

Public Enterprises

Annual Report

2020

December 2021



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Abbreviations and acronyms

| | | | |
|---------------|--|----------------|---|
| ACM | ACM & Associates | PE | Public Enterprise |
| AFD | Agence Française de Développement | PEMC | Public Enterprise Monitoring Commission |
| AFS | Annual Financial Statements | PMC | Property Management Corporation |
| AS | Air Seychelles Ltd | PS | Petro Seychelles Ltd |
| BADEA | Arab Bank for Economic Development in Africa | PUC | Public Utilities Corporation |
| BDRI | Bois de Rose Investment Ltd | QFA | Quasi-Fiscal Activity |
| BDO | BDO Associates | ROA | Return on Assets |
| bnSCR | Billion Seychelles Rupees | ROCE | Return on Capital Employed |
| CBS | Central Bank of Seychelles | ROE | Return on Equity |
| DBS | Development Bank of Seychelles | SCAA | Seychelles Civil Aviation Authority |
| EIB | European Investment Bank | SCB | Seychelles Commercial Bank Ltd |
| EUR | Euro | SCI | Statement of Corporate Intent |
| FSA | Financial Services Authority | SCR | Seychelles Rupee |
| GBP | British pound sterling | SEYPEC | Seychelles Petroleum Company Ltd |
| GDP | Gross Domestic Product | SFA | Seychelles Fishing Authority |
| GICC | Green Island Construction Company Ltd | SIMBC | Seychelles International Mercantile Banking Corporation Ltd (Nouvobanq) |
| GOIC | Green Oak Investment Company Ltd | SOE | State-Owned Enterprise |
| GOS | Government of Seychelles | SNPA | Seychelles National Parks Authority |
| GTIC | Green Tree Investment Company Ltd | SPF | Seychelles Pension Fund |
| HFC | Housing Finance Company Ltd | SPA | Seychelles Ports Authority |
| IDC | Islands Development Company Ltd | SPS | Seychelles Postal Services Ltd |
| IFRS | International Financial Reporting Standards | SPTC | Seychelles Public Transport Corporation |
| IMF | International Monetary Fund | SRC | Seychelles Revenue Commission |
| I'UE | L'Union Estate Ltd | SSI | Société Seychelloise d'Investissement Ltd |
| MoFEPT | Ministry of Finance, Economic Planning and Trade | STC | Seychelles Trading Company Ltd |
| mSCR | Million Seychelles Rupees | 2020 DC | 2020 Development (Seychelles) Ltd |
| mUSD | Million U.S. dollar | | |
| NISA | National Information Services Agency | | |
| OAG | Office of the Auditor General | | |
| OICL | Opportunity Investment Company Ltd | | |
| OVP | Office of the Vice-President | | |
| PDEE | Paradis des Enfants Entertainment Ltd | | |

Introduction

The publication of the Public Enterprises' Annual Report 2020 is in accordance with the Public Enterprise Monitoring Commission's (the Commission) principal object in section 6 of the PEMC Act. The report follows the good practice guidance contained in the OECD guidelines on Corporate Governance of State-Owned Enterprises.

This report presents the overall financial performance of the Public Enterprises (PEs) for the year 2020, with comparison to the year 2019. Aggregate data is used to present an overview of the PEs' performance and their transactions with the Government. The data was obtained from the PEs' certified Annual Financial Statements (AFS) and from data collection exercises undertaken by the Commission. At reporting date, the Commission had not received the certified AFS of the year ended December 31, 2020 of Air Seychelles Ltd (AS), Bois De Rose Investment Ltd (BDRI), Seychelles Postal Services Ltd (SPS), Paradis des Enfants Entertainment Ltd (PDEE), Property Management Corporation (PMC), the Seychelles Fishing Authority (SFA), the Seychelles National Parks Authority (SNPA) and the Société Seychelloise d'Investissement Ltd (SSI). Data from provisional financial reports were used for those PEs with the exception of SSI, as the Commission had not received group accounts following the winding up of the Company in 2021.

The report also presents ownership arrangements of the PEs during 2020, including the adoption of the Ownership Policy and Dividend Distribution Policy for the PEs. The adoption of these policies is in line with the Commission's recommendations made in the PEs' Annual Report 2018 and 2019.

Governance arrangements are also presented in this report, with updates on legislative changes impacting PEs during 2020. Some of these changes were implemented in response to the COVID-19 pandemic. The pandemic affected PEs directly dependent on the tourism industry as well as those in downstream sectors. PEs faced reduced revenues, additional costs to implement safety and social distancing measures, and the impact of the notable depreciation of the Seychelles Rupee against major currencies.

The Government provided salary support to a number of PEs to help mitigate the impact of the pandemic, as well as interest-free advances and loan write-offs. A freeze on recruitment of PEs was also imposed in April 2020 in a national effort to help the Government adjust its budget priorities in view of the pandemic.

The report concludes with more detailed information for a selection of PEs.

1 Overview

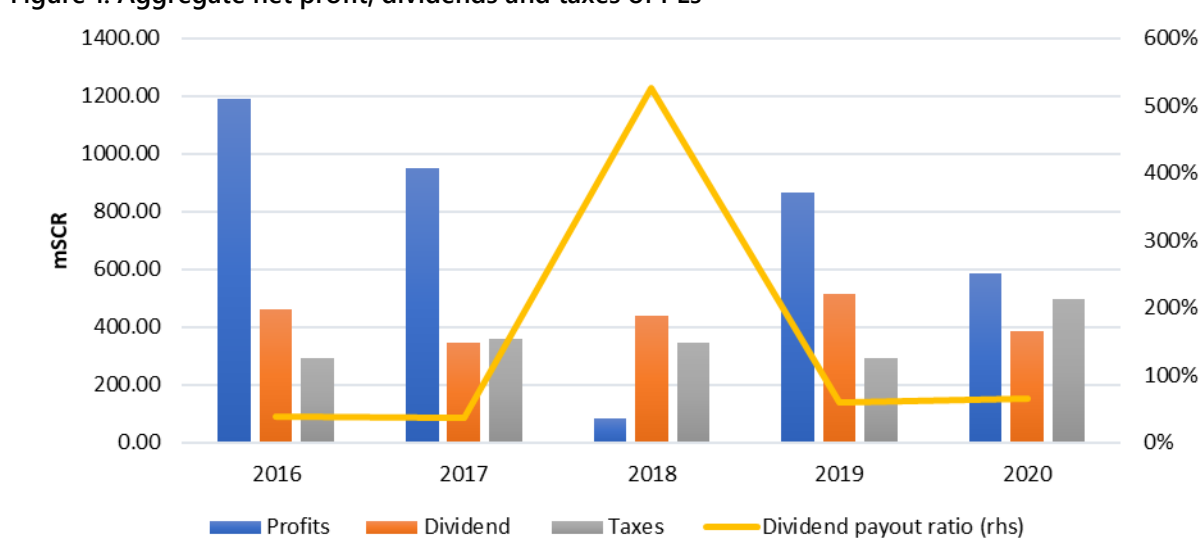
1.1 Aggregate statistics

In 2020, there were thirty-two PEs, this included two entities newly categorised as PEs, SFA and SNPA, following the amendment of Schedule one to the PEMC Act in November 2019¹. It was also unanimously resolved by the directors of Green Oak Investment Company Ltd (GOIC), which featured in Schedule one to the Act, to be struck off the Companies Register in October 2019 as it was no longer carrying business. Twenty-six PEs were wholly owned by GoS, and four were owned through majority shareholding. The remaining two PEs consist of the Opportunity Investment Company Ltd (OICL) and the Seychelles Pension Fund (SPF); the former is a subsidiary of SPF and the latter is a body corporate established by law to administer the pension fund and is under the control of GoS. A list of PEs and details of their shareholding are presented in Appendix 1.

For reporting purposes, PEMC classifies the PEs into four main sectors: Energy, Financial services, Transport, and Service and development.

In 2020, the aggregate net profit of the PEs amounted to mSCR585.9, equivalent to 3% of nominal Gross Domestic Product (GDP). The highest profit amongst the four sectors was reported by the Energy sector, equivalent to 2% of GDP while the Transport sector was least profitable with a net loss of mSCR296.7. This is primarily due to the net losses incurred by Air Seychelles (ref. 3.1 Air Seychelles) despite the Seychelles Ports Authority (SPA) recording a significant net profit increase. Aggregate net revenue amounted to bnSCR10.3 and showed a decline of 24% below 2019.

Figure 1. Aggregate net profit, dividends and taxes of PEs

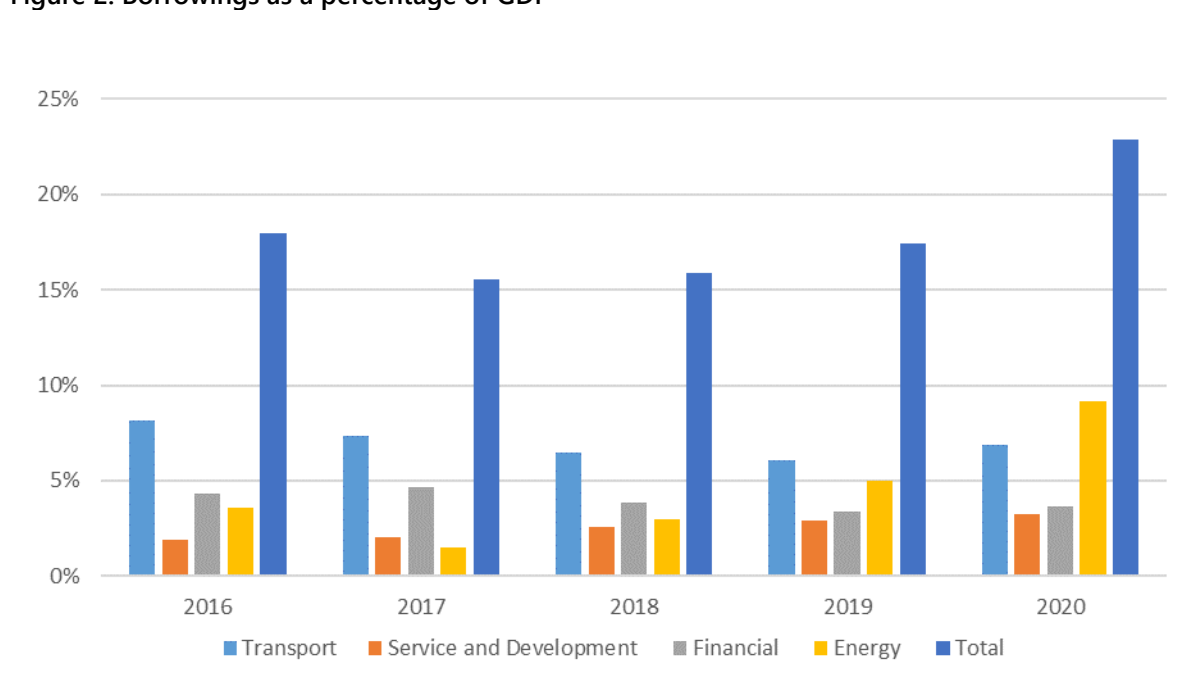


The PEs reported a net contribution of mSCR317.8 to the Budget in 2020 with a total of mSCR385.3 in dividend paid, representing 66% of the PEs' aggregate profit. In addition, a total of mSCR563.6 in subsidy was received from the Budget. For the year 2020, the PEs expensed Business Tax of mSCR496.1, a 68% increase compared to 2019 with Seychelles Petroleum Company Ltd Group being the significant contributor.

The net profit was generated by an asset base of bnSCR38.3, equivalent to 186% of GDP. Total liabilities represented 108% of GDP, comprising of borrowings worth 23% of GDP.

¹ S.I 73 of 2019 made on November 27, 2019; published in Official Gazette on December 23, 2019.

Figure 2. Borrowings as a percentage of GDP



The PEs employed an average of 6,600 personnel in 2020, representing 12% of national employment.

1.2 Overall PE financial performance

1.2.1 Net profit/ loss

The PEs recorded an aggregate net profit after tax of mSCR585.9 for 2020; a decline of 32% (mSCR280.3) compared to 2019 (mSCR866.2). The PEs' 2020 aggregate net profit after tax corresponds to 3% of GDP, as opposed to 4% in 2019.

Sixteen PEs reported a net profit in 2020, namely BDRI, Development Bank of Seychelles (DBS), Financial Services Authority (FSA), Green Island Construction Company Ltd (GICC), Housing Finance Company Ltd (HFC), Islands Development Company (IDC), National Information Services Agency (NISA), PMC, Seychelles Commercial Bank Ltd (SCB), Seychelles Petroleum Company Ltd group (SEYPEC), Seychelles International Mercantile Banking Corporation Ltd (Nouvobanq), SPA, SPS, 2020 Development Seychelles Ltd (2020 DC), SFA and SNPA.

Ten PEs reported losses in 2020, namely Air Seychelles Ltd, Green Tree Investment Company Ltd (GTIC), L'Union Estate Ltd (L'UE), Opportunity Investment Company Ltd (OICL), Petro Seychelles Ltd (Petro Seychelles), PDEE, Public Utilities Corporation (PUC), Seychelles Civil Aviation Authority (SCAA), Seychelles Public Transport Corporation (SPTC) and Seychelles Trading Company (STC). **Out of these ten PEs, L'UE, OICL, PUC, SCAA, SPTC and STC reported a profit in 2019.**

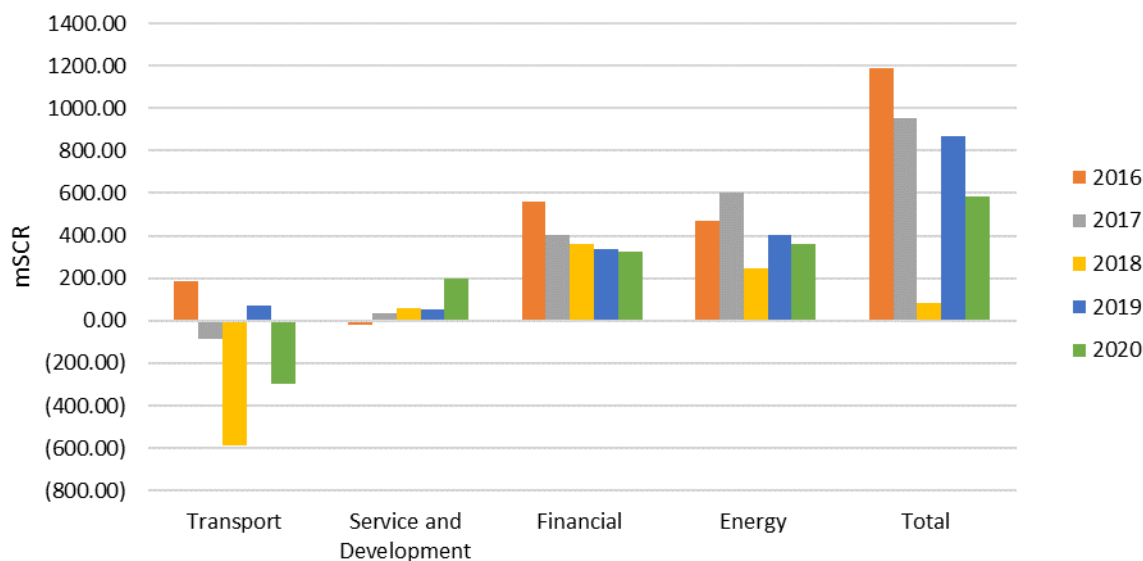
The Seychelles Pension Fund (SPF) reported a surplus of mSCR80.9 before fair value changes and a deficit of mSCR158.4 after fair value changes².

Air Seychelles has been loss-making since 2017 while Petro Seychelles since 2014. On the other hand, SPTC has also been loss-making since 2012, except in 2019 where it reported

² Excludes mSCR146.7 increase in fair value of unquoted equities (other comprehensive income)

a net profit associated with insurance compensation for fire damage at the Bois De Rose depot.

Figure 3. Aggregate net profit after tax per sector

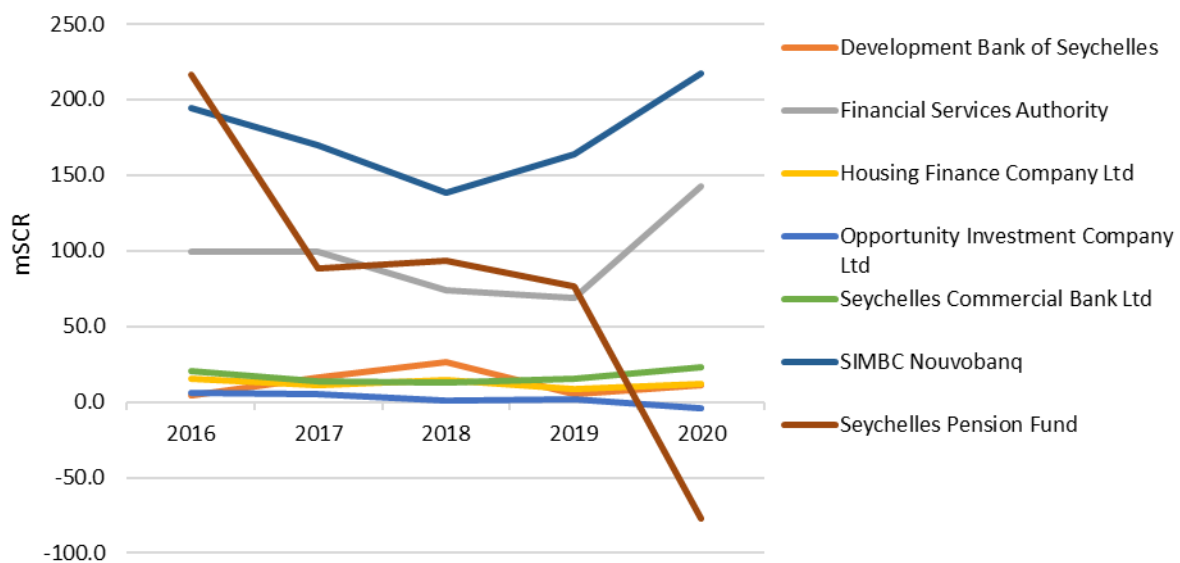


1.2.1.1 Financial sector

The aggregate net profit of the financial sector reduced by 5% (mSCR15.8) from 2019 to 2020 to amount to mSCR323.9, mainly associated with the net loss of OICL (mSCR3.9) (2019; mSCR1.5 profit) and the deficit after fair value changes of SPF (-mSCR77.5) (2019; mSCR76.2). OICL observed a 365% drop in net loss after tax compared to the previous year due to a fair value adjustment, while SPF’s decline in net result was associated a mSCR175.5 decrease in the fair value of its investment in Cable and Wireless Seychelles Ltd. SPF reported a surplus before fair value changes of mSCR80.9 for 2020, compared to a surplus before fair value changes of mSCR49.4 for 2019.

DBS and FSA reported growth in their profit to amount to mSCR10.9 and mSCR142.5 respectively for 2020. DBS’s increase of 116% (mSCR5.9) resulted from net foreign exchange gain and lower interest expense. While FSA’s 107% (mSCR73.8) increase was mainly contributed by foreign exchange gains increasing by mSCR24.2 and revenue from Corporate and Seychelles International Trade Zone (SITZ) fees increasing by 36% amounting to mSCR170.0 for 2020. This is mainly attributed to greater collection of International Business companies (IBC) fees following the first phase increase of IBC fees effective April 1, 2020 for both incorporation and renewal fees. As indicated by FSA, a decision was taken in 2020 by the executive management and Board in consultation with other stakeholders to increase the IBC fees. This decision was formalised and amendments made in the IBC Act of 2016 as S.I. 23 of 2020, IBC (Amendment of Second schedule) Regulations, 2020. The first phase of the increase was in April 1, 2020 with an increase from USD115 to USD150 for incorporation fees and increase from USD107.50 to USD150 for renewal fees.

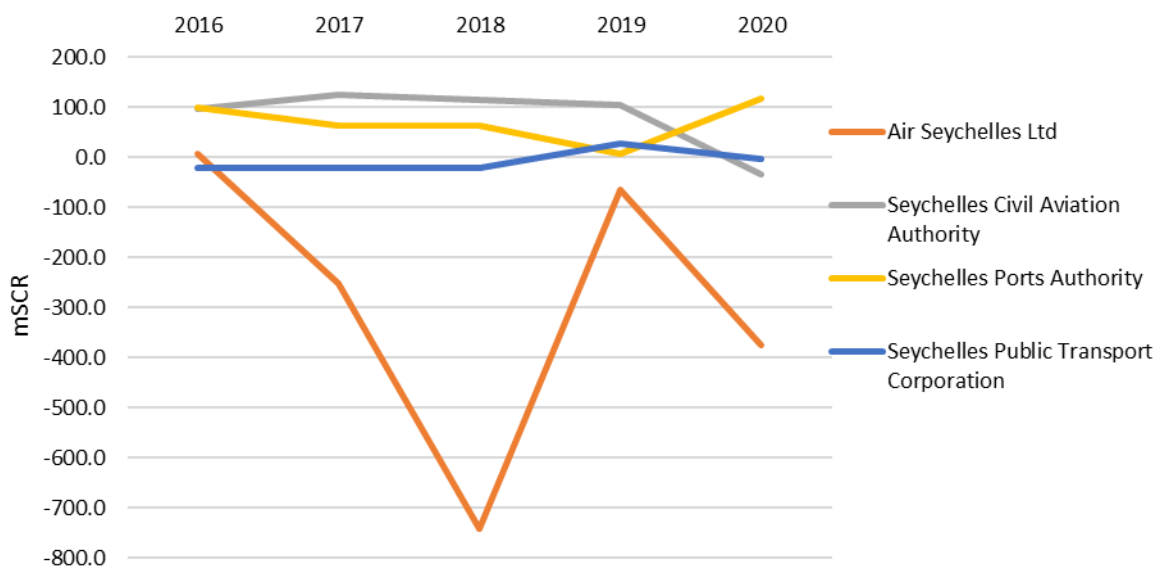
Figure 4. Aggregate net profit, Financial sector



1.2.1.2 Transport sector

The transport sector had the lowest performance for 2020 amongst the sectors, with an aggregate net loss of mSCR296.7. This represents a 508% (mSCR369.5) greater aggregate net loss compared to 2019, where a loss of mSCR72.8 was recorded. This was associated with a further increase in the net loss of AS by 476% (mSCR311.2) compared to 2019, as a result of a 57% (mSCR800.2) reduction in net revenue and a mSCR157.2 loss on disposal of Sabre Passenger Service System (PSS). The only PE reporting a profit in the sector in 2020 was SPA amounting to mSCR117.7.

