured at present value of fixed and variable lease payments net of cash lease incentives that are not paid at year end. Given that there is no finance charge implicit in the agreement, lease payment are apportioned directly in reducing the lease liability. Any modification will be accounted for as a new lease with new effective date of the modification.

Right of use asset	2024	2023
<i>Represented by:</i>	\$	\$
Ministry of Finance lease	767,180	1,342,566
Samoa Airport Authority lease	541,667	591,667
Tuanaimato lease	1,026,906	1,105,395
Fiaga lease	317,696	341,978
Green Power Energy - IPP	45,728,900	55,780,728
Sun Pacific - IPP	18,413,045	41,458,030
	<u>66,795,393</u>	<u>100,620,365</u>

Right of use Assets - leases

	2024	2023
Lease Liability analyse as follow;	\$	\$
Current portion	6,606,971	8,831,388
Term Portion	<u>60,188,422</u>	<u>92,760,274</u>
	<u>66,795,393</u>	<u>101,591,662</u>

The total future minimum lease payments under operating lease rentals are payable as follows:

The Corporation leases on the level one and five of TATTE building. It pays a monthly rent of \$55,141 (VAGST inclusive) to the Ministry of Finance accordance with its mutual undertaking with EPC specified in the MOU commencing on 1st July 2012.

It also has a deed of lease agreement with Samoa Airport Authority at Faleolo signed on 23rd November 2016 for the lease of 20 acres of land to develop solar system to generate electricity with an amount of \$50,000 p.a. exclusive VAGST.

Another lease agreement is with Samoa Land Corporation at Tuanaimato commencing on 15 May 2018 for the lease of 19.6 acres of land with an annual rent of \$4,000 per acre exclusive VAGST.

The above leases with SAA and SLC (head Lessors) positions EPC as the intermediate lessor given the conditions sets out in the lease agreements to develop solar farm. EPC as the intermediate lessor classifies the sublease by reference to the right-of-use asset arising from the head lease. Thus, EPC as intermediate lessor classifies the sublease to Solar Farm Companies as an operating lease.

Another lease agreement between EPC and two IPPs are now treated under lease treatment. These Power Purchase Agreement between EPC and Green Power was signed on the 25th July 2014 and Sun Pacific was signed on June 2015 for 20 years term of agreement.

EPC purchase from Green Power a nominal total amount of Energy Output of 7.0 million kWh per annum for SAT\$0.70 inclusive VAGST per kilowatt hour of whatever they generated during each month. This rate is reduced at .5% every five years until the end of 20 years term of agreement.

And for Sun Pacific they sells a nominal total amount of 3.5 million kWh per annum for SAT\$0.55 inclusive VAGST per kilowatt hour.

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

17. Prospect development costs

Prospect development costs are comprised of the following:

	2024	2023
	\$	\$
Savaii Hydro Project	362,783	362,783
Less: Provision for doubtful debts	<u>(144,331)</u>	<u>(144,331)</u>
	<u>218,452</u>	<u>218,452</u>

18. Inventory

Inventories are specified as follows:

	2024	2023
	\$	\$
Utilisation and distribution inventory	14,220,491	15,166,918
Less: Provision for obsolete stock	<u>(631,526)</u>	<u>(631,526)</u>
	13,588,965	14,535,393
Fuel and oil inventory	1,544,762	2,157,099
Goods in transit	<u>21,436</u>	<u>76,670</u>
	<u>15,155,163</u>	<u>16,769,161</u>

The cost of utilisation and distribution inventories recognised as expense and included in 'selling and distribution costs' was \$6,585,680 (2023: \$4,446,496). The cost of fuel and oil inventories recognised as expense and included in 'direct costs electricity energy sales' was \$109,936,539 (2023: \$109,112,493).