Figure 5. Aggregate net profit, Transport sector

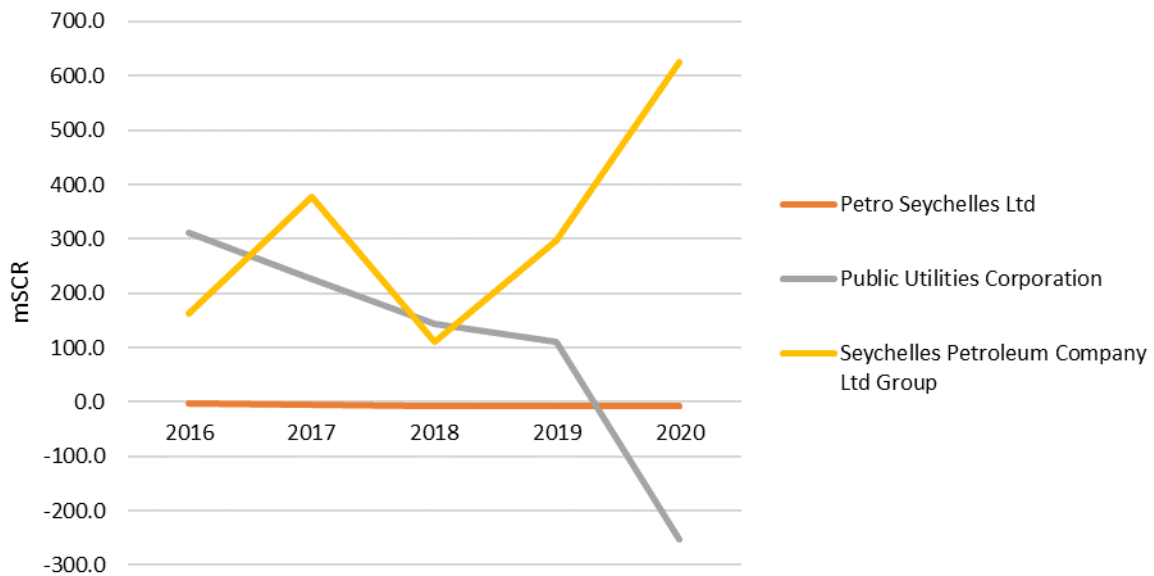


1.2.1.3 Energy sector

The energy sector observed a 10% (mSCR38.4) reduction in aggregate net profit to amount to mSCR363.6 compared to 2019 (mSCR402.0). This was a result of the net loss of mSCR253.9 reported by PUC. The Corporation's net result declined by 329% (mSCR365.0) mainly due to 1760% (mSCR406.5) increase in exchange loss and 121% (mSCR9.9) rise in finance expense,

associated with the depreciation of the Seychelles Rupee. Amongst the PEs in the sector, only SEYPEC reported a net profit which amounted to mSCR624.6.

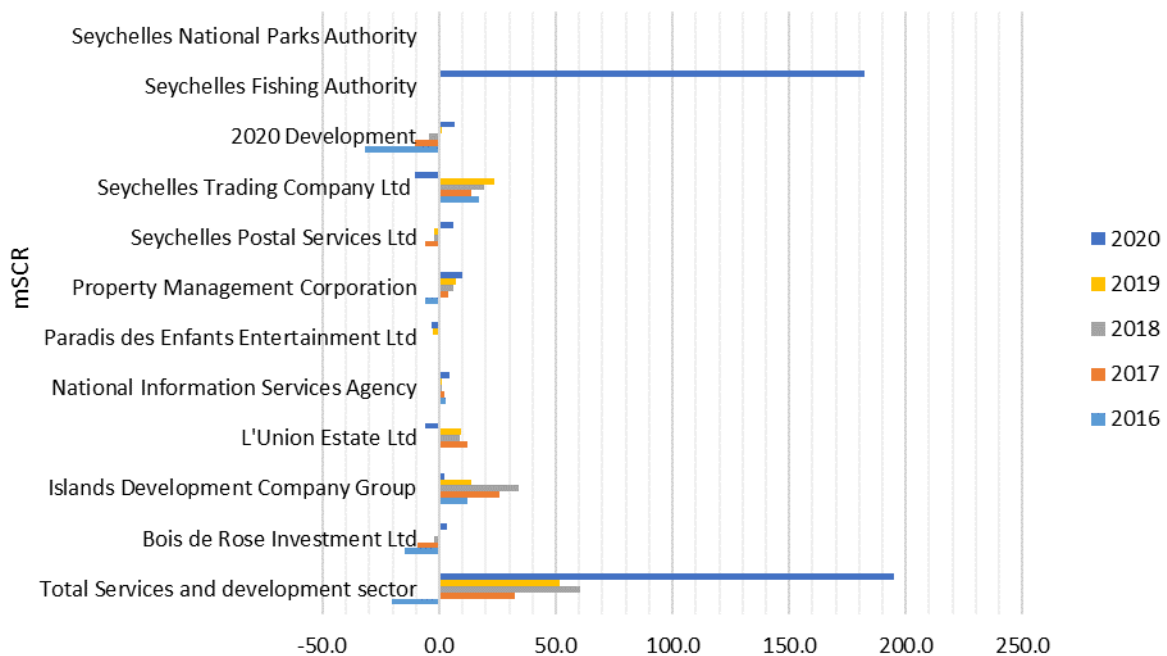
Figure 6. Aggregate net profit, Energy sector



1.2.1.4 Service and development sector

The service and development sector reported an aggregate net profit of mSCR195.1, representing an increase of 277% (mSCR143.4) compared to 2019 (mSCR51.7). There was also an addition of two PEs in the service and development sector for the year 2020; namely SFA (mSCR182.1) and SNPA (mSCR0.4).

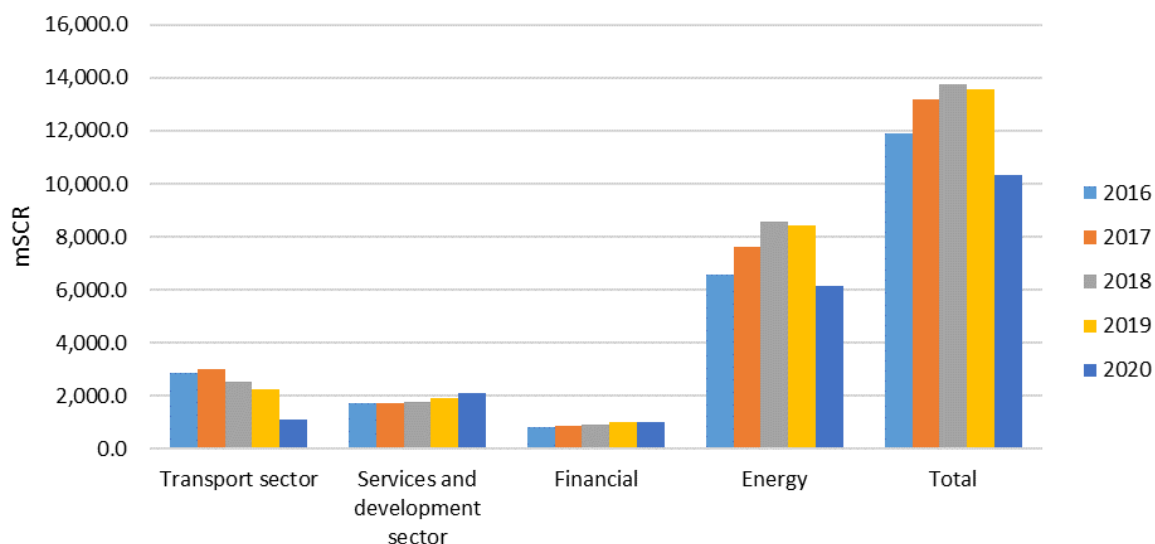
Figure 7. Aggregate net profit, Service and development sector



1.2.2 Net revenue

The Commission defines net revenue as revenues from the PEs' core business activity only. **In 2020, the aggregate net revenue of the PEs amounted to bnSCR10.3, a 24% (bnSCR3.2) decrease from 2019 (bnSCR13.5).** SEYPEC remained the highest earning PE in 2020 with a net revenue of bnSCR4.6. In 2020, the energy sector was the highest earner within the PE sector with a net revenue of bnSCR6.2 while the financial sector reported the lowest net revenue amounting to mSCR996.1. **The aggregate net revenue of all the PEs was equivalent to 50% of GDP in 2020 compared to 58% of GDP in 2019.**

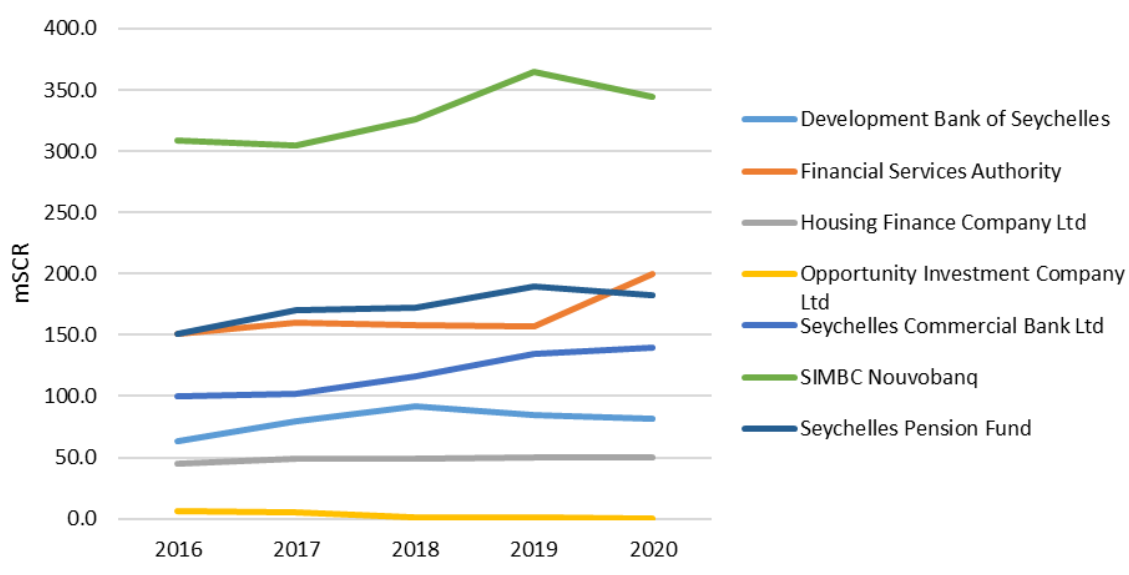
Figure 8. Aggregate net revenue by sector



1.2.2.1 Financial sector

The financial sector generated a net revenue of mSCR996.1 in 2020, indicating a 1% (mSCR14.7) growth from 2019 (mSCR981.4). Within the financial sector, after a 6% (mSCR20.1) decrease Nouvobanq remained the highest revenue earner at the end of 2020, with a net revenue of mSCR344.2. OICL did not report revenue for 2020 compared to mSCR1.5 for 2019, which comprised of dividend income from SACOS Group Ltd (SACOS).

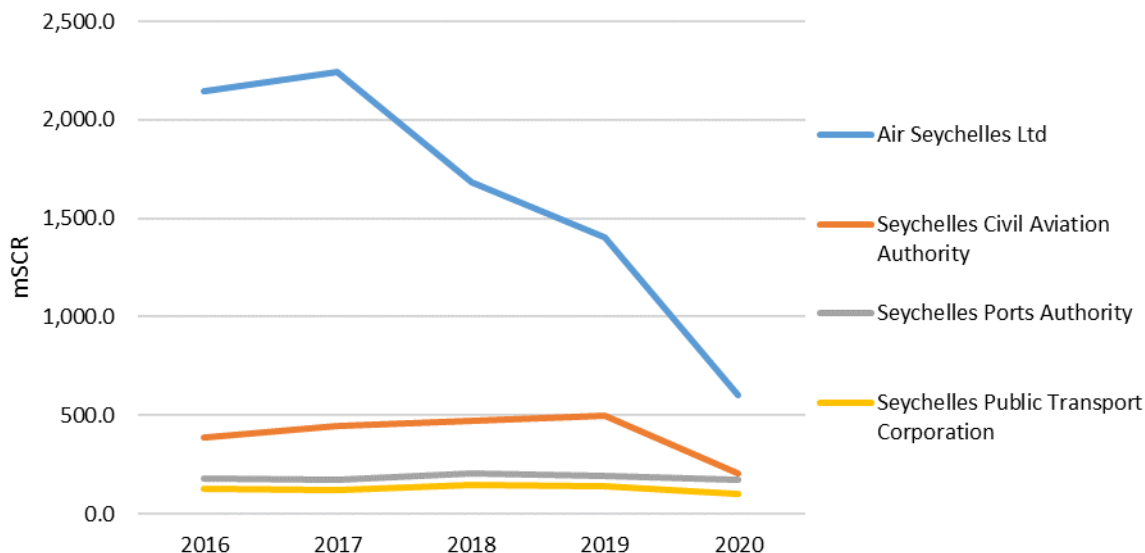
Figure 9. Net revenue, Financial sector



1.2.2.2 Transport sector

The aggregate net revenue of the transport sector totalled to bnSCR1.1 at the end of 2020, representing a 52% (bnSCR1.2) drop from the preceding year (bnSCR2.2). The drop was mainly associated with a 57% (mSCR800.2) decline in net revenue generated by AS to amount to mSCR603.8 and 58% (mSCR288.4) lower income earned by SCAA, which reported a net revenue of mSCR206.8. The reduction in revenue from the PEs in the aviation industry was a direct result of the international travel restrictions associated with COVID-19 pandemic.

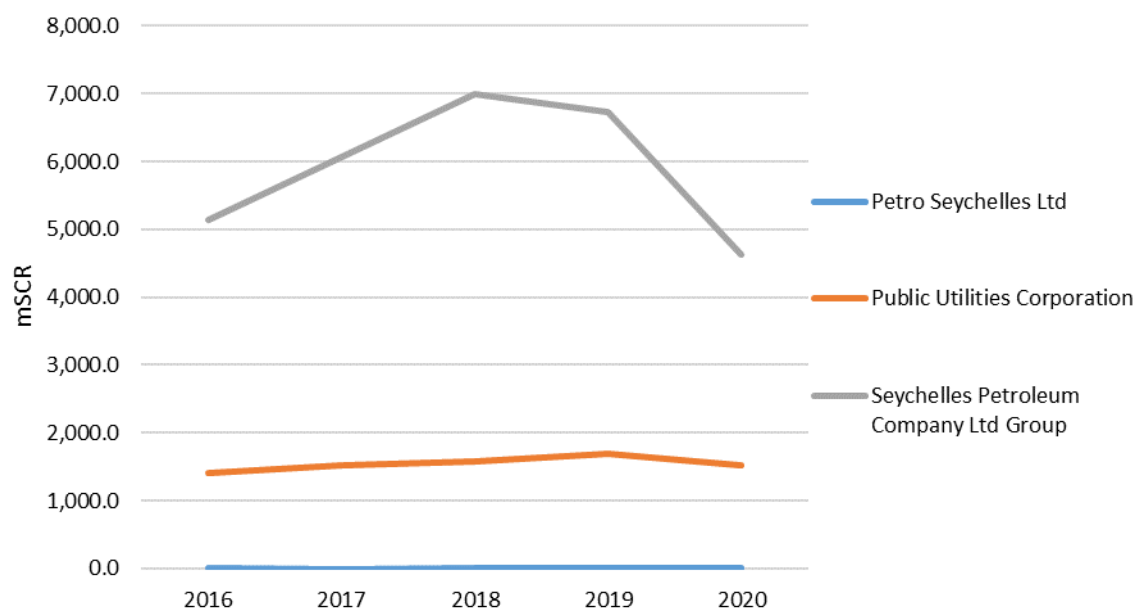
Figure 10. Net revenue, Transport sector



1.2.2.3 Energy sector

In 2020, the energy sector earned the highest net revenue amongst the four sectors amounting to bnSCR6.2, a 27% (bnSCR8.4) decrease compared to 2019 (bnSCR8.4). The decline in net revenue was associated with a 31% (bnSCR2.1) reduction in the net revenue generated by SEYPEC and 10% (mSCR161.9) decrease in PUC's net revenue. Petro Seychelles was the only PE in the energy sector to report an increase in net revenue of 27% (mSCR0.6) in 2020 to an amount of mSCR2.9.

Figure 11. Net revenue, Energy sector

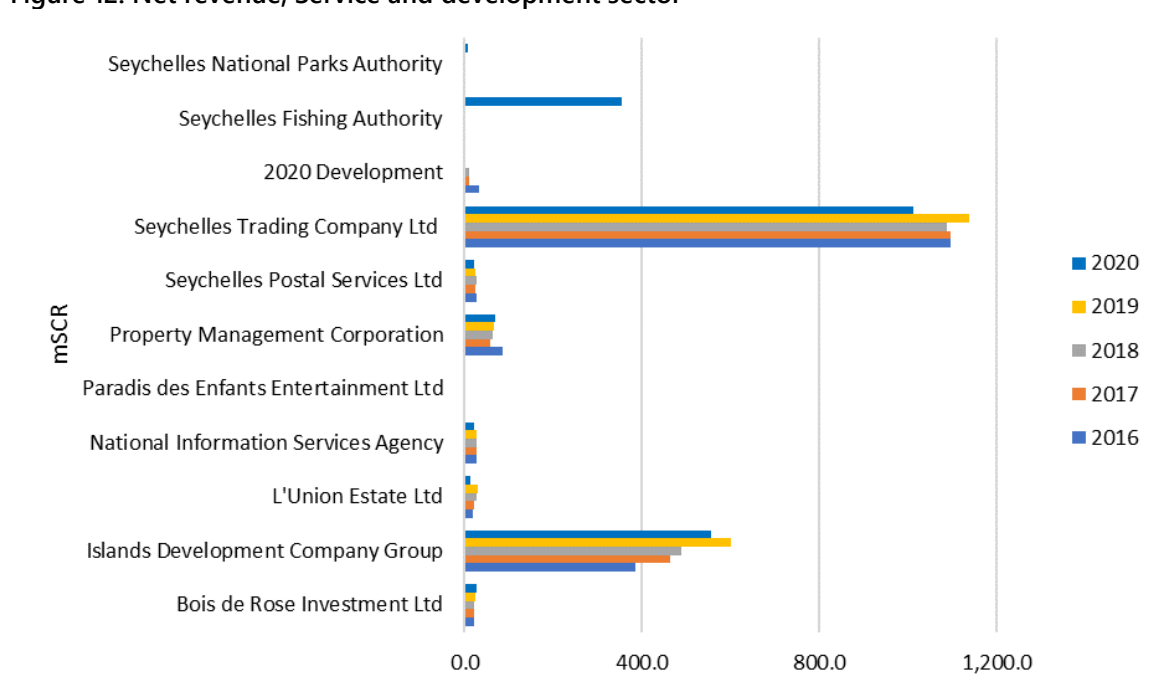


1.2.2.4 Service and development sector

The service and development sector recorded a net revenue of bnSCR2.1 in 2020, indicating 9% (mSCR174.5) improvement compared to 2019 (mSCR1.9). A 5% (mSCR3.6) improvement was noted in PMC's net revenue (mSCR69.8). There was also an addition of two PEs in the service and development sector for the year 2020; namely SFA (mSCR355.2) and SNPA (mSCR7.9) which also reported revenue from operations.

STC remained the highest revenue earner in the service and development throughout the five-year period with a net revenue of bnSCR1.0 at the end of 2020 but also reported the highest decrease in net revenue (11%, mSCR125.8) amongst the PEs in this sector.

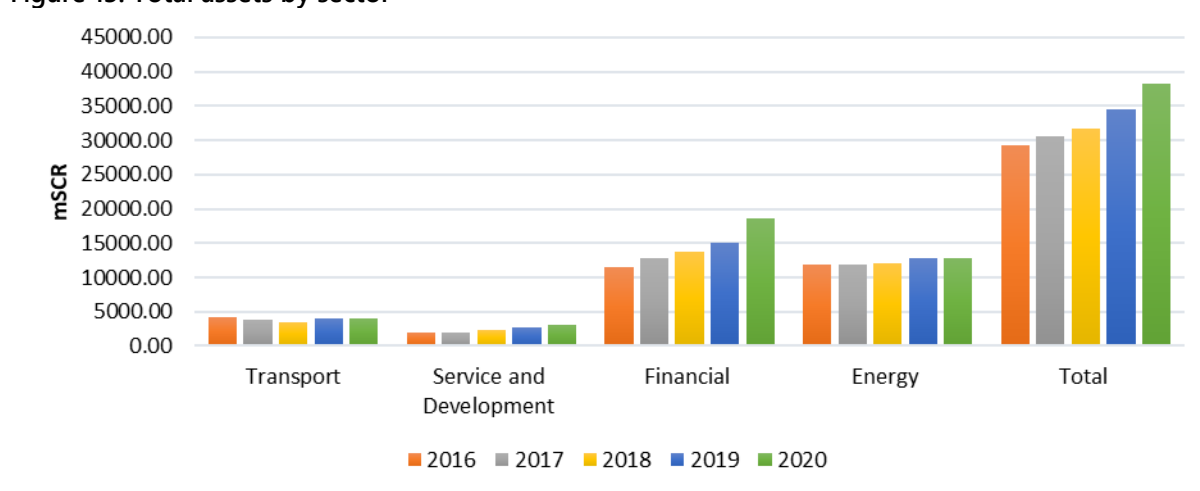
Figure 12. Net revenue, Service and development sector



1.2.3 Total assets

The PE's aggregate assets totalled to bnSCR38.3 at December 31, 2020 equivalent to 186% of nominal GDP following a growth of 11% (bnSCR3.9) from 2019.

Figure 13. Total assets by sector

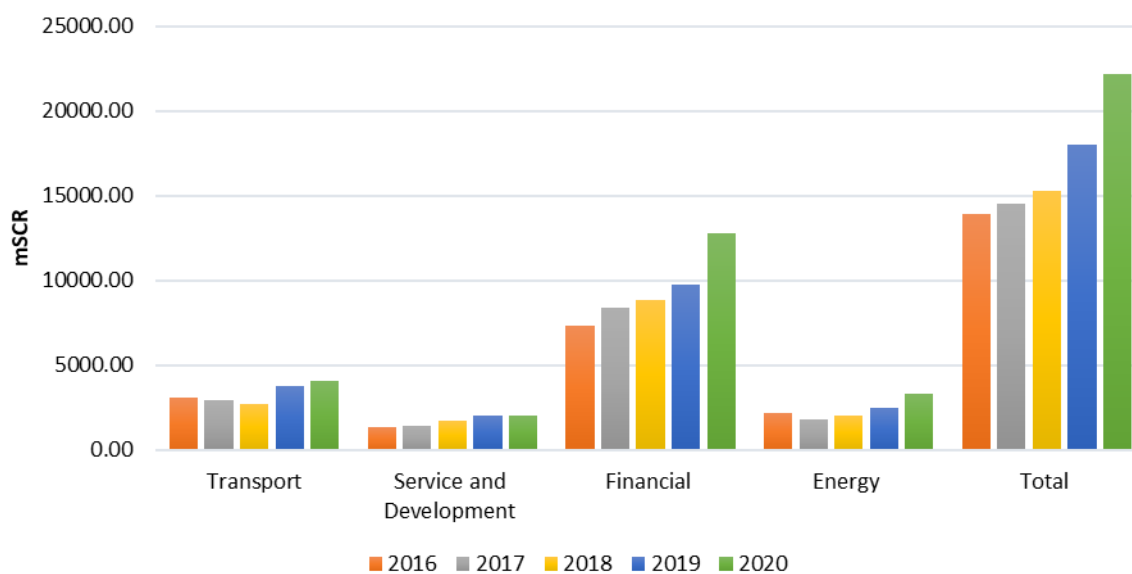


At the end of 2020, the financial sector reported the highest value of assets at bnSCR18.6 with Nouvobanq being the PE with the highest asset base of bnSCR10.8 comprising principally of cash, loan receivables and investment in financial assets.

1.2.4 Liabilities

The PEs' aggregate liability as at December 31, 2020 stood at bnSCR22.2, equivalent to 108% of GDP, after an increase of 23% from the previous period. The increase was caused by the rise in PUCs' borrowings (ref. 3.5 PUC), customer borrowings held by Nouvobanq and deferred revenue by PMC.

Figure 14. Total liabilities per sector



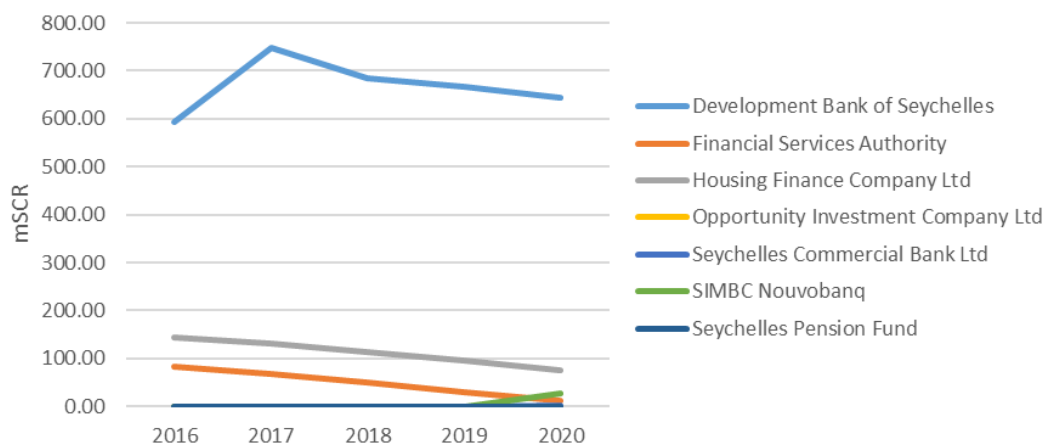
1.2.5 Borrowings

As at December 31, 2020, aggregate borrowings of the PEs amounted to bnSCR4.7 with government guarantees and on-lending accounting for 59% (bnSCR2.7) of the debt. For the year 2020, PUC and Air Seychelles remained as the PEs with the highest debt held amounting to bnSCR1.9 and bnSCR1.4 respectively.

1.2.5.1 Financial sector

The financial sector's total borrowing amounted to mSCR757 at December 31, 2020; a decline of 4% from the previous year.

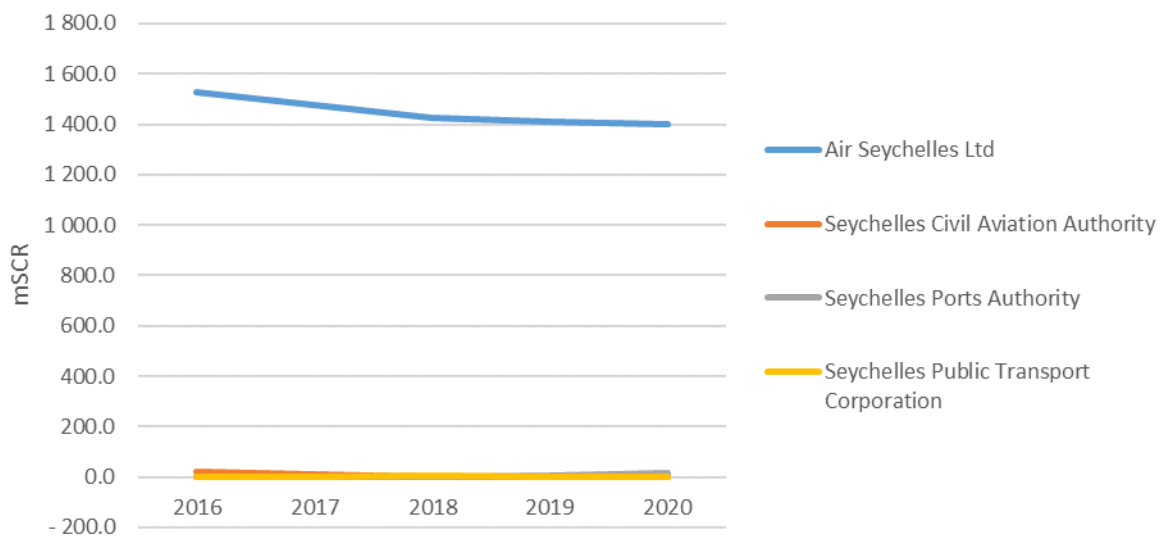
Figure 15. Borrowings, Financial sector



1.2.5.2 Transport sector

The transport sector reported a marginal decrease of 0.4% (mSCR5.9) in total borrowings to remain at bnSCR1.4 at December 31, 2020 with Air Seychelles reporting 99% (bnSCR1.4) of the total borrowings.

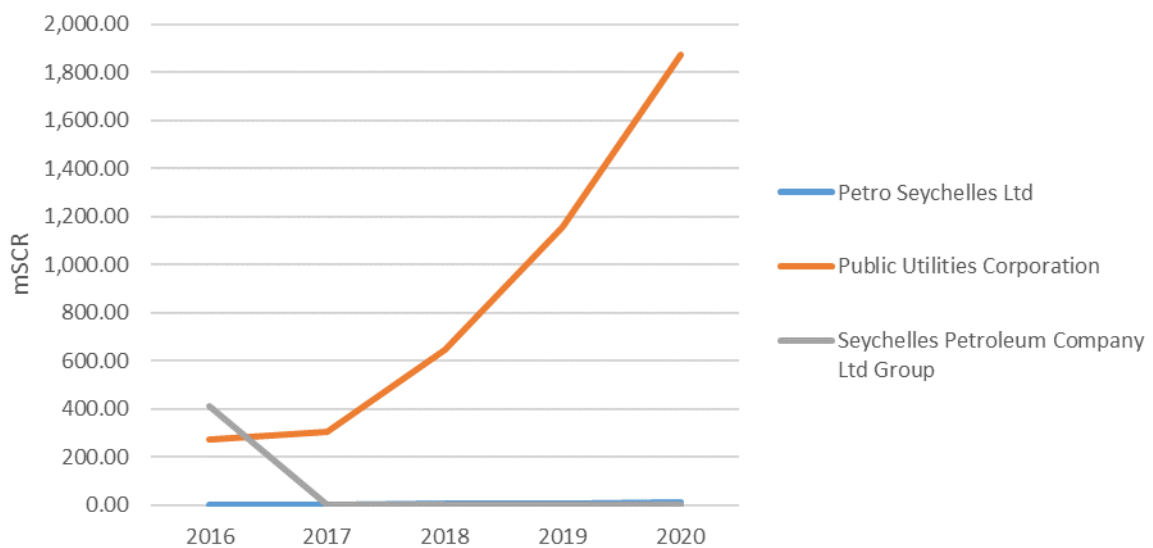
Figure 16. Borrowings, Transport sector



1.2.5.3 Energy sector

There was a 62% (mSCR720) growth in total borrowing for the energy sector to amount to bnSCR1.9 when compared to 2019, caused by an increase of mSCR715 (62%) in total borrowings from PUC.

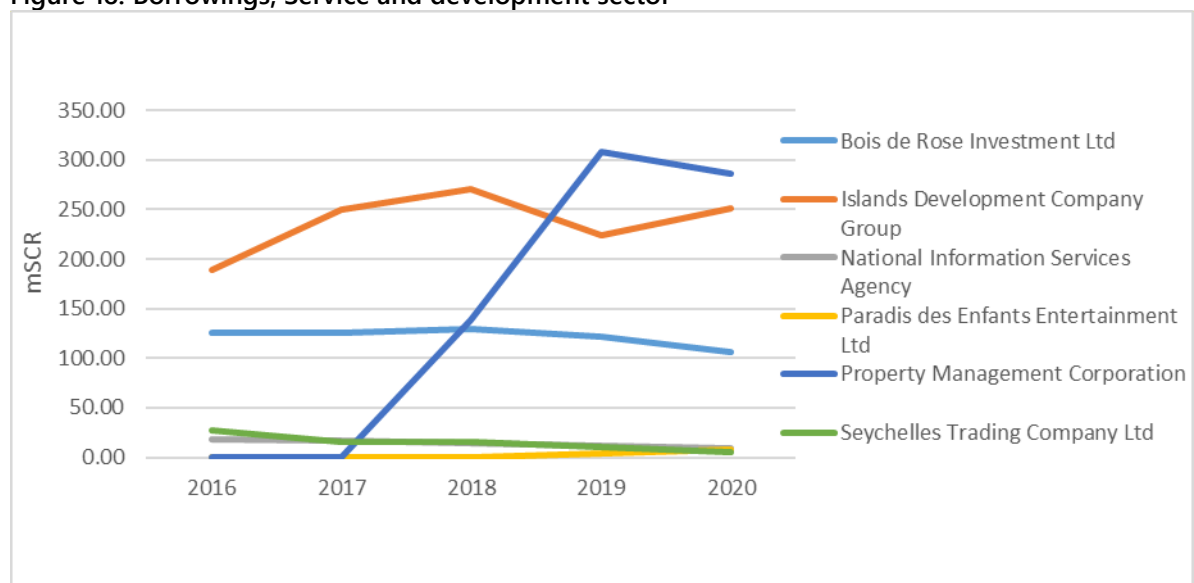
Figure 17. Borrowings, Energy sector



1.2.5.4 Service and development sector

The service and development sector reported a decrease of 2% (mSCR15.1) in borrowings at December 31, 2020 compared to 2019. This was associated with a decrease of mSCR5.5 in STC's borrowing as well as a mSCR23.4 decrease in PMC's borrowing. The reduction in STC's debt was due to a write-off by the Government (ref. 1.3.4 Loans).

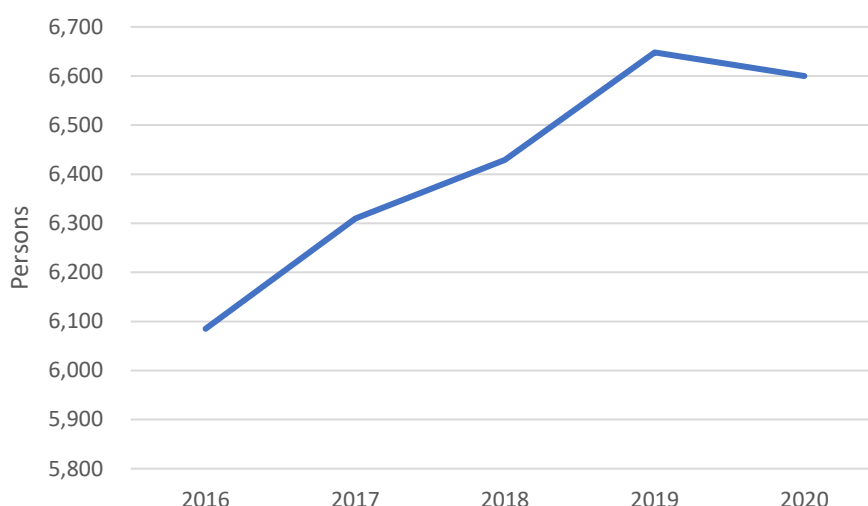
Figure 18. Borrowings, Service and development sector



1.2.6 Employment

The PEs employed 6,600 persons for 2020, accounting for 12% of the national workforce. PUC and IDC were the largest employers with 1,229 and 789 employees, respectively. Appendix 6 presents the number of employees per PE for 2016-2020.

Figure 19. Employment by the PEs, 2016-2020



1.3 Financial transactions between PEs and the Government

1.3.1 Dividend

During 2020, the Government received mSCR385.3 dividends from PEs, a 25% reduction compared to 2019 (mSCR514). The PEs that paid dividends in 2020 comprise FSA, IDC Group, SCAA and SEYPEC (ref. Table 2). The Government did not receive a dividend from Nouvobanq and SCB for the year ended December 31, 2020 following a circular issued by the Central Bank of Seychelles on April 7, 2020 prohibiting all banks from declaring dividends for the financial years ending December 31, 2019 and December 31, 2020 to mitigate the adverse effects of COVID-19 on the financial sector and the economy.

1.3.2 Subsidy

The Government provided a total of mSCR563.6 subsidy³ to the following PEs in 2020:

Table 1. Subsidy received by PE

| Public Enterprise | Subsidy received (mSCR) | Purpose |
|-------------------|-------------------------|---|
| Air Seychelles | 257.6 | Restructuring and financial assistance for salary payments ⁴ |
| PMC | 83.3 | Loan repayment, major renovation on housing estates & repayment of interest on Bond |
| SPTC | 81.4 | Operations & capital expenditure |
| PUC | 61.0 | Infrastructure development for the utility service provision |
| IDC | 32.1 | Financial assistance for salary payments |
| STC | 20.0 | Subvention to fund losses incurred on category 1 products |
| SPS | 13.5 | Universal postal contribution & financial assistance for salary payments |
| SNPA | 9.9 | Financial assistance for salary payments |
| L'UE | 2.6 | Financial assistance for salary payments |
| NISA | 2.1 | Financial assistance for salary payments |

³ As disclosed by the PEs

⁴ Air Seychelles received a COVID-19 financial assistance amounting to mSCR109.1 to pay salaries and compensation for April to December 2020, and mUSD3 for operating expenses.

1.3.3 Tax

The PEs expensed a total of mSCR496.1 Business Tax for 2020. SEYPEC expensed the highest tax for 2020 (mSCR418.4), followed by Nouvobanq (mSCR51.3).

1.3.4 Loans

At December 31, 2020 three PEs had loans outstanding from the Government, either direct loans or on-lending (indemnity agreements) from foreign lenders.

1.3.5 On-lending (indemnity agreements)

1.3.5.1 DBS

The Government borrowed on behalf of DBS from the following institutions for subsequent on-lending to its clients:

- i. Agence Française de Développement (AFD) with an outstanding amount of mSCR66.9 at December 31, 2020
- ii. Arab Bank for Economic Development in Africa (BADEA) with an outstanding amount of mSCR10.3 at December 31, 2020
- iii. European Investment Bank (EIB) with an outstanding amount of mSCR49 at December 31, 2020

1.3.5.2 PUC

PUC entered into indemnity agreements with the Government relating to payment obligations from the following institutions, the balances outstanding at December 31, 2020 are as follows:

- i. European Investment Bank (EIB): mSCR677
- ii. Agence Française de Développement (AFD): mSCR247
- iii. African Development Bank: mSCR254
- iv. Arab Bank for Economic Development in Africa (BADEA): mSCR163
- v. Saudi Fund for Development (SFD): mSCR300

1.3.6 Loans directly from the Government

1.3.6.1 DBS

DBS received an interest-free government advance of mSCR50 in September 2020. As at December 31, 2020, the amount outstanding stood mSCR45.2.

1.3.6.2 IDC

IDC received an interest-free loan of mSCR18 from the Government in August 2020 for COVID-19 support. The legal end date of the loan is August 31, 2023.

1.3.6.3 STC

STC had a mSCR5 loan outstanding from the Livestock Trust Fund for the purpose of bridging facility on cold room improvement. As at December 31, 2020 the balance outstanding stood at mSCR5.0.

1.3.7 Loan write-off

1.3.7.1 SNPA

In September 2020, the Government wrote off a loan to SNPA with a balance outstanding of mSCR5.2 following financial constraints related to the COVID-19 pandemic. An undisbursed loan balance of mSCR5.1 was also cancelled.

1.3.7.2 STC

During 2020 the Government agreed to waive a remaining balance of mSCR5.5 principal and interest outstanding on a loan, following STC'S default in April 2020 due to unstable economic conditions. The initial borrowing amounted to mSCR45 and was repayable as from 2015.

1.3.8 Deferred government grant

The Government had a mUSD3.6 debt outstanding at December 31, 2020 towards Air Seychelles corresponding to a deferred payment plan regarding grants. The grants were for the following:

- i. Long-haul commercial incentives of mUSD1.7 in 2014, for two weekly flights to Paris and three weekly flights to Hong Kong via Abu Dhabi. The grant pertained to the year 2014 operations only and not for the cost of new routes beyond 2014.
- ii. mUSD4.5 grant for marketing of three weekly direct operations from Mahe to Paris from July 2015
- iii. mUSD1.5 grant in respect of a commercial incentive to Air Seychelles for one weekly direct return flight to Beijing in 2016

Flows between PEs and the Government for 2020 are summarised in Table 2.

Table 2. Financial flows between Government and PEs⁵ in 2020

| | Total | AS | BDRI | DBS | FSA | HFC | IDC group | L'UE | NISA | PMC | PUC | SCB | SCAA | SEYPEC group | SIMBC | SNPA | SPA | SPTC | SPS | STC |
|--------------------------------|-------|-------|------|------|------|-----|-----------|------|-------|------|------|-----|--------|--------------|-------|------|------|------|------|------|
| Government-PE (mSCR) | | | | | | | | | | | | | | | | | | | | |
| Subsidies & transfers | 563.6 | 257.6 | | | | | 32.1 | 2.6 | 2.1 | 83.3 | 61.0 | | | | | 9.9 | | 81.4 | 13.5 | 20.0 |
| Loans outstanding ⁶ | 66.2 | | | 45.2 | | | 16.0 | | | | | | | | | | | | | 5.0 |
| PE-Government (mSCR) | | | | | | | | | | | | | | | | | | | | |
| Tax | 496.1 | | 1.6 | | | 0.9 | 19.6 | 0.1 | (4.9) | | | 8.5 | (15.2) | 418.4 | 51.3 | | 13.5 | | | 2.4 |
| Dividends | 385.3 | | | | 85.3 | | 20.0 | | | | | | 20.0 | 260.0 | | | | | | |

⁵ Only PEs having flows with the Government have been included in Table 3

⁶ Includes only loans outstanding from the Government as at December 31, 2020 and excludes on-lending by the Government from other institutions.

1.3.9 Quasi-Fiscal Activities (QFAs)

A QFA is defined as an activity conducted by a PE on behalf of the Government for which it is not compensated. QFAs may be imposed on PEs through pricing or other types of regulations. QFAs can negatively impact the financial performance of PEs and reduce income that the Government would receive from them. They can lead to recurring losses and underinvestment by PEs, which may impact economic growth. PEs that are in a weak financial position may require government support to continue the service provision for the QFA, for example, through capital injection, subsidies or debt restructuring. Lack of transparency surrounding QFAs may also be an incentive for PE management to justify underperformance, notably in regulated sectors with no private sector peer for benchmarking.

Table 3. QFAs identified and quantified by PEs for 2020

| Public Enterprise | Description QFA | Annual effect for PE (mSCR) | Budget compensation (mSCR) |
|-------------------|--|-----------------------------|----------------------------|
| AS | Charging prices below market level for the resident fares on the domestic operation | 20.1 | 0.0 |
| L'Union Estate | Excavating red soil for sale to the La Digue community at SCR200 per truck | 0.4 | 0.0 |
| | Low-priced sewage pumping services to the La Digue community due to a lack of sewage pumping services on the island. | 0.2 | 0.0 |
| PUC | Charging prices below market level | 235.8 | 0.0 |
| | Revenue loss (gain) to PE due to Photovoltaic (PV) energy penetration | 12.2 | 0.0 |
| SCAA | Maintenance XRAY Machine located at Cargo-Customs | 0.1 | 0.0 |
| | Maintenance XRAY Machine located at Customs Immigration | 0.1 | 0.0 |
| | SRC Customs Building | 0.4 | 0.0 |
| | MET Land Lease | 1.2 | 0.0 |
| | SEYPEC Land Lease | 0.3 | 0.0 |
| | Inadmissible passenger (INAD) facility at new domestic terminal | 0.1 | 0.0 |
| | Electricity at Met office | 1.0 | 0.0 |
| | Electricity as Customs | 0.4 | 0.0 |
| SEYPEC | Selling petroleum products on other islands at the same price as on Mahe | 65.9 | 0.0 |
| SPA | Derogation for the usage of Ramp on Praslin | 0.5 | 0.0 |
| | Rental Relief | 0.03 | 0.0 |
| SPTC | Charging prices below market level | 99.6 | 79.8 |
| STC | Charging prices below market level including Transportation Cost absorbed by STC on delivery of Category I products to Inner Islands | 41.1 | 20.0 |
| Total | | 479.3 | 99.8 |

2 Ownership

2.1 General objectives for state ownership of PEs

The Cabinet of Ministers approved the Ownership Policy for Public Enterprises in December 2020 mandating PEs to report to oversight bodies and Ministries on their governance, financial and sectoral performance. The policy sets out mandates and objectives, as well as applicable frameworks, and the Government's expectation of the PEs in the fulfilment of their mandates. The objectives of the policy are as follows:

- i. To be clearer to PE boards about the "Statement of Expectations" of the Responsible Minister and the Minister responsible for Finance;
- ii. To provide the Responsible Ministers and the Minister responsible for Finance with a greater understanding of, and therefore confidence in, the performance of PEs through enhanced performance indicators;
- iii. To establish suitable capital framework which imposes financial disciplines on PEs while ensuring they have enough capital to pursue their business and investment decisions without the assistance of the national budget; and
- iv. Ensure that requests for government financial assistance are exceptional cases and are considered in line with the PE business needs.