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

19. Property, plant and equipment

	Land & buildings	Power plants & distribution assets	Office equipment & furniture	Motor vehicles	Total
Gross carrying amount					
Cost at 1st July 2022	70,051,994	571,901,679	4,844,195	11,225,017	658,022,885
Revaluation at 1st July 2022					-
Cost and revaluation at 1st July 2022	70,051,994	571,901,679	4,844,195	11,225,017	658,022,885
Additions	122,102	5,943,124	114,411	813,044	6,992,680
Disposals	-	(40,230)	(30,876)	(2,273,715)	(2,344,821)
Balance at 30th June 2023	70,174,096	577,804,573	4,927,730	9,764,346	662,670,744
Additions		4,029,258	76,084	1,152,174.11	5,257,517
Disposals	(242,929)	(90,829)	(23,590)	(370,323)	(727,670)
Reclassification					-
Balance at 30th June 2024	69,931,167	581,743,003	4,980,224	10,546,197	667,200,590
Accumulated depreciation					
Balance at 1st July 2022	22,052,500	220,403,670	4,303,904	8,777,521	255,537,595
Depreciation charge for the year	2,485,174	21,891,434	264,515	1,073,207	25,714,330
Disposals	-	(40,230)	(30,876)	(2,273,715)	(2,344,821)
Balance at 30th June 2023	24,537,674	242,254,874	4,537,543	7,577,013	278,907,104
Depreciation charge for the year	2,620,768	21,822,222	197,631	1,035,670	25,676,291
Disposals	(242,929)	(90,829)	(23,590)	(370,323)	(727,670)
Balance at 30th June 2024	26,915,513	263,986,267	4,711,584	8,242,360	303,855,725
Capital works in progress 2023	-	2,676,990	-	-	2,676,990
Capital works in progress 2024	-	433,227	-	-	433,227
Net book value					
As at 30 June 2023	45,636,422	338,226,689	390,187	2,187,332	386,440,630
As at 30 June 2024	43,015,654	318,189,962	268,640	2,303,836	363,778,092

20. Trade receivables

Trade debtors are specified as follows:

	2024	2023
	\$	\$
Customers from electricity energy sales	13,205,686	7,406,408
Customers from non electricity energy sales	198,196	530,904
	<u>13,403,882</u>	<u>7,937,312</u>
Less allowance for doubtful debts	<u>(1,641,653)</u>	<u>(1,641,653)</u>
Net trade debtors	<u>11,762,229</u>	<u>6,295,659</u>

The average credit period on electricity energy and non-electricity energy sales is 30 days. No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest is charged at 2% on any outstanding balance from \$10 tala upwards. The Corporation has provided fully for all receivables over 90 days because historical experience is such that receivables that are past due beyond 90 days are generally not recoverable. Trade receivables between 30 days and 90 days are provided for based on estimated irrecoverable amounts from the sale of revenue, determined by reference to past default experience.

Included in the Corporation's trade receivable balance are debtors with a carrying amount of \$1,709,443 (2023: \$953,354) which are past due at the reporting date for which the Corporation has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

Ageing of past due but not impaired

	2024	2023
	\$	\$
1 to 30 days	751,969	400,889
31 to 60 days	516,494	298,942
61 to 90 days	440,980	253,523
	<u>1,709,443</u>	<u>953,354</u>

Movement in the allowance for doubtful debts

	2024	2023
	\$	\$
Opening balance	1,641,653	1,642,078
Amounts written off	-	(425)
Closing balance	<u>1,641,653</u>	<u>1,641,653</u>

In determining the recoverability of a trade receivable, the Corporation considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

As of 30 June 2024, trade receivables of \$3,622,819 (2023: \$1,881,201) were impaired and identified as part of the provision for doubtful debts consisting mainly of independent customers, which are in unexpectedly difficult economic situations and certain project receivables. It was assessed that a portion of these receivables are expected to be recovered.

Ageing of impaired trade receivables

	2024	2023
	\$	\$
Over 90 days and over 360 days	<u>3,622,819</u>	<u>1,881,201</u>

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Corporation does not hold any collateral as security.

21. Other receivables and prepayments

Other debtors and prepayments are specified as follows:

	2024	2023
	\$	\$
Prepayments	6,316,896	1,410,572
Other debtors	177,819	101,778
Interest receivable on term deposit	34,944	121,207
** VASGT Receivable	19,459,063	35,705,364
	<u>25,988,722</u>	<u>37,338,920</u>

**** VAGST Receivable**

Given that EPC is exempted from VAGST i.e. cannot pass VAGST to its customers, the corporation is registered under the VAGST Act 2015 as zero rate and the VAGST receivable will be recovered from the Ministry for Revenue through its VAGST returns on a bi-monthly basis.

22. Cash and cash equivalents

	2024	2023
	\$	\$
Cash on hand	3,530	3,530
Cash at bank	2,645,601	5,731,415
	<u>2,649,131</u>	<u>5,734,945</u>

Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

Electric Power Corporation
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 30 June 2024

23. Self-Insurance Special Purpose Fund

	2024	2023
Short Term Investment		
Term Investment		
Unit Trust of Samoa (UTOS)	<u>7,948,968</u>	<u>9,927,764</u>
	<u>7,948,968</u>	<u>9,927,764</u>
TOTAL SELF-INSURANCE SPECIAL FUND	<u>7,948,968</u>	<u>9,927,764</u>

These term deposits are set aside for the Special Purpose Account approved by the Board for the Self-Insurance Fund.