2.2 General financial targets and public policy targets for PEs

Policy formulation for PEs is important as it drives the direction and strategies by which PEs can achieve their objectives. In line with the PEMC Act, the PE's Responsible Ministry is charged with the responsibility of policy formulation, including public policy objectives. The setting of financial targets falls within the mandate of the Board of Directors of each PE. Whilst the Commission's responsibility is to assess the overall performance of the PEs against their respective targets defined in section 4 of the PEMC Act:

"The Principal Objective of a Public Enterprise is to be a successful business organisation and to achieve this objective – (a) A commercially oriented Public Enterprise must strive to be as profitable and efficient as comparable businesses that are not owned by the public; and (b) A non-commercially oriented Public Enterprise must strive to exhibit a sense of social responsibility and awareness of the interests of the community in which it operates, while ensuring the long term financial sustainability of the Public Enterprise."

During 2020 no formal Public Policy Objective had been formulated by the PEs' Responsible Ministries. The absence of formal targets impacts the overall performance and effectiveness of PEs and increase the probability of fiscal risks.

2.3 Dividend policy

The National Dividend Distribution Policy for Public Enterprises was adopted in December 2020. The purpose of the policy is to establish a transparent framework by which PEs make dividend payments to the Responsible Ministries, in return for equity investment by the Government. In addition to achieving a balance between the PEs' strategic direction and annual payments of dividends, the policy seeks to balance the PEs' cash flow requirements and the retention of excess cash or investments when determining dividend payments.

Investments by PEs that are not in line with sector policy expose public finances to risk, and they may not be subject to the same scrutiny as investments by Ministries, Departments and Agencies if they are not part of the budgetary process.

The dividend policy also limits the risk of excessive dividend payments being made to meet short-term budgetary objectives at the expense of a PE's investment in essential infrastructure, which may have long-term consequences on economic growth.

It is worth noting that in April 2020 the Central Bank of Seychelles, in light of the COVID-19 pandemic, made a key policy intervention to prohibit the declaration of dividends by all banks⁷. The aim was to safeguard the financial system soundness and stability, emphasizing the need for financial institutions to save and set aside funds to be able to absorb potential losses in view of the challenges.

2.4 Organisational and governance arrangements

2.4.1 Overview of key legislation

PEs are governed by the respective legislation under which they were established, that is, the applicable Act or Decree. In addition, they are subject to other legislative requirements, such as the Public Enterprise Monitoring Act 2013 (PEMC Act), Public Officer's Ethics Act 2008 (POE Act), and Public Finance Management Act 2012 (PFM Act) (ref. Appendix 2). Schedule 1⁸ of the PEMC Act, which lists the PEs, was amended in November 2019 to include the Seychelles National Parks Authority and the Seychelles Fishing Authority and the Commission was given the oversight role for these two entities.

In 2020, amendments were made to certain acts and statutory instruments regulating some of the PEs; all the banks, SPF and FSA.

To permit the suspension of certain prudential requirements during force majeure events, revision was made to the Financial Institution Act (FIA). Modifications and exemptions made to FIA and its subsidiary statutory instruments were⁹:

- i. The Financial Institutions (Credit Classification and Provisioning) Regulations, 2010 was modified to inter-alia, recognise the government guarantee provided to participants under the relief schemes as eligible collateral;
- ii. The Financial Institutions (Capital Adequacy) Regulations, 2010 (CAR) was modified to attribute a risk weight of zero per cent for the portion of claims granted under the relief schemes that is guaranteed by the Government; and
- iii. The FIA was modified to include in the exemption from credit concentration requirements, transactions under the relief schemes whereby a guarantee was granted by the Government.

Revisions were made to Seychelles (Benefits) Regulation, 2005 to implement the following legal provisions¹⁰:

- Introducing SCR1,000 minimum pension as of January 1, 2020
- Increasing the minimum pension of SCR3,000 as of June 30, 2020
- Back paying of pension for beneficiaries who apply within one year from becoming eligible to receive their pension
- Defining 'retirement from work' to provide further clarity on the circumstance which a qualifying member can apply for pension upon retirement.

Section 23 of the FSA Act was amended to ensure all licensees under the FSA Act establish and maintain acceptable systems and control mechanisms in line with the laws of Seychelles,

⁷ 2020.04.07 Circular to all banks-Measures on declaration and payment of dividends in light of the COVID-19 pandemic

⁸ S.I 73 of 2019 made on November 27, 2019; published in Official Gazette on December 23, 2019

⁹ Central Bank of Seychelles Annual Report 2020

¹⁰ S.I 70 of 2020 Seychelles Pension Fund (Benefits) (Amendment) Regulations, 2020; published in Official Gazette June 1, 2020

including financial laws. In addition, the amendments clarified the powers of the FSA as a competent authority under the Anti-Money Laundering, the Anti-Terrorist Financing and the Beneficial Ownership Acts.^{11 12}

2.4.2 Nomination policy to PE boards

Section 25 of the PEMC Act provides that the President appoints the Board of Directors following the criteria for appointment in Schedule 2 of the PEMC Act. The President also appoints the CEO, who is an ex-officio member of the Board. PEs may be exempted from Part III & IV of the PEMC Act¹³ when there is a management contract between the Government and a third party. During 2020, Air Seychelles was the only PE to which this exemption applied.

The Commission is reviewing the PEMC Act 2013, and it has proposed as one of its functions to carry out due diligence of nominated directors and CEOs. Furthermore, the Ownership Policy, adopted in December 2020, provides that the Commission would conduct due diligence at board nomination process to recommend directors who do not present conflict of interest to the President.

2.4.3 Code of Corporate Governance for Public Enterprises

Corporate Governance encompasses systems and procedures by which organizations are directed, controlled and managed with the aim of achieving better informed and longer-term decision-making, strengthened accountability for the stewardship, efficient use of resources and improved overall performance of the PEs. The Code sets high standards of Corporate Governance to facilitate positive contribution to the PEs' fulfilment of their mandates and the overall economic efficiency, competitiveness, and delivery of their respective mandates. It prescribes an 'APPLY OR EXPLAIN APPROACH' to the Corporate Governance principles whereby PEs are required to 'apply' and provide a meaningful explanation for any departure from the principles.

Following the implementation of the Code of Corporate Governance in April 2019, PEs have to disclose to their shareholders, other stakeholders as well as the wider governance communities how they exhibit governance leadership in accordance with the Code. The Code requires that its implementation be disclosed in the PEs' Annual Reports. The Commission issued Circular No. 6 requesting PEs to prepare and submit a checklist, derived from the Code, to report on its application. The Commission received a total of 14 submissions. SNPA and AS were exempted from the exercise, whilst SSI had wound up as at the reporting date, with the ownership of BDRI and PDEE being transferred to other entities. The financial institutions were also exempted from this exercise.

The Code does not override the legislative provisions that govern the PEs on matters that are also the subject of this Code. Nevertheless, it should be read in conjunction with those legislative provisions. The legislative provisions prevail in the event of any conflict or inconsistency between the legislations and the Code.

2.4.4 Remuneration policy

Board fees are determined by the second edition 'Remuneration Policy and Framework on Fees for Boards and Government committees' 2019. The policy was applicable until April 2020 whereby the Ministry of Finance, Economic Planning and Trade (MoFEPT) issued Circular No. 6 of 2020 effectively reinstating the reduced rate from the earlier Board Fee Remuneration Framework and Policy of 2015. The 2015 remuneration policy remained applicable in view of the economic uncertainties.

¹¹ Financial Services Authority (Amendment) Act, 2020; published in Official Gazette on April 9, 2020

¹² Seychelles Nation <https://www.nation.sc/articles/4066/mnas-discuss-approve-changes-to-seven-pieces-of-legislation>

¹³ PEMC Act 2013 - Section 3

3 Individual PE overview

This chapter provides an overview of each PE's mandate, shareholding structure, financial indicators and the budgetary flows.

3.1 Air Seychelles Ltd

3.1.1 Mandate/principal activities

Air Seychelles is the country's national airline, established in 1978. The airline offers international flights, domestic flights and charter services. It also provides ground handling and cargo services at the Seychelles International Airport. In 2017, Air Seychelles' Board approved a restructuring plan to improve its network profitability and reduce losses. With the implementation of the plan, the airline ceased all international long-haul flights during 2018 and focused on regional routes such as Johannesburg, Mauritius, and Mumbai. The restructuring plan also entailed the replacement of the airline's two leased Airbus A320 CEO aircraft with two new Airbus A320 NEO aircraft, of which the first one was received in 2019. The second A320 Neo was received in 2020.

The airline provided provisional accounts for the years 2019 and 2020, as their accounts were yet to be certified by auditors at the time of drafting the report.

3.1.2 Financial summary

Total revenue amounted to mSCR862.4 (mUSD48.9¹⁴) for 2020, a 45% (mSCR708.5 or mUSD40.2) reduction compared to 2019. Air Seychelles' main revenue sources (net revenue) arise from passenger services, ground handling, cargo services and charter services, which represented 37%, 18%, 8% and 7 % of total revenue for 2020 respectively. **Net revenue dropped by 57% (mSCR800.3 or mUSD45.4) in 2020** mostly due to a 66% (mSCR612.8 or mUSD34.8) decline in revenue from passenger services and 56% (mSCR191.3 or mUSD10.9) from ground handling services.

| | 2020 | 2019 |
|------------------------------|---------------------|--------|
| Ownership | | |
| Enabling legislation | Companies Act, 1972 | |
| Incorporation | September 14, 1977 | |
| Responsible Minister | Transport | |
| GoS shareholding | 60% | 60% |
| Financial data (mUSD) | | |
| Cash & cash equivalents | 11.3 | 9.4 |
| Total assets | 147.6 | 149.4 |
| Total liabilities | 224.0 | 204.4 |
| Total borrowing | 79.4 | 80.0 |
| Total equity | (76.4) | (55.0) |
| Total revenue | 48.9 | 89.1 |
| Net revenue | 34.3 | 79.7 |
| Total expenditure | 70.3 | 92.8 |
| Operating profit | (13.5) | 3.6 |
| Net profit | (21.4) | (3.7) |
| Subsidy received | 14.6 | 6.0 |
| Dividend paid | - | - |
| Business tax | - | - |
| Other indicators | | |
| Net profit margin | -62% | -5% |
| ROA | -14% | -3% |
| ROE | -33% | -10% |
| Cash ratio | 0.07 | 0.08 |
| Staff costs/net revenue | 36% | 23% |
| No. of employees | 690 | 727 |
| IFRS compliant | Yes | Yes |
| Auditor | BDO | BDO |

The reduction in both services was associated with travel restrictions implemented in March and April 2020 by the Public Health Authority to restrict flight movements due to the COVID-19 pandemic.

¹⁴ The functional currency of the airline is U.S dollar. The yearly average exchange rate of 17.6242 SCR/USD was used for the conversion.

Despite the reopening of the airport in June 2020, most airlines including Air Seychelles were unable to operate their full flight schedule and observed a considerable decline in commercial passengers. **The only growth in net revenue was from charter services**, with an increment of 24% (mSCR11.8 or mUSD0.7).

Total expenditure amounted to bnSCR1.2 (mUSD70.3); a decline of 24% (mSCR397.3 or mUSD22.5) from 2019. The airline's main expenditure comprises direct operating cost followed by administrative and marketing expenses, equivalent to 79% and 30% of total revenue for 2020. Direct operating costs reduced by 48% (mSCR621.2 or mUSD35.2) due to 69% (mSCR198.4 or mUSD11.3) lower fuel and oil expenses and 66% (mSCR163 or mUSD9.2) lower aircraft and engine maintenance expenses, given that Air Seychelles was unable to resume its scheduled flights as a result of the pandemic. **Total staff costs declined by 33% (mSCR109.2 or mUSD6.2)** due to salary cuts as well as no payment of 13th month salary for 2020. This was in an effort to reduce costs given the financial burden of the pandemic. As from July 2020, salaries were capped as per level for pilots, engineers and management. The Government covered salaries up to SCR30,000 and the differences above SCR30,000 were covered by Air Seychelles.

The main increase in expenditure was a 31% (mSCR61.1 or mUSD3.5) growth in administrative and marketing expenses, due to a 329% (mSCR75.7 or mUSD4.3) rise in legal and professional fees. As indicated by Air Seychelles, this relates to the settlement of a disagreement with a supplier for which it was unwilling to make payments for invoices. Additionally, the Sabre Passenger Service System (PSS) was disposed of at a loss of mSCR157.2 (mUSD8.9) in December 2020.

The airline consequently recorded a greater net loss of mSCR376.6 (mUSD21.4) for 2020 compared to 2019 (mSCR65.4 or mUSD3.7). The net profit margin worsened from -5% (2019) to -62% (2020).

Total assets stood at bnSCR2.6 (mUSD147.6) at December 31, 2020, a slight reduction of 1% compared to 2019 (bnSCR2.6 or mUSD149.4). Despite the slight decline, the main decrease of 99% (mSCR184 or mUSD10.4) was from intangible assets due to the disposal of the Sabre software in December 2020. Moreover, trade and other receivables reduced by 37% (mSCR143.4 or mUSD8.1). Concurrently, the value of the right of use of assets rose by 57% (mSCR352.9 or mUSD20) due to the second acquired A320 Neo aircraft in March 18, 2020¹⁵.

Total liabilities stood at bnSCR3.9 (mUSD224) at December 31, 2020, an increase of 10% (mSCR344.9 or mUSD19.6) from 2019. The lease liability rose by 57% (mSCR362.8) due to the lease on the second Airbus A320 Neo while amounts due to related parties rose by 20% (mSCR182.7), principally corresponding to amounts owed to Etihad Airways. **The airline's total loans and borrowings¹⁶ stood at bnSCR1.4 (mUSD79.4) at the end of 2020**, and comprised of the following:

- i. mUSD7.8 loan from Etihad Airways¹⁷
- ii. mUSD21.5 bond from EA Partners I B.V, repayable on maturity date of September 28, 2020
- iii. mUSD50 bond from EA Partners II B.V, repayable on maturity date of June 1, 2021

The bonds are not guaranteed by the Government, and the Commission notes that Air Seychelles' Balance sheet as at December 31, 2020 did not indicate an ability to meet the repayments. **The**

¹⁵ The first Neo aircraft was acquired on July 31, 2019.

¹⁶ The bonds as per points ii and iii were used to pay-off accumulated payables, to fund working capital and for the purchase of DHC6-400 Twin Otters.

¹⁷ Commitment from Etihad Airways as part of the 2012 agreement to provide a loan to Air Seychelles to fund working capital. The initial agreement was for an amount of mUSD25 to be drawn within period of 60 months from March 15, 2012, but Air Seychelles drew down only mUSD15.

debt ratio remained high at 152% in 2020 (137%, 2019) due to great level of borrowings and arrears to related parties. The high debt ratio implies that Air Seychelles is more dependent on debt financing and has a weaker equity position. At reporting date in 2021, Air Seychelles had entered into company reorganisation with the appointment of administrators. As advised by the airline, a rescue plan has been prepared by the administrators and will be presented to the creditors in December 2021.

Total equity stood at negative bnSCR1.3 (mUSD76.4) at December 31, 2020 due to the accumulated losses.

Air Seychelles' liquidity has worsened with quick ratio declining below 1 since 2018. The quick ratio (acid-test ratio) stood at 0.2 at the end of 2020, a decrease from 0.4 in 2019. The current liabilities have grown since the mUSD21.5 bond has become due during 2020 and as at December 31, 2020, the airline's current liabilities exceeded liquid assets by bnSCR2.3. **A quick ratio of value 0.2 indicates that at December 31, 2020 Air Seychelles had USD0.2 of liquid assets to cover every U.S dollar of current liabilities. The cash ratio has remained below one over the past five years. As at December 31, 2020, the cash ratio was 0.07, similar to 2019 (0.08),** indicating insufficient cash to meet current obligations.

3.1.3 Budgetary flows

3.1.3.1 Tax

Air Seychelles is exempt from Business Tax.

3.1.3.2 Dividend

The Company did not declare dividends for 2019 and 2020.

3.1.3.3 Grants for commercial incentives

Table 4 presents the outstanding balance of deferred grants from the Government to Air Seychelles. These relate to 2014 and 2015 grant deferral agreements between the Government and Air Seychelles for long-haul commercial incentives (ref. 1.3 Financial transactions between PEs and the Government).

Table 4. Deferred payment of grants

| Commencement date | End date | Balance at year-end | |
|-------------------|------------|---------------------|------|
| | | 2019 | 2020 |
| | | mUSD | mUSD |
| 24.04.2017 | 31.12.2023 | 4.7 | 3.6 |

3.1.3.4 Budget subsidies from the Government

Air Seychelles received a total subsidy of mSCR257.6 for 2020. This includes mSCR109.1 salary support for April to December 2020. Air Seychelles received mUSD6 support for its restructuring in 2019.

3.1.3.5 Quasi-Fiscal Activities (QFAs)

Table 5. QFA

| Public Service Obligation (PSO) | Quantification | 2019 | 2020 |
|---|-------------------------------|--------|--------|
| Charging prices below market level for resident fares on the domestic operation | Revenue per pax (USD) | 51.0 | 54.1 |
| | Cost per pax (USD) | 86.0 | 85.3 |
| | No. of return residents | 51,725 | 36,650 |
| | Cost to Air Seychelles (mUSD) | 1.8 | 1.1 |

3.2 Islands Development Company Ltd (IDC)

3.2.1 Mandate/principal activities

IDC was incorporated on April 29, 1980 to create a structure to enable the economy of the outer islands to be developed. IDC is the parent company of Green Island Construction Company Ltd (GICC), which comprised two other subsidiaries, namely Green Tree Investment Company Ltd (GTIC) and Green Oak Investment Company Ltd (GOIC). In 2019, it was resolved for GOIC to be struck off the Companies Register due to inactivity.

The core activities of IDC are:

- o To carry on the business of the managers and developers of the outer islands either as owners or lessees.
- o To provide transportation to and from the outlying islands.
- o To actively engage in endorsing tourism and private investments; and
- o To engage in construction activities of resort and villas on islands managed by itself.

The financial year of IDC ends on March 31.

3.2.2 Financial summary

IDC was subjected to financial hardship with the outbreak of COVID-19 in 2020, specifically in revenue from operations, which decreased by 24% (mSCR66.2) compared to the previous year. The decline was mainly related to the 66% (mSCR61.5) drop in transportation revenue to mSCR32.2 as a result of reduced flights to Four Seasons Hotel on Desroches Island.

The main sources of revenue from operations for IDC for the year ended March 31, 2021 are construction revenue (53% of net revenue) and Utility Supply revenue (20%). Construction revenue grew by 12% (mSCR12.0) amounting to mSCR108.4 while utility supply income declined by 32% (mSCR19.9) due to closure of the hotel during the pandemic.

IDC received government assistance for payment of salary from April to December 2020 amounting to mSCR32.1.

| | 31.03.2021 | 31.03.2020 |
|------------------------------|---------------------|--------------|
| Ownership | | |
| Enabling legislation | Companies Act, 1972 | |
| Incorporation | April 29, 1980 | |
| Responsible Minister | Industry | |
| GoS shareholding | 100% | 100% |
| Financial data (mSCR) | | |
| Cash & equivalents | 56.2 | 30.9 |
| Total assets | 502.2 | 342.7 |
| Total liabilities | 280.5 | 139.8 |
| Total borrowing | 178.5 | 58.9 |
| Total equity | 221.7 | 202.9 |
| Total revenue | 247.7 | 296.1 |
| Net revenue | 206.0 | 272.1 |
| Total expenditure | 277.0 | 282.6 |
| Operating profit | 62.0 | 17.2 |
| Net profit | 41.7 | 8.6 |
| Subsidy received | - | 32.1 |
| Dividend paid | 20.0 | 5.0 |
| Business tax | (0.2) | 5.3 |
| Other indicators | | |
| Net profit margin | 20% | 3% |
| ROA | 10% | 2% |
| ROE | 20% | 4% |
| Staff cost/net revenue | 29% | 21% |
| No. of employees | 789 | 800 |
| IFRS compliant | IFRS for SMEs | |
| Auditor | Pool & Patel | Pool & Patel |

IDC also received a loan of mSCR18.0 from the Government for operating expenses mainly for supply of utilities, food and other services in order to maintain government-owned islands during the pandemic.

Total revenue grew by 7% (mSCR21.9) amounting to mSCR318.4 at the end of March 31, 2021 compared to March 31, 2020 (mSCR296.5). This was associated with a dividend income of mSCR60 received from GICC, mSCR10.2 exchange gains, mSCR32.1 salary support and mSCR4.0 from sales of produce which increased by 302%(mSCR3.0) compared to the preceding year.

Total expenditure decreased by 2% (mSCR5.7) amounting to mSCR277 at March 31, 2021 compared to the previous year as a result of a 53% (mSCR12.5) decline in fuel for electricity generation. Transportation cost reduced by 34% (mSCR26.3) due to the decline in flights to the Four Seasons hotel on Desroches.

The Company reported a profit of mSCR41.7 at the end of March 31, 2021 in spite of the COVID-19 pandemic. The profit was a result of 260% (mSCR44.7) increase in operating profit, specifically dividend income amounting to mSCR60, exchange gains and other income (includes salary support and sales of produce) increasing by 74% (mSCR17.8) to mSCR41.8.

Total assets amounted to mSCR502.2 at March 31, 2021, after an increase in Property plant and equipment due to the completion of a new warehouse at Ile du Port amounting to mSCR17.3 and the purchase of a third new Beechcraft amounting to mSCR61.4. Furthermore, the increase in total assets was associated with lending of mSCR21.0 to Green Tree Investment Company Ltd to retire a bank loan and deferred income tax asset.