24. Government capital contributions

	2024	2023
	\$	\$
Opening balance	160,279,631	160,279,631
Total government capital contribution	<u>160,279,631</u>	<u>160,279,631</u>

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

25. Asset revaluation reserve

	2024	2023
	\$	\$
Opening balance	111,172,394	115,468,516
Net Asset Revaluation for the year	-	-
Amortised portion for the year	<u>(4,296,121)</u>	<u>(4,296,121)</u>
Total Assets revaluation reserve	<u>106,876,273</u>	<u>111,172,394</u>

The current portion of the Asset Revaluation Reserve is amortised and recognised in the Statement of Other Comprehensive Income (OCI) of the financial statement.

The last asset revaluation has been conducted by the Aon Global Risk Consulting of Australia in August 2019 based on cost and fair value of all Electric Power Corporation assets as at 30 June 2019.

26. Borrowings

	2024	2023
	\$	\$
Non current		
Power sector expansion borrowing	<u>84,317,577</u>	<u>107,788,334</u>
	<u>84,317,577</u>	<u>107,788,334</u>
Current		
Power sector expansion borrowing	<u>8,508,208</u>	<u>8,508,208</u>
	<u>8,508,208</u>	<u>8,508,208</u>
Total borrowing	<u>92,825,785</u>	<u>116,296,542</u>

Power sector expansion project borrowing (PSEP)

EPC and Ministry of Finance was having an arrangements on PSEP on-lending and VAGST Refund in this FY23/24. A \$23,470,757 tala swap payment for VAGST refund from MoF to cover the \$4,911,022.84 tala of interest due and outstanding for the last three financial years and principal of \$18,559,734.02 tala.

As, part of this arrangement, Ministry of Finance has granted a three year grace period for interest payment and principal repayment from 1st July 2023 – 30th June 2026.

	Opening Balance	additional Loans	during period	Loan Repayments	Balance 30/06/24
	\$	\$	\$	\$	\$
Government loans:					
PSEP borrowing	116,296,542	-		(23,470,757)	92,825,785
Total Government loans	<u>116,296,542</u>	-	-	<u>(23,470,757)</u>	<u>92,825,785</u>

	2024 Total	2023 Total
	\$	\$
PSEP borrowing	<u>92,825,785</u>	<u>116,296,542</u>

On 16th June 2008 the Corporation signed a Subsidiary Financing Agreement with the Government of Samoa for the Power Sector Expansion Project. The total cost of the project is equivalent to US\$100 million dollars. The financing components of the power sector expansion project and the cumulative drawdown balance at year end are as follows:

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

Financing consortium		Financing components	30 June23 balance foreign currency	30 June23 balance local currency
		\$m	\$m	\$m
Asian Development Bank	ADF Loan	US\$26.61	US\$25.7	SAT\$60.9
Asian Development Bank	ADF Grant	US\$15.39	US\$15.4	SAT\$37.95
Japan Bank for International Cooperation	Loan	US\$44.75	¥4,082.6 US\$44.8	SAT\$107.9
Total repayable borrowings		US\$86.75	US\$85.9	SAT\$206.75
Government of Australia (Aus Aid)	Grant	US\$8.00	US\$7.8	SAT\$18.7
EPC counterpart financing		US\$12.00	US\$15.43	SAT\$39.35
Total project financing		US\$106.75	US\$109.13	SAT\$264.8
NB. Loan interest not included				

The main Financing Agreement is between the Government of Samoa and the Asian Development Bank. Total repayable borrowings as part of the Power Sector Expansion Project amount to \$US85 million dollars. EPC counterpart financing is funded from internal sources of the Corporation. The grant from the Government of Australia is to be recognised as equity in the accounts of the Corporation (refer to Note 22). The original subsidiary financing agreement relates to the financing of the Power Sector Expansion Project which was expected to be implemented over the next 8 years with an expected completion date in 2016 has been extended and completed in August 2018.

The transactions during the year are converted at ADB exchange rates to ensure the USD amount agrees with what is recorded by ADB as disbursed under the Loan. The loan drawdowns is recognized when ADB disbursed funds in a form of payments directly to contractor's accounts and is recorded in SAT\$ equivalent amounts in the PSEP on-lending account with MOF as per subsidiary financing agreement between Gov't of Samoa and EPC. The Asian Development Bank USD equivalent rate for Samoan Tala prevailing on the date of disbursements is used for all transactions in foreign currencies.

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

Foreign currency transaction

The Asian Development Bank USD equivalent rate for Samoan Tala prevailing on the date of disbursements is used for all transactions in foreign currencies

26, b. Below the market rate of interest

The interest rate of 2% on borrowings from the Government of Samoa is considered "Below the Market rate of interest" in terms of International Accounting Standards (IAS) 20 and IAS 39 which requires all loans to be recognized and measured at fair value, thus requiring interest to be imputed to loans with a below market rate of interest. The Board of International Accounting Standard believed that the imputation of interest provides more relevant information to a user of the financial statement. However, based on discussions with the Ministry of Finance as the Lender for Government Loans, the interest rates as approved by Cabinet in the public interest from time to time is the market rate for interest, as currently they don't have any policies/procedures for setting the market rate of interests for these types of loans.

There is no interest expense charged for this financial year as per agreement with the Ministry of Finance, and this can be continue on for the next two financial years. The interest rate is reduce from 6.5% to 2.0% as per FK(15)02 approved on 14 January 2015 and was back dated to year 2008.

Repayments

The repayments fall into two separate tranches – the first tranche has a repayment period of 25 years commencing in 2013 with a grace period of 5 years at an interest rate of 2.0% per annum. The second tranche has a repayment period of 28 years commencing in 2016 including a grace period of 8 years and an interest rate of 2.0%.

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

Financial covenants

The loan shall have priority over all other debts of the Corporation. Certain financial matters that the Corporation needs to comply with as part of loan conditions are:

- **Accounts Receivable:** Maintaining accounts receivable equivalent to not more than two months equivalent of annual income for electricity energy and non-electricity energy sales –The Corporation has not achieved this loan covenant at 3 months of billings.
- **Self-Financing Ratio:** (i) from 2008 to 2015, cash from internal sources shall not be less than 12% of the annual average of capital expenditures incurred. The Corporation has not achieved this loan covenant at 19.7%. (ii) After 2015 cash from internal sources shall not be less than 20% of the annual average of capital expenditures incurred;
- **Debt Service Ratio:** No debt to be incurred unless a reasonable forecast of revenues and expenditures show that estimated free cash flows are at least 6.2 times the estimated debt service requirements on the debts of the borrower – The Corporation has not achieved as debt service ratio is 1.09

27. Deferred income

Summary	2024	2023
<i>Current versus non-current balance</i>	\$	\$
Current portion		
- CSO (i)	548,503	548,503
- CSO Tsunami (ii)	230,672	230,672
- Solar energy & wind projects (iii)	692,869	692,869
- Poles/street lights from China (iv)	239,018	239,018
- Renewable energy & power sector rehabs (v)	2,866,763	2,866,763
- Cash power e-vend (vii)	441,979	580,059
- Prepay smart meters (viii)	784,190	674,444
	<u>5,803,994</u>	<u>5,832,328</u>
Non current portion		
- CSO (i)	7,176,489	7,724,992
- CSO Tsunami (ii)	2,401,287	2,631,958
- Solar energy & wind projects (iii)	2,811,009	3,503,877
- Poles/street lights from China (iv)	324,176	563,194
- Renewable energy & power sector rehabs (v)	45,873,195	48,739,958
	<u>58,586,155</u>	<u>63,163,980</u>
Total	<u>64,390,150</u>	<u>68,996,309</u>

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

	2024	2023
(i) Unamortised balance - CSO	\$	\$
Opening balance	8,273,495	8,821,998
Amortisation charge	<u>(548,503)</u>	<u>(548,503)</u>
Closing balance	<u>7,724,992</u>	<u>8,273,495</u>
(ii) Unamortised balance - CSO Tsunami		
Opening balance	2,862,630	3,093,302
Amortisation charge	<u>(230,672)</u>	<u>(230,672)</u>
Closing balance	<u>2,631,958</u>	<u>2,862,630</u>
(iii) Unamortised balance - Solar & Wind projects		
Total grant opening balance	4,196,746	4,889,615
Amortisation charge	<u>(692,869)</u>	<u>(692,869)</u>
	<u>3,503,877</u>	<u>4,196,746</u>
(iv) Unamortised balance - Poles/st.lights from China		
Total grant opening balance	802,212	1,041,231
Return to MNRE		
Amortisation charge	<u>(239,018)</u>	<u>(239,018)</u>
	<u>563,194</u>	<u>802,212</u>
(v) Unamortised balance - Renewable energy & power sector rehab		
Total grant opening balance	50,840,677	53,707,441
Addition during financial year		
Amortisation charge	<u>(2,866,763)</u>	<u>(2,866,763)</u>
	<u>47,973,914</u>	<u>50,840,677</u>
Opening balance	580,059	285,373
Sales during the year	<u>40,745,815</u>	<u>40,792,716</u>
Amortisation charge	<u>(36,235,020)</u>	<u>(40,498,029)</u>
Closing balance	<u>5,090,854</u>	<u>580,059.38</u>