Total liabilities increased by 101% (mSCR140.7) during the year ended March 31, 2021 to amount to mSCR280.5 mainly caused by an increase in borrowings. IDC obtained two loans from Al Salam Bank Seychelles Ltd amounting to mSCR60.6 for the purchase of a new aircraft and mSCR50.0 for the construction of Warehouse and Head office at Ile Du Port. In addition, IDC received the mSCR18 Government loan and a opened a mUSD1 overdraft facility with Nouvobanq to support its cashflow during the pandemic.

The Company reported mSCR49.8 cash position as at March 31, 2021, a 242% (mSCR35.2) increase compared to 2019 (mSCR14.6). A cash flow deficit of mSCR67 was observed from operating activities. Operating cash flow to revenue measures how well a company is converting its sales into cash. IDC recorded a cash outflow from investing activities of mSCR50.6 after making payments of mSCR117 to acquire tangible fixed assets, mainly for the purchase of the new Beechcraft. The Company observed an inflow of mSCR142.7 from financing activities, this was mainly from loans received amounting to mSCR107.5.

IDC had a liquidity ratio of 1.01, meaning that IDC has SCR1.01 of liquid asset to cover every 1 rupee of current liabilities.

3.2.3 Budgetary flows

3.2.3.1 Tax

Table 6. Business Tax expense

| | 31.03.2020 | 31.03.2021 |
|-------------|------------|------------|
| Tax expense | mSCR | mSCR |
| | 5.3 | (0.2) |

3.2.3.2 Dividend

Table 7. Dividend paid

| | 31.03.2020 | 31.03.2021 |
|---------------|------------|------------|
| Dividend paid | mSCR | mSCR |
| | 5 | 20 |

3.2.3.3 Subsidies

IDC received government assistance from April to December 2020 amounting to mSCR32.1 for payment of salary.

3.2.3.4 Loans from Government

Table 8. Loan from Government to PE

| | |
|---|------------|
| Legal commencement date | 28.08.2020 |
| Interest rate | 0% |
| Legal end date | 31.08.2023 |
| Loan (mSCR) | 18 |
| Amount of monthly repayment (mSCR) | 0.5 |
| Amount outstanding at 31.03.2021 (mSCR) | 14.5 |

3.2.4 Flows with PEs

3.2.4.1 Equity investment

IDC has an equity investment worth mSCR0.1 in its subsidiary, Green Island Construction Company Ltd (GICC).

3.2.4.2 Loans from PEs

Table 9. Loans from PE

| | Loan 1 | Loan 2 | Loan 3 | Loan 4 | Loan 5 |
|-------------------------------|------------------------------|------------------------|---|--------------------|---|
| Creditor PE | Nouvobanq | Nouvobanq | Nouvobanq | Nouvobanq | Nouvobanq |
| Purpose | Purchase of Dornier Aircraft | Purchase of Beechcraft | Purchase of 6 generators for Desroches Island | Overdraft Facility | Overdraft Facility (for covid cashflow) |
| Commencement date | 17.12.2015 | 02.03.2018 | 21.12.2018 | 15.04.2012 | 11.08.2020 |
| End date | 31.12.2019 | 24.03.2023 | 11.08.2023 | 31.12.2021 | 11.08.2024 |
| Interest rate | 5.88% | 6.72% | 5.42% | 8.50% | 4.27% |
| Total loan | mUSD1.4 | mUSD2.2 | mUSD2.5 | mSCR7.0 | mUSD1.0 |
| Amount outstanding 31.03.2021 | 0 | mUSD1.4 | mUSD1.5 | mSCR6.4 | mUSD1.0 |

3.3 National Information Services Agency (NISA)

3.3.1 Mandate/principal activities

NISA was established on March 30, 2010 under the National Information Services Agency Act 4 of 2010.

The core activities of NISA are:

- to compile, publish, print, produce and distribute the Seychelles Nation
- To print other products.

3.3.2 Financial summary

During the outbreak of the COVID-19 pandemic, NISA was considered an essential service to provide necessary information to the public. The COVID-19 restrictions had a direct effect on NISA's clients which led to a reduction in advertising and printing contracts. Therefore, the Agency made the decision to reduce the number of minimum pages instead of suspending publication. NISA received a total of mSCR2.1 government support for salary payment.

Total revenue declined by 16% (mSCR4.1) amounting to mSCR21.9 in 2020 compared to 2019, associated with 31% (mSCR5.4) decrease in advert sales and 7% (mSCR0.4) decrease in Nation sales which are the main revenue drivers. Advert sales was affected by restrictions in place due to the pandemic such as closures of the Seychelles border, grounded flights, closure of restaurants, hotels, bars and casinos. This led to a decrease in clients advertising. Advert sales and Nation sales represented 62% and 28% of total revenue (mSCR19.8) (excluding the government salary support) respectively as at December 31, 2020.

Total expenditure decreased by 8% (mSCR2.0) amounting to mSCR22.3 for 2020 compared to 2019, mainly associated with 10% (mSCR2.3) decrease in operating cost which is the main cost driver, accounting for 93% of total expenditure. Operating cost consists of staff cost which decreased by 10% (mSCR1.2) and other expense which declined by 21% (mSCR1.4).

| | 2020 | 2019 |
|------------------------------|----------------|------|
| Ownership | | |
| Enabling legislation | NISA Act, 2010 | |
| Establishment | March 30, 2012 | |
| Responsible Minister | Information | |
| GoS shareholding | 100% | 100% |
| Financial data (mSCR) | | |
| Cash & equivalents | 4.1 | 8.8 |
| Total assets | 39.0 | 31.9 |
| Total liabilities | 19.6 | 17.1 |
| Total borrowing | 8.9 | 11.7 |
| Total equity ¹⁸ | 19.4 | 14.9 |
| Total revenue | 21.9 | 26.0 |
| Net revenue | 19.6 | 25.7 |
| Total expenditure | 22.3 | 24.3 |
| Operating profit | 1.1 | 2.8 |
| Net profit | 4.5 | 1.1 |
| Subsidy received | 2.1 | 0 |
| Dividend paid | 0 | 0 |
| Business tax | (4.9) | 0.5 |
| Other indicators | | |
| Net profit margin | 23% | 4% |
| ROA | 13% | 3% |
| ROE | 26% | 8% |
| Staff cost/net revenue | 53% | 45% |
| No. of employees | 39 | 41 |
| IFRS compliant | IFRS for SMEs | |
| Auditor | OAG | OAG |

The lower staff cost was due to lower compensation and gratuity, and other employee costs. Also, no bonuses and 13th month salary were paid for 2020. Other expenses decreased due to an 82% drop in rent expense after the adoption of IFRS 16. NISA entered into a lease agreement of annual fee mSCR0.8 in August 2014 with Sunpress Printing Ltd for land and building at Bois De Rose Avenue for a period of 30 years. Since 2014, rent was expensed until the adoption of IFRS 16 in 2020.

¹⁸ Retained earnings

The accounting treatment for IFRS 16 refers to rent being recognized as lease liability and right of use of asset in the Statement of Financial Position.

NISA reported a profit after tax of mSCR4.5 in 2020 compared to 2019 (mSCR1.1) as a result of a lower total expenditure and deferred tax credit amounting to mSCR4.9 recorded for the year due to capital allowance benefit from the past five years.

Total assets at December 31, 2020 amounted to mSCR39.0 after 22% (mSCR7.0) decrease compared to 2019, mainly associated with deferred tax asset and right of use asset caused by the implementation of IFRS 16. At December 31, 2020 total liabilities had increased by 15% (mSCR2.5) to an amount of mSCR19.6 contributed by lease liability of mSCR7.7. Total borrowings decreased by 24% (mSCR2.8) to mSCR8.9 at the end of 2020 compared to 2019.

The cash position at December 31, 2020 amounted to mSCR4.1 after a 53% (mSCR4.6) reduction compared to 2019 (mSCR8.8). A cash flow deficit of mSCR1.4 was observed from operating activities mainly caused by 139% (mSCR3.2) increase in inventories from the purchase of palettes of paper and stock of plates for machinery for which prices increased due to the depreciation of the Seychelles Rupee.

3.3.3 Budgetary flows

3.3.3.1 Tax

Table 10. Business Tax expense

| | 2019 | 2020 |
|-------------|----------|------------|
| Tax expense | mSCR 0.5 | mSCR (4.9) |

3.3.3.2 Dividend

The Agency did not declare dividends for 2019 and 2020.

3.3.3.3 Subsidies

In June 2020 NISA received Government support for 41 employees amounting to mSCR2.1 for the payment of salary in response to the impact of COVID-19 on the Agency.

3.3.3.4 Government guarantees

The Government guaranteed mSCR20 on a loan from Nouvobanq, with a legal end date of December 2022. The loan was for the procurement of printing machines and refurbishment of the property at Bois de Rose to be used for printing of the Seychelles Nation newspaper which was previously outsourced.

3.3.4 Flows with PEs

3.3.4.1 Loans from PE

Table 11. Loan from Nouvobanq
Loan

| Creditor PE | Nouvobanq |
|-------------------------------|---|
| Purpose of loan | Procurement of printing machine and refurbishment of the property at Bois de Rose |
| Commencement date | December 2014 |
| End date | December 2022 |
| Total loan | mSCR20 |
| Amount outstanding 31.12.2020 | mSCR8.9 |

3.4 Petro Seychelles Ltd

3.4.1 Mandate/principal activities

Petro Seychelles was incorporated on July 12 2012. The Seychelles National Oil Company (SNOC), incorporated in 1984, was the entity initially responsible for hydrocarbon exploration in Seychelles. On June 11 2004, the Government decided to merge SNOC with SEYPEC to cut costs. In 2011, SEYPEC purchased shares in two companies for oil exploration in Seychelles (AFREN & WHL); this compromised its role as regulator. In March 2012, Government decided to split SEYPEC and create Petro Seychelles to oversee the upstream sector of the oil industry, including the supervision, monitoring, and investment in upstream activities. SEYPEC retained its mandate for the downstream sector.

The core activities of Petro Seychelles are:

- o To promote, conduct, and supervise activities relating to the exploration of hydrocarbons in Seychelles' Exclusive Economic Zone (EEZ).
- o To acquire, interpret and classify data and any information necessary to sustain or further commercial interest in the exploration of hydrocarbons in Seychelles' EEZ.

3.4.2 Financial summary

During 2020, Petro Seychelles' revenue comprised deferred income from petroleum agreements, namely concessionary fees of sea acreage and training fees. The Company also reported revenue from license application fees. Training income is paid yearly at the beginning of each contract year with the settlement of sea acreage fees. Training income is used to send Seychelles' nationals on petroleum and energy-related courses. Petro Seychelles recognises training income when it incurs training costs, regardless of when the payment is made. Revenue in respect of a financial year is recognised as deferred income and released to the Statement of Comprehensive Income to the extent that the Company has incurred training expenses during the same financial year.

| | 2020 | 2019 |
|------------------------------|---------------------|--------|
| Ownership | | |
| Enabling legislation | Companies Act, 1972 | |
| Incorporation | July 12, 2012 | |
| Responsible Minister | Industry | |
| GoS shareholding | 100% | 100% |
| Financial data (mSCR) | | |
| Cash & equivalents | 7.6 | 1.1 |
| Total assets | 8 | 6.6 |
| Total liabilities | 29.7 | 21.2 |
| Total borrowing | 15.0 | 10.0 |
| Total equity | (21.7) | (14.6) |
| Total revenue | 10.6 | 2.3 |
| Net revenue | 2.9 | 2.3 |
| Total expenditure | 17.7 | 9.3 |
| Operating profit | (7.1) | (7.1) |
| Net profit | (7.1) | (7.1) |
| Subsidy received | - | - |
| Dividend paid | - | - |
| Business tax | - | - |
| Other indicators | | |
| Net profit margin | -248% | -312% |
| ROA | -98% | -111% |
| ROE | -39% | -64% |
| Staff cost/net revenue | 123% | 154% |
| No. of employees | 9 | 9 |
| IFRS compliant | Yes | Yes |
| Auditor | ACM | ACM |

Total revenue grew by 368% (mSCR8.3) mainly associated to a foreign exchange gain of mSCR7.7 reported during 2020. The foreign exchange gain arises from invoices of concessionary fee of sea acreage and training fee raised, which clients have not paid. **Total expenditure rose by 90% (mSCR8.4) due to allowance of credit impairment increasing by 185% (mSCR8.6).** This is due to non-payment of invoices, which management has decided on full impairment as at year-end of 2020.

The Company has been loss-making since 2014, and its loss has increased gradually throughout the years. The greatest loss incurred was in 2020, which stood at mSCR7.1, 1% (mSCR0.081) higher than the preceding year.

At the end of 2020, current assets grew by 23% (mSCR1.4) as a result of a substantial rise of mSCR6.4 (562%) in cash and cash equivalent. This was due to the mSCR5 loan received from its parent company, SSI. The Company recorded a cash ratio of 0.32 for the year ended 2019 and observed an increase to 1.64 for the year ended 2020. A cash ratio above one indicates that the Company has sufficient cash to cover its current debt.

As at December 31, 2020, there was a rise of 43% (mSCR7.5) in non-current liabilities due to mSCR5 shareholder loan. The Company has been receiving mSCR5 loan from SSI each year since 2018, to finance its operations (ref. Table 12). Overall, Petro Seychelles will be receiving a total amount of mSCR20 from SSI.

3.4.3 Budgetary flows

3.4.3.1 Tax

Petro Seychelles is exempt from the provisions of the Business Tax Act, 2009 (Schedule II [20]).

3.4.3.2 Dividend

The Company did not declare dividends for 2019 and 2020.

3.4.4 Flows with PEs

3.4.4.1 Loan from PE

Table 12. Loan from PE

| Creditor PE | SSI |
|-------------------------------|--------------------------------|
| Purpose of loan | Ordinary business |
| Legal commencement date | 2018 |
| Legal end date | To be determined by the lender |
| Interest rate | - |
| Amount outstanding 31.12.2020 | mSCR15 |

3.5 Public Utilities Corporation (PUC)

3.5.1 Mandate/principal activities

PUC was formed after the merger of the Seychelles Water Authority and Seychelles Electricity Corporation Ltd. The Corporation is organised into three reportable segments: the water segment, electricity segment, and sewerage segment.

The core activities of PUC are:

- o the generation, transmission, distribution and sale of electrical energy
- o the treatment of raw water and supply of potable water; and
- o the treatment and safe disposal of wastewater to the environment

3.5.2 Financial summary

The Corporation was subjected to financial hardship during 2020 due to the COVID-19 pandemic, specifically in revenue, as a result of reduced level of tourism and related industries, and increase in costs due to escalation of exchange rates. As the long-term loans of the Corporation are denominated in foreign currency, total liability increased drastically and this had a severe impact on the Corporation's gearing ratio. In anticipation of further financial impact, several projects were postponed until the situation normalises.

The main revenue generated by the Corporation is from the supply of water and electricity, which represented 15% and 82%, respectively, of total revenue from operation for the year 2020. **Total revenue showed a decline of 9% (mSCR166) to reach bnSCR1.6 in 2020** mainly associated to revenue from supply of electricity falling by 10% due to a reduction in revenue from the tourism sector as a result of COVID-19 pandemic. It is to note that PUC generates most of its revenue from commercial clients rather than domestic clients.

| | 2020 | 2019 |
|------------------------------|--|-----------|
| Ownership | | |
| Enabling legislation | PUC Act, 1986 | |
| Establishment | January 01, 1986 | |
| Responsible Minister | Environment, Energy and Climate Change | |
| GoS shareholding | 100% | 100% |
| Financial data (mSCR) | | |
| Cash & equivalents | 887.9 | 542.1 |
| Total assets | 5,547.3 | 5,033.3 |
| Total liabilities | 2,299.3 | 1,515.3 |
| Total borrowing | 1,873.2 | 1,157.8 |
| Total equity | 2,168.9 | 2,422.8 |
| Total revenue | 1,637.1 | 1,803.0 |
| Net revenue | 1,523.0 | 1,684.9 |
| Total expenditure | 1,890.9 | 1,691.2 |
| Operating profit | (247.3) | 108.2 |
| Net profit | (253.9) | 111.1 |
| Subsidy received | - | - |
| Dividend paid | - | - |
| Business tax | - | - |
| Other indicators | | |
| Net profit margin | -17% | 7% |
| ROA | -5% | 2% |
| ROE | -11% | 5% |
| Staff cost/net revenue | 19% | 17% |
| No. of employees | 1,229 | 1,182 |
| IFRS compliant | Yes | Yes |
| Auditor | OAG | OAG & BDO |

Total expenditure grew by 12% (mSCR199) to bnSCR1.9 in 2020 associated with exchange difference rising from mSCR23.1 in 2019 to mSCR429.6 in 2020. **PUC incurred a net loss of mSCR253.9, a fall of 329% from 2019** making it the only year that the Corporation incurred a loss throughout the five-year period.

At the year ended 2020, total assets grew by 10% (mSCR514) which resulted in the highest total assets reported by PUC over the period amounting to bnSCR5.5. The increase was mainly associated to a rise in capital work in progress by 20% (mSCR292.3) and cash and cash equivalent increasing by 64% (mSCR345.8). The increase in capital work in progress was a result of several projects being put on hold and even postponed to minimize further financial impact due to the pandemic with the La Gogue Dam being the main project. In addition, the rise in cash and cash equivalent was mainly due to foreign currency differences.

Total liabilities rose by 52% to bnSCR2.3 at the end of 2020 as a result of non-current borrowings rising by 58% (mSCR641.4), current borrowings by 146% (SCR73.9) and trade payable by 27% (mSCR54.9). This was mainly due to a depreciation of the Seychelles rupee since 96% of PUC's debt is denominated in foreign currency. The drastic increase in borrowings resulted in the highest net debt-to-equity ratio reported by the Corporation over a five-year period. From 2018 onwards, there have been increases in the ratio from 4% in 2017 to 65% in 2020. The higher ratio indicates that the Corporation is mostly financed by debt rather than equity.

3.5.3 Budgetary flows

3.5.3.1 Tax

As per the tax regime, PUC is not liable to Business Tax.

3.5.3.2 Dividend

The Corporation did not pay surplus fund to the Government for 2019 and 2020.

3.5.3.3 Subsidies

The subsidy received by PUC from the Government is for infrastructure development and utility service provision.

Table 13. Subsidy received from GoS

| Particulars | 2019 | 2020 |
|-------------------------|---------|---------|
| | mSCR | mSCR |
| Amount of subsidy | 60.0 | 61.0 |
| Total revenue | 1,803.0 | 1,637.1 |
| Subsidy as % of revenue | 3% | 4% |

3.5.3.4 Quasi-Fiscal Activities (QFA)

Table 14. QFA

| Public Service Obligation (PSO) | Calculation method | Cost | 2019 | 2020 |
|--|---|-------------------|-------|-------|
| | | | mSCR | mSCR |
| Charging prices below market level | (Average tariff - Average Tariff by Domestic Clients) X Domestic consumption | Total | 235.0 | 235.8 |
| | | Electricity | 195.6 | 198.3 |
| | | Water | 34.8 | 33.2 |
| | | Sewage | 4.6 | 4.3 |
| Revenue loss (gain) to PUC due to Photovoltaic (PV) energy penetration | (Average Tariff - Marginal Fuel cost) X PV energy produced in kWh by Commercial sector or Domestic sector | Total | 8.5 | 12.2 |
| | | Commercial sector | 8.6 | 12.0 |
| | | Domestic sector | (0.1) | 0.3 |

3.5.3.5 Guarantees and indemnity agreements

PUC entered into indemnity agreements with the Government relating to payment obligations from the following institutions:

Table 15. Indemnity agreements with the Government

| Type of agreement | Purpose | 2019 | 2020 |
|--------------------|--|-------|-------|
| | | mSCR | mSCR |
| International Loan | Guarantee against the loan from European Investment Bank (EIB) for project Neptune - water and sanitation projects | 405.3 | 676.7 |
| International Loan | Guarantee against the loan from Agence De Française de Développement (AFD) for the project Neptune - water and sanitation projects | 156.8 | 246.7 |
| International Loan | Guarantee against the loan from African Development Bank (AfDB) for raising La Gogue Dam | 125.8 | 253.9 |
| International Loan | Guarantee against the loan from Saudi Fund for the 33 kV network development | 195.2 | 300.1 |
| International Loan | Guarantee against the loan from BADEA for the 33 kV network development | 103.4 | 163.2 |

PUC had one loan that was guaranteed by the Government at December 31, 2020:

Table 16. Guarantee from the Government

| Type of guarantee | Currency | Purpose | Legal end date | Maximum exposure 2020 mSCR |
|--------------------|----------|--|----------------|----------------------------|
| International Loan | USD | Guarantee against the loan from Abu Dhabi fund for development for the solar farm project at Romainville | 2037 | 163.8 |

3.5.4 Flows with PEs

3.5.4.1 Loan from PE

Table 17. Loan from PE

| Loan | |
|-------------------------------|---|
| Creditor PE | Nouvobanq |
| Purpose of loan | Engineering procurement and installation of Desalination plants |
| Legal commencement date | 16.08.2019 |
| Legal end date | 15.08.2027 |
| Interest rate | 8.00% |
| Total loan | mSCR159.4 |
| Amount outstanding 31.12.2020 | mSCR68.8 |

This loan is the only borrowing of PUC that is not guaranteed by the Government, it is fully pledged against two generator sets.

3.6 Seychelles Civil Aviation Authority (SCAA)

3.6.1 Mandate/principal activities

SCAA was established as an administrative and financial body corporate to provide for the services, facilities and regulation of civil aviation activities in Seychelles. SCAA was vested with the assets and liabilities of the former Directorate of Civil Aviation.

Main areas of business:

- the provision of Aviation Regulatory and Safety Oversight
- the provision of Air Navigation Services
- the provision of Aviation Security Services and Management
- the provision of Operational Services at Seychelles International and Praslin Airports
- facilitate business development opportunities.

3.6.2 Financial summary

During 2020, COVID-19 led to travel and border restrictions hence affecting SCAAs' main sources of revenue. Despite the reopening of the country's border in August 2020 for selective commercial flights, the total passenger throughput remained low with 401,663 passengers compared to 1.2m for 2019. There was also lower traffic movement in the Seychelles Flight Information Region (FIR). SCAA also provided financial relief measures to airport operators, tenants and concessionaires. **Total revenue decreased by 46% (mSCR232.1) from 2019. Main revenue drivers were profit on disposal, aeronautical revenue and non-aeronautical revenue.**

Total expenditure also dropped by 9% (mSCR33.4) amounting to mSCR323 in 2020 compared to mSCR356 in 2019. The drop is associated with decreases in transportation cost (90%), other general expenses (54%), administration cost (24%), and staff training (80%). After the outbreak of COVID-19 in March 2020, steps were taken to reduce costs.

| | 2020 | 2019 |
|------------------------------|----------------|-------|
| Ownership | | |
| Enabling legislation | SCAA Act, 2005 | |
| Establishment | April 4, 2005 | |
| Responsible Minister | Transport | |
| GoS shareholding | 100% | 100% |
| Financial data (mSCR) | | |
| Cash & equivalents | 167.4 | 174.2 |
| Total assets | 685.2 | 765.8 |
| Total liabilities | 54.3 | 79.6 |
| Total borrowing | - | - |
| Total equity ¹⁹ | 630.9 | 686.2 |
| Total revenue | 272.8 | 504.8 |
| Net revenue | 206.9 | 495.3 |
| Total expenditure | 323.3 | 356.6 |
| Operating profit | (50.5) | 148.4 |
| Net profit | (35.3) | 103.8 |
| Subsidy received | - | - |
| Dividend paid | 20 | 115 |
| Business tax | (15.2) | 44.4 |
| Other indicators | | |
| Net profit margin | -17% | 21% |
| ROA | -5% | 14% |
| ROE | -5% | 15% |
| Staff costs/net revenue | 100% | 40% |
| No. of employees | 727 | 746 |
| IFRS compliant | No | No |
| Auditor | OAG | OAG |

SCAA reported a loss of mSCR35.3 in 2020 compared to 2019 which reported a net profit mSCR103.7. Although expenditure had an overall decrease, the revenue decrease was at a much higher rate thus resulting in a loss for the year.

Total assets at year-end 2020 amounted to mSCR685.2, an 11% (mSCR80.6) decrease from 2019, mainly associated with trade debtors reducing by 49% (mSCR55.5) due to the decrease in revenue.

¹⁹ Government capital reserves+retained earnings

In line with SCAA's Financial plan pertaining to COVID-19 impact on the investment funding and liquidity position, Management took a position to differ the implementation of two projects namely, South East Island reclamation and New SCAA Head Quarters at an estimated cost of mSCR148.²⁰

In 2020, total liabilities amounted to mSCR54.3 representing a 32% (mSCR25.3) decline when compared with 2019. The decrease was a result of a 51% (mSCR25.1) fall in other creditors & accruals, specifically dividend payable to the Government. A provision of mSCR40 was recorded in 2019 for payments to be made during the year 2020, however, due to the impact of COVID-19, only mSCR20 was paid.

The total equity for 2020 amounted to mSCR630.9 representing an 8% (mSCR55.3) decrease from 2019. This is mainly associated with an 11% decline in retained earnings, which is explanatory to the net loss that the enterprise underwent during the year. Consequently, the net debt to equity ratio recorded a decrease of 18% compared to 2019 (-14%) mainly due to the 32% decrease in total liabilities. Nonetheless, SCAA had a cash ratio of 3.08 as at December 31, 2020 indicating that SCAA had sufficient cash to meet short-term obligations at December 31, 2020.

3.6.3 Budgetary flows

3.6.3.1 Tax

Table 18. Business Tax expense

| | 2019 | 2020 |
|-------------|------|--------|
| Tax expense | mSCR | mSCR |
| | 44.4 | (15.2) |

3.6.3.2 Dividend

Table 19. Dividend paid

| | 2019 | 2020 |
|---------------|-------|------|
| Dividend paid | mSCR | mSCR |
| | 115.0 | 20.0 |

3.6.3.3 Quasi-Fiscal Activities (QFAs)

Table 20. QFAs

| Public Service Obligation (PSO) | Calculation method | Quantification | |
|---|---|----------------|--------------|
| | | 2019 mSCR | 2020 mSCR |
| SCAA- XRAY Machine located at Cargo-Customs | Maintenance Fees by SCAA XRAY 180180 | 0.1 | 0.1 |
| XRAY Machine-Customs Immigration | Maintenance Fees approximation | 0.1 | 0.1 |
| SRC Customs Building | SRC Customs Building | 0.4 | 0.4 |
| MET Land Lease | MET Land Lease (Area: 295sqm @ SCR350/sqm SCR103,250 per month) | 1.2 | 1.2 |
| SEYPEC Land Lease | SEYPEC Land Lease (SCR320,000 Payable Half Yearly) | 0.3 | 0.3 |
| New Domestic Terminal, | INAD Facility | 0.1 | 0.1 |
| Electricity at the Met office | Met Office | 1.1 | 1.0 |
| Electricity as Customs | Customs-Cargo | 0.4 | 0.4 |
| Total | | 3.6 | 3.5 |

²⁰ SCAA 2020 AFS note 9, pg. 29

3.7 Seychelles Pension Fund (SPF)

3.7.1 Mandate/principal activities

SPF has the mandate to collect mandatory and voluntary contributions from members and pay benefits to qualified members mostly when they reach retirement. SPF operates a defined benefit pension system where members receive a prescribed pension amount as per a formula.

As at December 31, 2020, SPF owned 100% of its subsidiary Opportunity Investment Company Ltd (OICL), comprising of a hundred shares at SCR100 per share. The fair value of investments in OICL stood at mSCR40.6 at December 31, 2020.

3.7.2 Financial summary

SPF's total revenue from investment amounted to mSCR200.7 for the year 2020 and was composed as follows:

- 57% (mSCR114.2) rental income,
- 23% (mSCR45.4) interest income,
- 11% (mSCR22.3) dividend income
- 9% (mSCR17.6) profit on sale of investments properties/financial assets.

The 6% (mSCR10.5) growth in total revenue compared to 2019 was associated with the profit of mSCR11.8 generated from the sale of the Ile Perseverance Apartments to PMC in May 2020. Moreover, SPF reported 1514% (mSCR13.7) greater foreign exchange gains compared to 2019 (mSCR0.9). Rental income, which is SPF's core revenue, declined slightly by 3% (mSCR3.8) due to rental concessions provided to private clients from April to December 2020 given the temporary shutdown of businesses due to the prohibition of movement brought about by the COVID-19 pandemic.

| | 2020 | 2019 |
|--------------------------------|----------------------|--------------------|
| Ownership | | |
| Enabling legislation | SPF Act, 2005 | |
| Establishment | January 2006 | |
| Responsible Minister | Finance | |
| GoS shareholding | Owned by the members | |
| Financial data (mSCR) | | |
| Cash & equivalents | 159.0 | 106.4 |
| Total assets | 3,532.5 | 3,537.0 |
| Total liabilities | 96.5 | 246.3 |
| Total borrowing | - | - |
| Total equity ²¹ | 3,436.0 | 3,290.6 |
| Total revenue | 200.8 | 190.2 |
| Total expenditure | 134.4 | 141.6 |
| Fair value changes | (158.4) | 26.8 |
| Surplus ²² | (77.5) | 76.2 |
| Subsidy received | - | - |
| Dividend paid | - | - |
| Business tax | - | - |
| Members' account (mSCR) | | |
| Members' fund | 1,721.6 | 1,645.4 |
| Mandatory contribution | 425.1 | 395.3 |
| Voluntary contribution | 35.1 | 28.1 |
| Benefits paid | 419.7 | 347.4 |
| Other indicators | | |
| Net margin | -43% | 40% |
| ROA | -2% | 2% |
| Active members | 42,901 | 43,715 |
| Active employers | 3,496 | 3,328 |
| Beneficiaries | 6,501 | 5,918 |
| No. of employees | 127 | 128 |
| IFRS compliant | Yes | Yes |
| Auditor | OAG | OAG & Pool & Patel |

²¹ Members' fund+other fund+reserves+retained surplus

²² Surplus after fair value changes (excluding other comprehensive income)

SPF's total pension contributions from members was mSCR460.2 for 2020, a growth of 8.7% (mSCR36.8) from 2019 (mSCR423.5). Mandatory contributions rose by 7.5% (mSCR29.8) and voluntary contributions by 24.9% (mSCR7.0). **SPF paid a total benefit of mSCR419.7 in 2020**, an increase of 20.8% (mSCR72.3) from 2019 (mSCR347.4). The majority of the pay-out was for normal retirement pension amounting to mSCR323.3 and represents an increase of 25.4% (mSCR65.4) compared to 2019 (mSCR257.9). **As a result, total surplus over benefits paid stood at mSCR40.5 for 2020**, a decrease of 47% (mSCR35.6) from 2019 (mSCR76.1).

Total expenditure stood at mSCR134.4 for 2020, a 5% (mSCR7.2) reduction compared to 2019 (mSCR141.6), due to 25% (mSCR11.8) less interest credited to members. This was due to a revision made to SPF's Interest Policy in which interest credited on voluntary contribution was revised from 5.99% to 5.0% as from April 1, 2020²³. Nevertheless, administrative expenses and property management expenses rose by 2% (mSCR0.9) and 5% (mSCR1.4) respectively. SPF's main operating expenses as a percentage of total revenue for 2020 include; 24% (mSCR48.6) administrative expenses, 18% (mSCR35.6) interest credited to members and 16% (mSCR32.1) property management expenses.

SPF reported a net deficit after fair value changes of mSCR77.5 for 2020, a decline of 202% (mSCR153.7) when compared to net surplus after fair value changes of mSCR76.2 in 2019. The decline in net results was brought about by the decrease in fair value of the investment in Cable and Wireless Seychelles Ltd. As a result, the Fund's net margin fell from 40% in 2019 to -43% in 2020. **Without fair value changes, SPF would have reported a net surplus before fair value changes of mSCR80.9 for 2020**, an increment of 64% (mSCR31.5) when compared to net surplus before fair value change of mSCR49.5 in 2019. The greater net surplus would have been contributed mainly by the profit made from the sales of Ile Perseverance apartments, the decline in interest credited to members and the greater foreign exchange gains.

SPF's total asset value stood at bnSCR3.5 at the end of 2020 comprising 40% investment properties, 29% investments in financial assets and 13% in associates. Despite the slight decline of 0.1% (mSCR4.5) compared to 2019, investment in associates fell by 24% (mSCR145.2) due principally to the decline of 53.1% (mSCR175.5) in Cable and Wireless due to decrease in fair value.

During 2020, a total transfer of mSCR203.9 was made from investment properties to asset held for sale. **The transfer arose following the final approval from the Ministry for Finance as per Section 50 (3) of the SPF Act to dispose of seven properties.** Four of these properties are for public tender namely; **Corail d'Or apartments, La Clementine Building, La Passe Pension House and Anse La Mouche land**²⁴. The other three properties as indicated by SPF includes; the leasehold for part of Orion Mall, land parcel LD1556 and Port-Glaud Micro Enterprise (Parcel J1514). Additionally, in May 2020, **SPF sold the completed Ile Perseverance apartments to PMC for a consideration of mSCR68.5.**

During 2020, in line with its Investment Policy and Strategy to invest in long-term financial assets which carries higher investment returns, **SPF reported an increase of 49% (mSCR201.2) in long-term financial assets while investments in short-term financial assets reduced by 21% (mSCR106).** This was evident from the 82.9% (mSCR170.7) greater investment in equity securities and 17.5% (mSCR30.5) in long-term Treasury Bonds while investments in Treasury Bills reduced by 76.3% (mSCR159.8). Some Treasury Bills matured in 2020 which also led to the decline in its total investment value.

²³ The new interest policy effective as from April 1, 2019 calculates interest to be credited to non-vested members who can withdraw lump sum amounts from their accounts since they do not qualify for a pension based on the 12 months average saving rate.

²⁴ <https://pensionfund.sc/disposal-of-spf-properties>.

Ongoing projects of SPF as at December 31, 2020 include:

- New offices at Le Chantier Mall²⁵
- Multi-storey commercial building on Independence Avenue Pirates Arms²⁶
- Warehouse project at Ile Du Port Micro Enterprise²⁷
- Housing project at Pointe Aux Sel²⁸

SPF's total liabilities fell by 61% (mSCR149.8) compared to 2019 (mSCR246.3) associated mostly with the reduction of 73.5% (mSCR149.8) in the account payable for Cable and Wireless. An amount of mUSD9 was outstanding on the Cable and Wireless account to be paid in 2020 following the purchase of shares in December 2019. **By May 2020, only mUSD6.5 was settled following a mutual agreement with Cable and Wireless in view of the financial constraints of the pandemic.** The remaining mUSD2.5 was settled in January 2021.

3.7.3 Budgetary flows

3.7.3.1 Tax

As per section 69 of the Seychelles Pension Fund Act 2005, SPF shall be exempted from stamp duty, business tax, trade tax, goods and services tax and all other taxes, fees and duties on its assets, documents, instruments, profits, operational and properties.

3.7.4 Flows with PEs

3.7.4.1 Loan to PEs

Table 21. Loan to PMC

| Debtor PE | PMC |
|-------------------------------|-----------------------------|
| Purpose of loan | To finance housing projects |
| Legal commencement date | 01.01.2018 |
| Legal end date | 01.01.2026 |
| Interest rate | 8.00% |
| Total loan | mSCR150 |
| Amount outstanding 31.12.2020 | mSCR108 |

²⁵ The project was firstly considered to address water leakage and to prevent rainwater from entering through cracks. Upon analysis, SPF decided to build new office spaces on the 3rd floor with all necessary facilities. This will resolve the water issues and allow SPF to earn additional rental income from office spaces

²⁶ A facility that will provide semi-basement parking for 42 vehicles, 6 shops, 3 floors of offices, 1 floor of entertainment facilities, 1 food court and 2 restaurants. The pilling work was successfully completed on December 9, 2020.

²⁷ The project was initiated to cater for high demand for warehouses and archives in local market.

²⁸ The project was conceived as part of SPF's 'Impact investment' for 2018/2019 with the intension of providing affordable housing to the local market. The houses are to be sold to first-time homebuyers.

3.8 Seychelles Petroleum Company Ltd (SEYPEC)

3.8.1 Mandate/principal activities

Following the closure of the Shell Oil Company in 1985 and after having been Seychelles' sole fuel supplier for twenty years, SEYPEC was founded with the principal mandate of fulfilling the country's energy requirement through the supply of fuel. SEYPEC has in its possession a fleet of six double-hull tankers, four of which are the Company's subsidiaries, namely Seychelles Pioneer, Seychelles Progress, Seychelles Prelude and Seychelles Patriot.

The core activities of SEYPEC are:

- o Supply of petroleum product in Seychelles
- o Marine bunkering
- o Aviation refuelling
- o Transshipment and transportation of petroleum and chemical products by tankers

3.8.2 Financial summary²⁹

Total revenue decreased by 19% (bnSCR1.3) in 2020 due to revenue from sale of product declining by 34% (bnSCR2). The main revenue from sale of product comprises Fuel oil, Motor gasoline, LPG and Jet A1. There was an 81% (bnSCR2.8) decrease in revenue from fuel oil as well as a 100% decrease in Avgas from mSCR935.3 in 2019 to mSCR2.6 in 2020. This was as a result of a reduction in crude oil prices on the market from USD56.99 in 2019 to USD39.68 in 2020 in light of the COVID-19 pandemic. Although there was a decline in revenue, the Company recorded a significant increase in Other Gains/(Losses), from a net loss on exchange loss of mSCR6.5 in 2019 to a net gain on exchange of mSCR827.4 in 2020. The gain reported in 2020 arose primarily from the conversion of Euro denominated receivables to Seychelles Rupee.

| | 2020 | 2019 |
|------------------------------|---------------------|---------|
| Ownership | | |
| Enabling legislation | Companies Act, 1972 | |
| Establishment | April 02, 1985 | |
| Responsible Minister | Industry | |
| GoS shareholding | 100% | 100% |
| Financial data (mSCR) | | |
| Cash & equivalents | 383.5 | 409.4 |
| Total assets | 7,201.1 | 7,683.6 |
| Total liabilities | 956.8 | 962.6 |
| Total borrowing | - | - |
| Total equity | 6,244.3 | 6,721.1 |
| Total revenue | 5,597.1 | 6,885.9 |
| Net revenue | 4,624.2 | 6,735.4 |
| Total expenditure | 4,554.1 | 6,540.5 |
| Operating profit | 1,043.3 | 349.5 |
| Net profit | 624.6 | 297.9 |
| Subsidy received | - | - |
| Dividend paid | 260 | 200 |
| Business tax | 418.4 | 47.5 |
| Other indicators | | |
| Net profit margin | 14% | 4% |
| ROA | 8% | 4% |
| ROE | 10% | 4% |
| Staff cost/net revenue | 2% | 1% |
| No. of employees | 225 | 223 |
| IFRS compliant | Yes | Yes |
| Auditor | BDO | BDO |

Total expenditure reduced by 30% (mSCR2.0) in 2020 mainly associated with a decline in cost of sales, which accounts for the majority of total expenditure (96%). The 31% (bnSCR1.9) fall in cost of sales is due to cost of inventories falling by 38% (bnSCR1.6) as a result in the drop in crude oil prices. Net profit amounted to mSCR624.6, an increase of 110% (mSCR326.6) from 2019.

²⁹ SEYPEC's presentation currency is the U.S. Dollar. The yearly average exchange rate 17.6242 SCR/USD was used for the conversion.

Total assets recorded a decrease of 6% (mSCR482.6) to mSCR7.2 at December 31, 2020. Trade and other receivables and inventories declined by 41% (SCR240.4) and 20% (SCR52.7) respectively. The drop in trade receivable is as a result of bad debts being written off while the decline in inventories is due to the impact of currency conversion from SCR to USD. In reality, inventories increased by 25% since the Company transferred more stock and prices of product increased.

Total liabilities decreased by 1% (mSCR5.7) from mSCR962.6 in 2019 to mSCR956.8 at the end of 2020. Notable changes included a 53% (mSCR150.1) increase in deferred tax liabilities, and a decrease of 21% (mSCR126) in trade and other payables arising from retranslation of the foreign currency payables as at year-end.

The Company's cash ratio for 2019 and 2020 were 0.7 and 0.8 respectively. A cash ratio of less than one signifies that the Company has more current liabilities than cash and cash equivalent. During 2019 and 2020, SEYPEC's quick ratio was 1.9 and 1.8 respectively. A quick ratio above one indicates that the Company has more liquid asset (current asset less inventories) compared to current liabilities. During 2020, there was a decline in the quick ratio compared to the previous year, which was mainly associated to a decline in current assets as a result of trade and other receivables falling by 41% (mSCR240.4).

3.8.3 Budgetary flows

3.8.3.1 Tax

Table 22. Business Tax expense

| | 2019 | 2020 |
|-------------|------|------|
| Tax expense | mUSD | mUSD |
| | 2.7 | 23.7 |

3.8.3.2 Dividend

Table 23. Dividend paid

| | 2019 | 2020 |
|---------------|------|------|
| Dividend paid | mSCR | mSCR |
| | 200 | 260 |

3.8.3.3 Quasi-Fiscal Activities (QFAs)

Table 24. QFA

| Public Service Obligation (PSO) | Calculation method | Quantification | 2019 | 2020 |
|--|---|----------------------------------|-------------|-------------|
| | | | mSCR | mSCR |
| Selling petroleum products on other islands at the same price as on Mahe | Transport costs, infrastructure, manpower | Praslin operations | 4.9 | 6.4 |
| | | Paradise loss - FC | 12.0 | 15.5 |
| | | Paradise loss - VC | 31.9 | 34.1 |
| | | Praslin depot | 7.6 | 7.6 |
| | | Grand Anse Praslin station depot | 0.8 | 0.7 |
| | | Baie Ste Anne station depot | 0.7 | 0.6 |
| | | La Digue depot | 0.9 | 0.9 |
| Total | | | 58.9 | 66.0 |

3.9 Seychelles Public Transport Corporation (SPTC)

3.9.1 Mandate/principal activities

The Corporation operates public transport on Mahe and Praslin. SPTC's mandate is to provide an efficient, adequate and economical system of public transport within Seychelles for the general public, consistent with a reasonable and adequate level of fares being charged.

The core activities of SPTC are to:

- Provide an efficient, safe, reliable affordable and modern transportation in Seychelles capable of meeting the current and future needs of our customers
- Achieve excellence for customers, employees, shareholders and the community, in its operations
- Be a model for transport in Seychelles and the region

3.9.2 Financial summary

Total revenue amounted to mSCR184.4 for 2020 representing a decrease of 16% (mSCR36.2) from 2019. This was associated with lower sales of bus tickets, resulting from COVID-19 restrictions. In addition, a decrease of 97% (mSCR11.84) was noted in contract revenue from 2019 to 2020.

Total expenditure amounted to mSCR187 in 2020, which represents a decrease of 3% (mSCR6) due to an 11% (mSCR3.5) decline in cost of inventories, which is in correlation with the decrease in passengers. Additionally, there was a 4% (mSCR4.4) drop in employee benefits, due to fewer staff in 2020 (523 in 2019 to 505 in 2020). SPTC's cost driver is employee benefit expenses. **The Corporation reported a net loss of mSCR2.6, inclusive of Government subvention (revenue grant) of mSCR 79.8, for 2020, compared to a net profit of mSCR27.6 for 2019.** The net profit margin also recorded the biggest decrease for the period under review from 20% in 2019 to negative 3% in 2020.

| | 2020 | 2019 |
|------------------------------|---------------|-------|
| Ownership | | |
| Enabling legislation | SPTC Decree | |
| Establishment | December 1977 | |
| Responsible Minister | Transport | |
| GoS shareholding | 100% | 100% |
| Financial data (mSCR) | | |
| Cash & equivalents | 6.0 | 8.1 |
| Total assets | 153.1 | 167.5 |
| Total liabilities | 46.9 | 43.1 |
| Total borrowing | 0.1 | 0.6 |
| Total reserves (equity) | 106.3 | 124.4 |
| Total revenue | 184.4 | 220.6 |
| Net revenue | 97.9 | 141.7 |
| Total expenditure | 187.0 | 192.9 |
| Operating profit | (3.8) | 27.6 |
| Net profit | (2.6) | 27.6 |
| Operating subsidy | 79.8 | 53.2 |
| Capital grant | 1.6 | 14.5 |
| Dividend paid | - | - |
| Other indicators | | |
| Net profit margin | -3% | 20% |
| ROA | -2% | 17% |
| ROE | -2% | 24% |
| Staff cost/net revenue | 117% | 84% |
| No. of employees | 505 | 523 |
| IFRS compliant | Yes | Yes |
| Auditor | BDO | BDO |

However, when considering the net profit without government subvention, there was a drastic decrease in the net profit in 2020 by 222% (mSCR56.8) compared with 2019. In the absence of subvention (revenue grant), SPTC would have reported a net loss of mSCR82.4 in 2020 and a net loss of mSCR25.6 in 2019.