- i. The corporation is carrying out rural electrification work and installation of streetlight on behalf of government. Expenses are claimed for reimbursement from government as they are incurred. On the receipt of the reimbursement from government, capital expenses are treated as deferred liability and amortised to income over the same years which is the same rate at which the asset is depreciated.
- ii. In 2011, government approved \$2.4 million for reimbursement of electrification work of the Tsunami damage. This reimbursement is also treated as deferred liability and amortised to income over the same years and rate at which the asset is depreciated
- iii. The solar and wind energy grant projects funded by Ausaid which accounted as an asset and deferred income and amortised to income and expenditure statement using the same rates at which these assets depreciated.
- iv. Grant of poles & street lights from China through the ministry of MNRE accounted as an asset and deferred income and amortised to income and expenditure statement using the same rates at which these assets depreciated
- v. This grant relates to renewable energy and hydro rehabs project (REDPSRP) transfer and accounted as an assets and deferred income when it commission within the financial year 2018. Portion started to amortise when the project is completed.

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

28. Provisions and accruals

Provisions and accruals are specified as follows:

	2024	2023
	\$	\$
Other creditors and accruals	3,911,154	4,557,621
Provision for audit fees	73,231	68,776
Provision for staff untaken leaves	176,709	171,022
Provision for long service leaves	384,171	345,893
Provision for End of Contract	228,010	190,560
	<u>4,773,276</u>	<u>5,333,872</u>

Untaken annual leave recognised as an expense for the current year in the profit and loss was \$173,597 Tala (2023: \$608,599).

29. Dividend Payable

	2024	2023
	\$	\$
Represented by:		
Net Loss after Interest, Depreciation & Amortisation	<u>(7,818,946)</u>	<u>(59,222,497)</u>
	<u>(7,818,946)</u>	<u>(59,222,497)</u>

Dividend Policy of Government is 35% of Net Profit after Interest, Depreciation and Amortization however, no dividend was declared given the financial performance of the Corporation.

30. Community Service Obligation (CSO) Funding

Funds received from Government during the year for Community Service Obligation (CSO) funding was allocated as follows:

	2024	2023
	\$	\$
CSO for payments of street/seawll lights consumptions	1,000,000	1,000,000
CSO for capital expenditures	-	-
	<u>1,000,000</u>	<u>1,000,000</u>

CSO for operational costs are recognised as income in the financial statements and matched against the expenditure that has been incurred. CSO for capital expenditures are amortised to income at the same rate on which the related asset has been depreciated.

31. Self-Insurance Fund

As per FK (15) 23, a Self-Insurance Fund was set up for EPC assets. The amount for this Fund was increased from \$1.5m to \$5m following Board Resolution dated 22nd October 2015 when the revised budget was approved given the projected financial situation for the year ending 30th June 2016, as well as the Board of Director's concerns with the risk on the corporation's assets. It was also approved that yearly contribution to the Fund be \$2.5m per annum.

	2024	2023
	\$	\$
Represented by:		
Opening Balance	17,002,904	21,922,812
Yearly Contribution	2,500,000	2,500,000
Approved to finance operational costs - FK23(05)	<u>(5,973,054)</u>	<u>(7,419,908)</u>
Net movement for the year	<u>(3,473,054)</u>	<u>(4,919,908)</u>
Total adjusted balance	<u>13,529,850</u>	<u>17,002,904</u>

32. Commitments for expenditure

Commitments for expenditure are specified as follows:

Electric Power Corporation
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2024

	2024	2023
	\$	\$
Power plants & distribution assets	735,949	735,949
Other property, plant and equipment	<u>8,095,439</u>	<u>8,095,439</u>
Total commitments for expenditure	<u><u>8,831,388</u></u>	<u><u>8,831,388</u></u>

33. Contingent liabilities/assets

There is a current pending litigation criminal case against one of the former EPC employees, Rita Matamua of Salafai and the case is with Attorney General Office.

34. 20% reduction in Tariff

As per FK (23)25, the 20% reduction in electricity tariff removed on the 1st of July 2023 for the government customers only. And on the 1st of November 2023 all other non-domestic customers were removed from the 20% tariff reduction but the special tariff still continues for domestic consumers.