The pandemic resulted in a prohibition of movement and consequently, a significant reduction in passenger traffic. As a result, SPTC required additional funding from the Government to maintain operations.

The operating cash flow balance of SPTC stood at negative mSCR0.7 as at December 31, 2020 representing a 102% reduction. Additionally, the end of cash position of SPTC for the year 2020 stood at mSCR6.0, which was a decrease of 23% (mSCR1.7) from 2019. It is important to note that subvention and other donations are included in the operating cash flow balance.

3.9.3 Budgetary flows

3.9.3.1 Tax

SPTC is exempt from Business Tax.

3.9.3.2 Dividend

The Corporation did not pay surplus funds to the Government for 2019 and 2020.

3.9.3.3 Subsidy received

Table 25. Subsidy received

| Purpose of subsidy | 2019 | 2020 |
|------------------------------------|-------------|-------------|
| | mSCR | mSCR |
| Subvention received for operations | 53.2 | 79.8 |
| Capital grant received | 14.5 | 1.6 |
| Total | 67.7 | 81.4 |

3.9.3.4 Quasi Fiscal Activities (QFAs)

Table 26. QFA

| Items | 2019 | 2020 |
|---|-----------------|-----------------|
| QFA: charging bus price below cost | | |
| Passengers travelled | 18,305,219 | 12,812,499 |
| Existing Bus Fare | SCR7 | SCR7 |
| Actual bus fare cost | SCR9 | SCR15 |
| Total amount of PSO | mSCR41.9 | mSCR99.6 |
| Additional cost to break even | SCR2 | SCR8 |
| Government compensation | mSCR53.2 | mSCR79.8 |

There was no QFA for 2019 since the government compensation was greater than the amount of the PSO.

3.10 Seychelles Trading Company Ltd (STC)

3.10.1 Mandate/principal activities

STC's core business is the importation, storage and distribution of Fast-Moving Consumer Goods (FMCG), principally essential commodities. It also operates in the manufacturing sector, producing bread, tea and processed paper. STC took over some of the activities and assets of Seychelles Marketing Board (SMB). The objects for which STC was established are:

- o to carry on the business as importer, wholesaler, retailer, distributor and exporter of all kinds of goods and products
- o to carry on the business as commission agent
- o to carry on the business as representative of manufacturers and distributors of goods
- o to own, buy, sell or otherwise deal in immovable property
- o to carry on any business in connection with any one or all the afore-mentioned objects

3.10.2 Financial summary

STC's primary income from operations in 2020 comprised retail revenue of mSCR607.8 (60% of net revenue) and wholesale revenue of mSCR403.0 (40% of net revenue). **Total revenue decreased by 8% (mSCR95.2) to bnSCR1.0 at the end of 2020**, due to an 18% (mSCR130.6) decrease in retail revenue. Wholesale revenue grew by 2% (mSCR8.5).

The Company's net profit also reduced to a loss of mSCR10.6, associated with mSCR19.6 exchange loss and reduced operations of duty-free shops with the travel restrictions. With the impact of the pandemic on the Company, STC received mSCR20.0 from the Government to fund the loss incurred on category 1 products. Additionally, MoFEPT wrote-off mSCR5 remaining balance on a loan for which STC had defaulted the last repayment due on April 30, 2020.

| | 2020 | 2019 |
|------------------------------|---------------------|-------------|
| Ownership | | |
| Enabling legislation | Companies Act, 1972 | |
| Incorporation | December 10, 2007 | |
| Responsible Minister | Trade | |
| GoS shareholding | 100% | 100% |
| Financial data (mSCR) | | |
| Cash & equivalents | 76.4 | 137.0 |
| Total assets | 420.6 | 547.0 |
| Total liabilities | 132.6 | 248.4 |
| Total borrowing | 5.0 | 10.5 |
| Total equity | 287.9 | 298.5 |
| Total revenue | 1,049.0 | 1,144.2 |
| Net revenue | 1,011.8 | 1,137.6 |
| Total expenditure | 1,057.2 | 1,106.3 |
| Operating profit | 12.1 | 48.1 |
| Net profit | (10.6) | 23.7 |
| Subsidy received | 20.0 | - |
| Dividend paid | - | - |
| Business tax | 2.4 | 14.3 |
| Other indicators | | |
| Net profit margin | -1% | 2% |
| ROA | -2% | 5% |
| ROE | -4% | 8% |
| Staff costs/net revenue | 12% | 12% |
| No. of employees | 690 | 710 |
| IFRS compliant | Yes | Yes |
| Auditor | Baker Tilly | Baker Tilly |

Total expenditure decreased by 4% (mSCR49.0) to bnSCR1.1 in 2020. The decrease was linked with a 78% (mSCR9.7) reduction in finance expense caused by a decrease in interest on lease liabilities, 4% (mSCR29.7) decrease in cost of inventories, 76% (mSCR11.9) decrease in variable lease payment and 6% (mSCR8.5) decline in employee benefit expense. STC reduced expenses on staff incentives and staff welfare in 2020, and no 13th month salary was paid.

STC also adopted the changes to IFRS 16 Leases for the year 2020 after the International Accounting Standards Board (IASB) issued COVID-19 Related Rent Concessions, which has resulted in the reduction of total lease liabilities.

Total assets amounted to mSCR420.6 at the end of 2020, a 23% (mSCR126.4) decrease compared to 2019 (mSCR547.0). This was associated with a 93% (mSCR133.1) decrease in right-of-use asset of buildings after the effect of modification to lease terms and 44% (mSCR60.7) decrease in cash and cash equivalents

Total liabilities decreased by 47% (mSCR115.8) to mSCR132.6 at the end of 2020 as a result of lease liabilities decreasing by 95% (mSCR138).

3.10.3 Budgetary flows

3.10.3.1 Tax

Table 27. Business Tax expense

| | 2019 | 2020 |
|-------------|------|------|
| Tax expense | mSCR | mSCR |
| | 14.3 | 2.4 |

3.10.3.2 Dividend

The Company did not declare dividends in 2019 and 2020.

3.10.3.3 Quasi-Fiscal Activities (QFAs)

STC's public service obligation is to sell Category 1 products at regulated prices. STC uses revenue from other product categories to cross-subsidise the Category 1 products, which comprise sunflower oil, margarine, powdered milk, rice, refined sugar, infant formula, apples, oranges, potatoes, onions and toilet paper.

Table 28. QFA

| | 2019 | 2020 |
|--|------|------|
| Public service obligation (PSO) | mSCR | mSCR |
| Charging prices below market level including Transportation Cost absorbed by STC on delivery of Category I products to Inner Islands | 35.7 | 41.1 |
| Government compensation | - | 20.0 |

3.10.3.4 Loans from GoS

Table 29. Loan from GoS to PE

| | Loan 1 | Loan 2 ³⁰ |
|-------------------------------|-----------------|--|
| Commencement date | 02.02.2015 | 16.05.2019 |
| Interest rate | 365-day TB rate | 2.5% |
| End date | 30.04.2019 | 15.05.2020 |
| Total loan | mSCR45.0 | mSCR5.0 |
| Purpose | Working capital | Bridging facility on cold room improvement |
| Amount outstanding 31.12.2020 | ₃₁ | mSCR5.0 |

³⁰ Lender: The Livestock Trust Fund (LTF)

³¹ Outstanding principal balance of mSCR5 written-off by the Government

3.11 L'Union Estate Ltd (L'UE)

3.11.1 Mandate/principal activities

L'Union Estate's principal activity is to cultivate land for vegetables and fruits as well as engage in poultry, pig farming and tourism. It is also responsible for the up keep and maintenance of the Estate and charges an entrance fee to overseas visitors to enjoy the use of the premises.

The core activities of L'Union Estate, as per its incorporation documents, are:

- to construct or contract for the construction and to operate a craft village consisting of kiosks and vendors of curios, clothing crafts, and to other goods aimed at the tourist market.
- to construct or contract for the construction and to operate a cultural village showcasing the cultures of Seychelles.
- to provide tourists visitors with an array of folklore and cultural activities.
- to construct or contract for the construction to manage and to possibly subcontract the management of chalets accommodation for tourists.

3.11.2 Financial summary

Total revenue observed a decline of 52% (mSCR16.2) in 2020 to amount to mSCR14.9 compared to 2019 (mSCR31.0). This was because of a 73% (mSCR14.3) decline in entrance fee revenue, which is one of the main sources of revenue from operations. During 2020, tourism arrival declined drastically due to the travel restrictions implemented because of the COVID 19 pandemic. This led to fewer tourists from 104,213 in 2020 compared to 361,995³² in 2019, consequently affecting the number of visitors at L'Union Estate.

³² NBS visitors' arrival:

<https://www.nbs.gov.sc/statistics/tourism>

| | 2020 | 2019 |
|------------------------------|---------------------|---------------|
| Ownership | | |
| Enabling legislation | Companies Act, 1972 | |
| Incorporation | August 12, 2008 | |
| Responsible Minister | Industry | |
| GoS shareholding | 100% | 100% |
| Financial data (mSCR) | | |
| Cash & equivalents | 7.3 | 10.2 |
| Total assets | 35.2 | 42.4 |
| Total liabilities | 18.6 | 19.9 |
| Total borrowing | - | - |
| Total equity | 16.6 | 22.5 |
| Total revenue | 14.9 | 31.0 |
| Net revenue | 10.0 | 30.5 |
| Total expenditure | 20.7 | 19.9 |
| Operating profit | (6.0) | 10.7 |
| Net profit | (5.9) | 9.6 |
| Subsidy received | 2.6 | - |
| Dividend paid | - | - |
| Business tax | - | 1.4 |
| Other indicators | | |
| Net profit margin | -42% | 31% |
| ROA | -15% | 26% |
| ROE | -30% | 54% |
| Staff cost/net revenue | 35% | 23% |
| No. of employees | 83 | 93 |
| IFRS compliant | No | No |
| Auditor | Bhanderi & Co | Bhanderi & Co |

Total expenditure showed an increase of 4% (mSCR820) to mSCR20.7 in 2020 compared to 2019 (mSCR19.8). The rise in expenditure was associated with an increase in cost of sales.

Total assets at the year ended December 31, 2020, amounted to mSCR35.2 which is a 17% (mSCR7.2) fall in comparison with 2019 (mSCR42.4). This is associated to a 48% decline in Trade and other receivables.

In 2020, total liabilities amounted to mSCR18.6 compared to 2019 (mSCR19.9) which represents a 7% (mSCR1.3) decrease. This is mainly associated to a 100% (mSCR1.4) fall in tax payable as a result of recording a loss for the year 2020.

Consequently, the current ratio rose significantly from 11.59 to 27.88. This was due to current liabilities falling at a higher rate than current assets.

The cash ratio for the Company during 2019 and 2020 were both above one. A cash ratio more than one indicates that the Company has more cash and cash equivalent than current liabilities. This indicates that the Company does have enough cash to cover their current debts.

3.11.3 Budgetary flows

3.11.3.1 Tax

Table 30. Business Tax expense

| | 2019 | 2020 |
|-------------|----------|--------|
| Tax expense | mSCR 1.4 | mSCR - |

3.11.3.2 Dividend

The Company did not declare dividends for 2019 and 2020.

3.11.3.3 Subsidies

L'Union Estate received government assistance during the year 2020 amounting to mSCR2.6 for payment of salary.

3.11.3.4 Quasi-Fiscal Activities (QFAs)

Table 31. QFA

| Public Service Obligation (PSO) | Quantification | 2019 | 2020 |
|---|--|------------|------------|
| | | mSCR | mSCR |
| Excavating red soil for sale to the people of La Digue at SCR200 per truck. | - rental of accommodation and salary for excavator operator - salary and other costs for support staff - fuel costs for the excavator - repairs and maintenance for the excavator | 0.3 | 0.4 |
| Low-priced sewage pumping services to the community of La Digue due to lack of sewage pumping services on the island. | - salary and other costs for driver & support staff - fuel costs for the tractor - repairs and maintenance for the tractor | 0.2 | 0.2 |
| Total` | | 0.5 | 0.6 |

Recommendations

- i. Introduction of enforcement mechanisms within the PEMC Act for timely reporting to decision-makers and improved accountability.
- ii. Introduction of a formal nomination and appointment process for directors. The introduction of a register of directors would also provide a greater pool of candidates for appointment and improve transparency of the nomination process.
- iii. Improved allocation of resources to the Commission to enhance its capacity. The lack of capacity for oversight and limited information from PEs undermines the Commission's ability to assess potential fiscal risk.
- iv. Development of formal performance targets for the PEs to align the interests of the shareholder and the Board. The targets should also consider sector policy.
- v. Introduction of cost-cutting measures by PEs being affected by the COVID-19 pandemic, where practicable. Non-essential capital expenditure should be deferred. Additionally, government support provided to PEs could be attached to certain conditions, such as defined actions to improve efficiency. For instance, the funding may be disbursed in tranches, subject to certain actions being undertaken.
- vi. Discussion of PE investment plans with the Responsible Ministry and MoFEPT, once approved by their Board. This measure will ensure that PEs invest in projects within their mandate and follow their sector policy, thus limiting risk to the shareholder.
- vii. Implementation of a coordinated reporting framework between MoFEPT, Responsible Ministries, regulators and the PEs regarding decisions that would impact PE performance, for example, the introduction of QFAs. Such coordination should also include the Commission to avoid information asymmetry, hindering the capacity to provide input early rather than retrospectively.

Appendices

Appendix 1. List of PEs

| Public Enterprise | Sector | GoS ownership | Total value of shareholding | Responsible Ministry ³³ | Subsidiaries | Minority interest ³⁴ | Enabling legislation | Board structure under enabling legislation |
|---|--------------------------|---------------|---|------------------------------------|-------------------------|---------------------------------|----------------------|--|
| Société Seychelloise d'Investissement Ltd | Services and Development | 100% | 100 shares at SCR 100=SCR10,000 ³⁵ | Minister responsible for Finance | SEYPEC | SCS | Co. Act 1972 | Not Less than 2 Directors. |
| | | | | | IDC | IOT | | |
| | | | | | BDRI | IPHS | | |
| | | | | | L'UE | Seyloin Ltd | | |
| | | | | | PS | | | |
| | | | | | 2020 Dev | | | |
| | | | | | PDEE | | | |
| | | | | | STC | | | |
| | | | | | SIMBC (Nouvobanq) | | | |
| SCB | | | | | | | | |
| Seychelles Petroleum Company Ltd | Energy | 100% | SCR50,000,000 USD8,595,053 ³⁶ | Minister responsible for Industry | Seychelles Progress Ltd | | Co. Act 1972 | Not Less than 2 Directors. |
| | | | | | Seychelles Patriot Ltd | | | |
| | | | | | Seychelles Pioneer Ltd | | | |
| | | | | | Seychelles Prelude Ltd | | | |
| Seychelles Progress | Energy | 100% | GBP2,000 | Minister responsible for Industry | | | Isle of Man Co. Acts | * |

³³ Responsible Ministers as per Amendment of Schedule 1 (2019) of the PEMC Act 2013.

³⁴ Source of Information about the minority interest are from AFS of PEs

³⁵ SSI AFS 2019

³⁶ SEYPEC AFS 2020

| Public Enterprise | Sector | GoS ownership | Total value of shareholding | Responsible Ministry ³³ | Subsidiaries | Minority interest ³⁴ | Enabling legislation | Board structure under enabling legislation |
|---------------------------------------|--------------------------|---------------|--|------------------------------------|--------------|---------------------------------|----------------------|--|
| Seychelles Patriot | Energy | 100% | GBP2,000 | Minister responsible for Industry | | | Isle of Man Co. Acts | * |
| Seychelles Pioneer | Energy | 100% | GBP2,000 | Minister responsible for Industry | | | Isle of Man Co. Acts | * |
| Seychelles Prelude | Energy | 100% | GBP2,000 | Minister responsible for Industry | | | Isle of Man Co. Acts | * ³⁷ |
| Islands Development Company Ltd | Services and Development | 100% | 213,309 shares at SCR100=SCR 21,330,900 issued for cash SCR21,330,924 ³⁸ | Minister responsible for Industry | GICC | GTIC | Co. Act 1972 | Not Less than 2 Directors. |
| | | | | | GTIC | Poivre Island Lodge Ltd | | |
| | | | | | | Paradise Marine Ltd | | |
| | | | | | | Platte Island Development Ltd | | |
| Green Island Construction Company Ltd | Services and Development | 100% | 1000 shares at SCR100 =SCR100,000 | Minister responsible for Industry | | | Co. Act 1972 | Not Less than 2 Directors. |
| Green Tree Investment Company Ltd | Services and Development | 100% | 1000 shares at SCR100 =SCR100,000 | Minister responsible for Industry | | | Co. Act 1972 | Not Less than 2 Directors. |
| Bois de Rose Investment Ltd | Services and Development | 100% | 10,000,000 shares at EUR1=EUR ³⁹ 10,000,000 | Minister responsible for Finance | | | Co. Act 1972 | Not Less than 2 Directors. |

³⁷ *The quorum necessary for the transaction of the business of the directors may be fixed by the directors, and unless so fixed shall, when the number of directors exceeds three, be three, and shall, when the number of directors does not exceed three, be two. (Source: Isle of Man Companies Act 1931, pg. 220)

³⁸ IDC AFS 31.03.2021

³⁹ BDRI AFS 2019

| Public Enterprise | Sector | GoS ownership | Total value of shareholding | Responsible Ministry ³³ | Subsidiaries | Minority interest ³⁴ | Enabling legislation | Board structure under enabling legislation |
|---------------------------------------|--------------------------|-------------------------------|---|---|--------------|---------------------------------|----------------------|---|
| L'Union Estate Ltd | Services and Development | 100% | 72925 shares at SCR100 = SCR7,292,500 ⁴⁰ | Minister responsible for Industry | | | Co. Act 1972 | Not Less than 2 Directors. |
| Petro Seychelles Ltd | Energy | 100% | SCR1,000,000 | Minister responsible for Industry | | | Co. Act 1972 | Not Less than 2 Directors. |
| Seychelles Trading Company Ltd | Services and Development | 100% | SCR10,000 ⁴¹ | Minister responsible for Trade | | SCB ⁴² | Co. Act 1972 | Not Less than 2 Directors. |
| 2020 Development (Seychelles) Ltd | Services and Development | 100% | SCR10,000 ⁴³ | Minister responsible for Investment | | | Co. Act 1972 | Not Less than 2 Directors. |
| Paradis des Enfants Entertainment Ltd | Services and Development | 100% | 100 shares at SCR100=SCR10,000 ⁴⁴ | Minister responsible for Finance | | | Co. Act 1972 | Not Less than 2 Directors. |
| Seychelles Pension Fund | Financial | Owned by members of the Fund. | Not Applicable | Minister responsible for Finance | OICL | Seychelles Breweries Ltd | SPF Act,2005 | Not more than 10 members. The quorum is 7. |
| | | | | | | Cable and Wireless Ltd | | |
| | | | | | | Al Salam Bank Ltd | | |
| Opportunity Investment Company Ltd | Financial | 100% | 100 shares at SCR100= SCR10,000 ⁴⁵ | Minister responsible for Finance | | | Co. Act 1972 | Not Less than 2 Directors. |
| Air Seychelles Ltd | Transport | 60% | USD 72,617,000 ⁴⁶ | Minister responsible for Civil Aviation | | | Co. Act 1972 | Not Less than 2 Directors. |

⁴⁰ L'Union Estate AFS 2020

⁴¹ STC AFS 2020

⁴² STC AFS 2020

⁴³ 2020 Development AFS 2020

⁴⁴ PDEE AFS 2016

⁴⁵ SPF AFS 2020

⁴⁶ Provisional Air Seychelles AFS 2020

| Public Enterprise | Sector | GoS ownership | Total value of shareholding | Responsible Ministry ³³ | Subsidiaries | Minority interest ³⁴ | Enabling legislation | Board structure under enabling legislation |
|--------------------------------------|--------------------------|---------------|---|---|--------------|---------------------------------|--|--|
| Development Bank of Seychelles | Financial | 61% | Issued and fully paid shares = 39,200,000 ⁴⁷ | Minister responsible for Finance | | | DBS Decree 1991 | Not more than 10 or less than 5 other members. The quorum is 4. |
| Financial Services Authority | Financial | 100% | Not Applicable | Minister responsible for Finance | | | FSA Act, 2013 | The Board should consist of 10 members. The quorum is 6. |
| Housing Finance Company Ltd | Financial | 100% | SCR20,000,000 ⁴⁸ | Minister responsible for Finance | | | Co. Act 1972 | Not Less than 2 Directors. |
| National Information Services Agency | Services and Development | 100% | Not Applicable | Minister responsible for Information | | | NISA Act, 2010 | The Board should consist of 5 members. The quorum is 3. |
| Property Management Corporation | Services and Development | 100% | Not Applicable | Minister responsible for Housing | | | PMC Act, 2004 | Not less than 4 and not more than 8 members. The quorum is 3. |
| Public Utilities Corporation | Energy | 100% | Not Applicable | Minister responsible for Environment, Energy and Climate Change | | | Public Utilities Corporation Act, 1986 | Not less than 5 nor of the more than 7 members |

⁴⁷ DBS AFS 2020

⁴⁸ HFC AFS 2020

| Public Enterprise | Sector | GoS ownership | Total value of shareholding | Responsible Ministry ³³ | Subsidiaries | Minority interest ³⁴ | Enabling legislation | Board structure under enabling legislation |
|---|--------------------------|-------------------|--|---|--------------|---------------------------------|---|---|
| Seychelles Commercial Bank Ltd | Financial | 60% | SCR60,000,000 ⁴⁹ | Minister responsible for Finance | | | Co. Act 1972 | Not Less than 2 Directors. |
| Seychelles Civil Aviation Authority | Transport | 100% | Not Applicable | Minister responsible for Civil Aviation | | | Seychelles Civil Aviation Authority Act, 2005 | Not less than 7 nor more than 11 members. The quorum is 4. |
| SIMBC Nouvobanq | Financial | 78% ⁵⁰ | 100,000 shares = SCR 100,000 ⁵¹ | Minister responsible for Finance | | | Co. Act 1972 | Not Less than 2 Directors. |
| Seychelles Ports Authority | Transport | 100% | Not Applicable | Minister responsible for Ports | | | Seychelles Ports Authority Act, 2004 | The Board should consist of 5 members. The quorum is 4. |
| Seychelles Public Transport Corporation | Transport | 100% | Not Applicable | Minister responsible for Land Transport | | | Seychelles Public Transport Corporation Decree 1977 | Not less than 2 and not more than 4. The quorum is 3. |
| Seychelles Postal Services Ltd | Services and Development | 100% | 1000 shares at SCR100= SCR 100,000 | Minister responsible for Trade | | | Co. Act 1972 | Not Less than 2 Directors. |
| Seychelles Fishing Authority | Services and Development | 100% | Not Applicable | Minister responsible for Fisheries | | | Seychelles Fishing Authority (Establishment) Act, 1984. | The Board should consist of 5 members. |

⁴⁹ SCB AFS 2020

⁵⁰ SIMBC Certificate of Incumbency 2017

⁵¹ SIMBC AFS 2020

| Public Enterprise | Sector | GoS ownership | Total value of shareholding | Responsible Ministry ³³ | Subsidiaries | Minority interest ³⁴ | Enabling legislation | Board structure under enabling legislation |
|-------------------------------------|--------------------------|---------------|-----------------------------|--------------------------------------|--------------|---------------------------------|--|--|
| Seychelles National Parks Authority | Services and Development | 100% | Not Applicable | Minister responsible for Environment | | | Environment Protection (Seychelles National Parks Authority) Order, 2009 | The Board should consist of 5 members. |

Appendix 2. Overview of key legislation

| Legislation | Category of PE | Relevance |
|---|--|---|
| Public Enterprise Monitoring Commission Act 2013 (PEMC Act) | All PEs | The PEMC Act makes provision for the establishment of the Commission to oversee the PEs and stipulates the PE's reporting obligations to the Responsible Minister, the Minister of Finance and the Commission. It also makes provision for the appointment and functions of the Board of Directors for PEs. |
| Public Officer's Ethics Act 2008 (POE Act) | All PEs | The POE Act makes provision for the establishment of the Public Officers' Ethics Commission (POEC) which monitors compliance of Public Officers to the Code of Conduct and Ethics of the POE Act 2008 (Part II). As PEs are categorised as Public Corporations under the POE Act, its executive and non-executive directors are obliged to comply with the ethics laws for public servants. |
| Public Finance Management Act 2012 (PFM Act) | All PEs | The PFM Act outlines the duties and responsibilities of the Accounting officer ⁵² with the aim of ensuring efficient financial management of PEs (Part VIII). |
| Seychelles Revenue Commission Act 2009 (SRC Act) | All PEs | The SRC Act makes provision for the establishment of the Seychelles Revenue Commission (SRC) which has the oversight and administrative function of the Revenue laws of Seychelles and for the collection of taxes on behalf of the Government. The PEs are obliged to comply with tax laws and regulations as well as the tax policies formulated specifically for PEs by MoFEPT unless exempted by a specific policy. |
| Companies Ordinance Act 1972 (Companies Act) | For PEs incorporated under the Companies Act | The Companies Act governs the PEs incorporated under the Act which includes the legal requirements pertaining to the Board of those PEs such as the appointment and duties of the directors. |

⁵² PFM Act, section 2

Appendix 3. Submission of Annual Financial Statements and adoption of IFRS

| Public Enterprise | Submission | Compliance to IFRS |
|---|----------------|--------------------|
| Société Seychelloise d'Investissement Ltd | Non-submission | Non-submission |
| Seychelles Petroleum Company Ltd | Submitted | Compliant |
| Islands Development Company Ltd | Submitted | IFRS for SME |
| Bois de Rose Investment Ltd | Non-submission | Non-submission |
| L'Union Estate Ltd | Submitted | Non-compliant |
| Petro Seychelles Ltd | Submitted | Compliant |
| Seychelles Trading Company Ltd | Submitted | Compliant |
| Seychelles Fishing Authority | Non-submission | Non-submission |
| Seychelles Ports Authority | Non-submission | Non-submission |
| Paradis des Enfants Entertainment Ltd | Non-submission | Non-submission |
| Seychelles Pension Fund | Submitted | Compliant |
| Air Seychelles Ltd | Non-submission | Non-submission |
| Development Bank of Seychelles | Submitted | Compliant |
| Financial Services Authority | Submitted | Compliant |
| Housing Finance Company Ltd | Submitted | Compliant |
| National Information Services Agency | Submitted | IFRS for SME |
| Seychelles National Park Authority | Non-submission | Non-submission |
| Property Management Corporation | Non-submission | Non-submission |
| Public Utilities Corporation | Submitted | Compliant |
| Seychelles Commercial Bank Ltd | Submitted | Compliant |
| Seychelles Civil Aviation Authority | Submitted | Non-compliant |
| SIMBC Nouvobanq | Submitted | Compliant |
| 2020 Development (Seychelles) Ltd | Submitted | Non-compliant |
| Seychelles Public Transport Corporation | Submitted | Compliant |
| Seychelles Postal Services Ltd | Non-submission | Non-submission |

Appendix 4. Board members, key personnel and auditors of PEs for 2020

| Public Enterprise | Board | Key personnel | Auditor |
|----------------------------------|--|-------------------------|----------------|
| Seychelles Petroleum Company Ltd | Chairperson: Dr Selwyn Gendron Member: Mr Eddy Belle Member: Ms Veronique Laporte Member: Mr Suketu Patel Member: Ms Philippa Samson (resigned effective September 30, 2020) Member: Dr Steve Fanny (resigned effective September 30, 2020) Member: Mr Michael Nalletamby (appointed effective September 30, 2020) Member: Mr Yannick Vel (appointed effective September 30, 2020) | CEO: Mr Conrad Benoiton | BDO Associates |
| Seychelles Patriot | Chairperson: Mr Francis Racombo (appointed effective September 30 2020) Member: Ms Unice Romain (appointed effective September 30 2020) Member: Mr Ray Hoareau (appointed effective September 30 2020) Member: Ms Sarah Romain (appointed effective September 30 2020) Member: Mr Steve Fanny (resigned effective September 30 2020) Member: Mr Brijesh Jivan (resigned effective September 30 2020) Member: Mr Flavien Joubert (resigned effective September 30 2020) | CEO: Mr Conrad Benoiton | BDO Associates |
| Seychelles Pioneer | Chairperson: Mr Francis Racombo (appointed effective September 30 2020) Member: Ms Unice Romain (appointed effective September 30 2020) Member: Mr Ray Hoareau (appointed effective September 30 2020) Member: Ms Sarah Romain (appointed effective September 30 2020) Member: Mr Steve Fanny (resigned effective September 30 2020) Member: Mr Brijesh Jivan (resigned effective September 30 2020) Member: Mr Flavien Joubert (resigned effective September 30 2020) | CEO: Mr Conrad Benoiton | BDO Associates |
| Seychelles Prelude | Chairperson: Mr Francis Racombo (appointed effective September 30 2020) Member: Ms Unice Romain (appointed effective September 30 2020) Member: Mr Ray Hoareau (appointed effective September 30 2020) Member: Ms Sarah Romain (appointed effective September 30 2020) Member: Mr Steve Fanny (resigned effective September 30 2020) Member: Mr Brijesh Jivan (resigned effective September 30 2020) Member: Mr Flavien Joubert (resigned effective September 30 2020) | CEO: Mr Conrad Benoiton | BDO Associates |

| Public Enterprise | Board | Key personnel | Auditor |
|---|--|---|--|
| Seychelles Progress | Chairperson: Mr Francis Racombo (appointed effective September 30 2020) Member: Ms Unice Romain (appointed effective September 30 2020) Member: Mr Ray Hoareau (appointed effective September 30 2020) Member: Ms Sarah Romain (appointed effective September 30 2020) Member: Mr Steve Fanny (resigned effective September 30 2020) Member: Mr Brijesh Jivan (resigned effective September 30 2020) Member: Mr Flavien Joubert (resigned effective September 30 2020) | CEO: Mr Conrad Benoiton | BDO Associates |
| Public Utilities Corporation | Chairperson: Mr Eddy Belle Member: Mr Stephen Rousseau Member: Dr Selwyn Gendron Member: Ms Nanette Laure Member: Mr Phillippe Chong-Seng Member: Ms Irene Croisee (appointed effective October 15, 2020) Member: Mr Yannick Vel (replaced effective October 14, 2020) | CEO: Mr Philippe Morin Deputy CEO: Mr Joel Valmont | Office of the Auditor General |
| Seychelles Civil Aviation Authority | Chairperson: Mr Suketu Patel (appointed May 2020) Chairperson: Mr David Savy (resigned April 2020) Member: Ms Anne Lafortune Member: Ms Nadine Potter Member: Mr Vincent Amelie Member: Ms Cindy Vidot Member: Mr Ange Morel Member: Mr Benjamin Choppy | CEO: Mr Garry Albert | Office of the Auditor General |
| Seychelles Public Transport Corporation | Chairperson: Mr Andy Moncherry Member: Ms Cecily Derjacques Member: Mr Alone Edmond (resigned effective December 29 2020) Member: Ms Marilyn Reginald (resigned effective December 29 2020) Member: Ms Noemie Woodcock (resigned effective December 29 2020) Member: Mr Allan Killindo (appointed effective December 16) Member: Mr Bernard Domingue (appointed effective December 16) Member: Ms Siana Bistoquet (appointed effective December 16) | CEO: Mr Patrick Vel | BDO Associates |
| Seychelles Ports Authority | Chairperson: Mr Paul Hodoul Member: Mr Leslie Benoiton Member: Ms Doreen Bradburn Member: Mr Alexandre Antonakas Member: Col. Andre Ciseau | CEO: Mr Ronny Brutus Deputy CEO: Dr Egbert Moustache | Office of the Auditor General |
| Air Seychelles Ltd | Chairperson: Mr Jean Weeling-Lee Vice Chairperson: Mr Robin Kamarik Member: Mr Oliver Bastienne | CEO: Mr Remco Althuis | AFS 2020 not submitted to the Commission |

| Public Enterprise | Board | Key personnel | Auditor |
|---|--|---|--|
| | Member: Ms Sitna Cesar Member: Mr Cyril Bonnelame Member: Mr Christopher Youtlen Member: Mr Bassam Al Mosa | | |
| Seychelles Trading Company Ltd | Chairperson: Mr Guy Morel Member: Mr Gerard Adam Member: Ms Farida Camille Member: Mr Oliver Bastienne Member: Mr Ashik Hassan | CEO: Ms Christine Joubert Deputy CEO: Ms Marie-France Hansen | Baker Tilly |
| National Information Services Agency | Chairperson: Ms Lucy Athanasius Vice-chairperson: Ms Roseline Hoareau Member: Ms Marie-Anne Ernesta Member: Ms Claudette Albert Member: Ms Barbara Kilindo Member: Ms Joelle Perreau Member: Mr Conrad Lablache | CEO: Mr Gerard Govinden | Office of the Auditor General |
| Seychelles Postal Services Ltd | Chairperson: Ms Melanie Stravens (resigned) Chairperson: Norman Weber (appointed effective June 5, 2020) Member: Ms Astride Tamatave Member: Ms Rudy Rose Member: Mr Ayub Suleman Adam Member: Ms Dothy Valmont Raforme | CEO: Mr Errol Dias | AFS 2020 not submitted to the Commission |
| Société Seychelloise d'Investissement Ltd | Chairperson: Ms Vijaykumari Tirant Member: Mr Ange Morel Member: Mr Karl Pragassen Member: Ms Annie Dugasse Member: Mr Bernard Adonis | CEO: Mr Rupert Simeon | AFS 2020 not submitted to the Commission |
| L'Union Estate Ltd | Chairperson: Mr Frank Hoareau Member: Ms Corinne Delpeche Member: Mr Damien Thesée Member: Mr Gerald Lablache Member: Mr Andreix Rosalie Member: Mr Barry Assary | CEO: Mr Gustave Delpeche | Bhanderi & Co |
| Islands Development Company Ltd | Chairperson: Mr Patrick Berlouis Member: Mr Patrick Lablache Member: Mr Willy Confait Member: Ms Sherin Francis Member: Ms Angelique Antat Member: Ms Angele Lebon Member: Mr Denis Matatiken | CEO: Mr Glenn Savy Deputy CEO: Mr Christian Lionnet | Pool and Patel |
| Green Island Construction Company Ltd | Chairperson: Mr Patrick Berlouis Member: Mr Willy Confait Member: Christian Lionnet Member: Mr Patrick Lablache Member: Ms Sherin Francis Member: Ms Angelique Antat Member: Ms Angele Lebon Member: Mr Denis Matatiken | CEO: Mr Glenn Savy | Pool and Patel |
| Green Tree Investment Company Ltd | Chairperson: Mr Patrick Berlouis Member: Mr Willy Confait Member: Christian Lionnet Member: Mr Patrick Lablache Member: Ms Sherin Francis Member: Ms Angelique Antat | CEO: Mr Glenn Savy | Pool and Patel |

| Public Enterprise | Board | Key personnel | Auditor |
|---------------------------------|---|---|--|
| | Member: Ms Angele Lebon Member: Mr Denis Matatiken | | |
| Seychelles Commercial Bank Ltd | Chairperson: Mr Patrick Payet Member: Ms Esther Boniface Member: Capt. Robert Morgan Member: M. Jenna Thelermont Member: Mr Sandy Mothee Member: Mr Jamshed Pardiwalla | CEO: Ms Annie Vidot | BDO Associates |
| SIMBC (Nouvobanq) Ltd | Chairperson: Mr Abdul Gafoor Yakub Member: Mr Vincent Van Heyste Member: Mr David Howes Member: Mr Anil Dua Member: Damien Thesee Member: Mr Michael Bluemner | CEO: Mr Ahmad Saeed Deputy CEO: Mr Michael Benstrong | BDO Associates |
| Housing Finance Company Ltd | Chairperson: Ms Jennifer Morel Member: Mr Daniel Frichot Member: Mr Yves Choppy Member: Ms Elizabeth Agathine Member: Mr Michel Marie | CEO: Mr Ronny Palmyre | BDO Associates |
| Development Bank of Seychelles | Chairperson: Ms Brenda Bastienne Deputy Chairperson: Mr Brian Charlette Member: Ms Ina Barbe Member: Mr Rupert Simeon Member: Mr Marc Naiken Member: Mr Roy Clarisse Member: Mr Ashwin Bhanderi Member: Mr Dick Labonte (appointed effective June 15 2020) Member: Ms Nicholle Belle (resigned effective April 30 2020) | CEO: Mr Daniel Gappy | Pool and Patel |
| Financial Services Authority | Chairperson: Mr Patrick Payet Member: Mr Phillip Moustache Member: Mr David Esparon Member: Ms. Samantha Esparon Member: Ms Wendy Pierre Member: Mr Richard Rampal Member: Mr Robert Stravens Member: Ms Seylina Verghese | CEO: Mr Damien Thesee Deputy CEO: Ms Zenabe Daman | Office of the Auditor General |
| Property Management Corporation | Chairperson: Mr Christian Lionnet (appointed effective May 18 2020) Vice-chairperson: Ms Sitna Cesar Member: Ms Roma Edmond Member: Mr Denis Barbe Member: Ronny Palmyre Member: Ms Gina Adelaide (appointed effective May 18 2020) Member: Mr Gilbert Madeleine (resigned effective April 23, 2020) | CEO: Ms Evelina Antha | AFS 2020 not submitted to the Commission |
| Petro Seychelles Ltd | Chairperson: Amb. Barry Faure Member: Mr Patrick Payet Member: Mr Dennis Matatiken Member: Mr Raymond Chang-Tave | CEO: Mr Patrick Joseph | ACM & Associates |
| Seychelles Pension Fund | Chairperson: Mr Jacquelin Dugasse Member: Mr Patrick Payet Member: Ms Cilia Mangroo | CEO: Ms Lekha Nair | Office of the Auditor General |

| Public Enterprise | Board | Key personnel | Auditor |
|---------------------------------------|---|--------------------------|--|
| | Members: Mr Ravi Valmont Members: Mr Antoine Robinson Members: Mr Peter Sinon Members: Ms Cindy Vidot Members: Marie Claire Marie Members: Mr Bernard Adonis Members: Ms Elsie Morel | | |
| 2020 Development Company Ltd | Chairperson: Amb. Barry Faure Member: Mr Yves Choppy | CEO: Ms Sabrina Agathine | BDO Associates |
| Bois De Rose Investment Ltd | Chairperson: Mr Brian Loveday Member: Ms Tacey Furneau Member: Ms Jeannette Lesperence Member: Mr Alderic Bristol Member: Mr Ayub Adam | CEO: Mr Rupert Simeon | AFS 2020 not submitted to the Commission |
| Paradis Des Enfants Entertainment Ltd | Chairperson: Mr Roy Collie Member: Ms Beryl Pillay Member: Mr Joshua Marguerite Member: Mr Danny Fontaine Member: Ms Sophia Parmentier Member: Mr Nigel Pillay | CEO: Mr Rupert Simeon | AFS 2020 not submitted to the Commission |
| Seychelles Fishing Authority | Chairperson: Mr Cyril Bonnelame Chairperson: Mr Nirmal J Shah (resigned) Member: Mr Roy Clarisse Member: Ms. Rebecca Loustau Lalanne Member: Mr Keith Andre Member: Mr Eugene Vidot | CEO: Nicole Elizabeth | AFS 2020 not submitted to the Commission |
| Seychelles National Parks Authority | Chairperson: Mr Jude Bijoux Member: Mr Jean-Marie Moutia Member: Ms Stephanie Lablache Member: Lt. Col. Jean Atala Member: Ms Daniella Payet-Alis Member: Ms Marie-May Muzungaile Member: Ms Jeanette Larue | CEO: Mr Selby Remy | AFS 2020 not submitted to the Commission |

Appendix 5. Timeliness in the submission and content of monthly reports for 2020

| Public Enterprise | Total timely submission | Total late submission | Compliance to the submission of Profit & Loss, Balance Sheet and Cash flow Statement |
|-------------------|-------------------------|-----------------------|--|
| SSI | 1 | 11 | Yes |
| SEYPEC | 2 | 10 | Yes |
| IDC | 11 | 1 | Yes |
| BDRI | 5 | 7 | Yes |
| L'UE | 1 | 11 | Yes |
| PS | 12 | 0 | Yes |
| STC | 1 | 11 | Yes |
| SFA | 0 | 12 | Started submitting all 3 statements in October |
| SPA | 0 | 12 | No |
| PDEE | 2 | 10 | Started submitting all 3 statements in June |
| SPF | 11 | 1 | No |
| AS | 0 | 12 | Yes |
| DBS | 7 | 5 | Yes |
| FSA | 4 | 8 | Yes |
| HFC | 6 | 6 | Yes |
| NISA | 1 | 11 | Yes |
| SNPA | 3 | 9 | Yes |
| PMC | 0 | 12 | Yes |
| PUC | 0 | 12 | Yes |
| SCB | 0 | 12 | Yes |
| SCAA | 0 | 12 | Yes |
| Nouvobanq | 10 | 2 | No |
| 2020 Dev | 1 | 11 | No |
| SPTC | 0 | 12 | Yes |
| SPS | 0 | 12 | Yes |

Appendix 6. Total number of people employed by PEs

| Public Enterprise | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-------------|-------------|-------------|-------------|-------------|
| Air Seychelles Ltd | 789 | 866 | 714 | 727 | 690 |
| Bois de Rose Investment Ltd | 0 | 0 | 0 | 0 | 0 |
| Development Bank of Seychelles | 58 | 55 | 58 | 64 | 64 |
| Financial Services Authority | 109 | 124 | 135 | 136 | 139 |
| Green Island Construction Company Ltd | 300 | 350 | 203 | 296 | 275 |
| Green Oak Investment Company Ltd | 0 | 0 | 0 | 0 | 0 |
| Green Tree Investment Company Ltd | 0 | 0 | 0 | 0 | 0 |
| Housing Finance Company Ltd | 50 | 51 | 50 | 54 | 55 |
| Islands Development Company Ltd | 630 | 710 | 995 | 800 | 789 |
| L'Union Estate Ltd | 71 | 80 | 78 | 93 | 83 |
| National Information Services Agency | 43 | 41 | 41 | 41 | 39 |
| Opportunity Investment Company Ltd | 0 | 0 | 0 | 0 | 0 |
| Petro Seychelles Ltd | 9 | 9 | 9 | 9 | 9 |
| Paradis des Enfants Entertainment Ltd | 15 | 10 | 10 | 9 | 0 |
| Property Management Corporation | 43 | 41 | 46 | 46 | 45 |
| Public Utilities Corporation | 1041 | 1103 | 1140 | 1182 | 1229 |
| Seychelles Commercial Bank Ltd. | 108 | 111 | 116 | 121 | 116 |
| Seychelles Civil Aviation Authority | 654 | 686 | 728 | 746 | 727 |
| Seychelles Petroleum Company Ltd Group | 216 | 206 | 215 | 223 | 225 |
| SIMBC Nouvobanq | 130 | 138 | 144 | 147 | 147 |
| Seychelles Ports Authority | 207 | 202 | 213 | 234 | 232 |
| Seychelles Pension Fund | 113 | 123 | 130 | 128 | 127 |
| Seychelles Public Transport Corporation | 622 | 568 | 561 | 523 | 505 |
| Seychelles Postal Services Ltd | 108 | 104 | 106 | 114 | 110 |
| Société Seychelloise d'Investissement Ltd | 4 | 7 | 9 | 10 | 0 |
| Seychelles Trading Company Ltd | 764 | 724 | 727 | 710 | 690 |
| 2020 Development Company Ltd | 1 | 1 | 1 | 2 | 2 |
| Seychelles Fishing Authority | | | | | 215 |
| Seychelles National Parks Authority | | | | | 89 |
| Total | 6085 | 6310 | 6429 | 6415 | 6602 |