



ANNUAL REPORT 2022

PUBLIC UTILITIES CORPORATION

PARTNERS IN THE GROWTH OF SEYCHELLES



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FOREWORD FROM THE CHAIRMAN AND CEO



Leonard Alvis

Chairman



Joel E. Valmont

Chief Executive Officer

“Amidst a backdrop of challenges, including the enduring impact of the Covid-19 pandemic and economic shifts sparked by the Russian-Ukraine conflict, we remained steadfast in our commitment to deliver sustainable, safe and reliable services”

On behalf of the Board of Directors, our management team and employees, we are pleased to present this 2022 Annual Report to our stakeholders. This report documents the progress achieved under our first full year of leadership as Chairman and CEO.

A year of transformation

2022 was a transformative year. Amidst a backdrop of challenges, including the enduring impact of the Covid-19 pandemic and economic shifts sparked by the Russian-Ukraine conflict, we remained steadfast in our commitment to deliver sustainable, safe and reliable services – a goal we achieved through a harmonious partnership with Seychelles’ government.

As we undertook our new leadership roles as Chairman and CEO of the Corporation, our strategic transition saw the reinforcement of our organizational structure with key appointments, including the recruitment of a Chief Operations Officer and a Chief Internal Auditor; and the recommendation to increase Board membership from seven to nine members. The new structure frees the CEO to focus on the strategic objectives of the Corporation.

Health & Safety

In 2022 we intensified our health and safety standards and training. Through consultations with staff at all levels, we emphasized and prioritized the importance of safe working practices and the correct use of protective gear and equipment. We conducted fire-prevention and fire-fighting training with 105 employees, and 61 employees completed their First Aid training. In collaboration with the Ministry of Health, our core services teams were provided with regular medical examinations. Our strategic restructuring and reinforced commitment to safety saw the Safety Officer now report directly to the CEO.

In preparation for our 2023 public presentations, we collaborated closely with the Disaster Risk Management Division, refining emergency plans for the La Gogue Dam. During public consultations, residents within the vicinity of the dam will be informed of evacuation plans.

FOREWORD FROM THE CHAIRMAN AND CEO

Sustainable investment

Our dedication to responsible business practices and sustainable development has been evident in our inclusive workplace and environmental initiatives. By fostering a diverse and inclusive culture of career development, we are contributing not only to the success of our organization, but to Seychelles' wider society.

Notably in 2022, we marked significant milestones that bolstered our resilience against climate change: the inauguration of the 5MW Ile De Romainville solar PV farm and the successful re-commissioning of the La Gogue Dam. We also awarded two contracts for the construction of the La Digue Wastewater Network and the La Digue Wastewater Treatment plant, and remained committed to mitigating the environmental impact of our operations, including energy delivery, source-water treatment, operating desalination plants and managing wastewater.

Investment in our infrastructure persisted, enhancing efficiency and reliability through the replacement of aged and obsolete assets, renovation of critical assets, extension and capacity enhancement of utilities networks, strategic plants and storage systems. This strategic approach aligns with our commitment to Seychelles' growth, modernization and climate resilience.

“By fostering a diverse and inclusive culture of career development, we are contributing not only to the success of our organization, but to Seychelles' wider society.”

Risk management

A robust risk management strategy underpinned our governance in 2022 and guided us through a year of dynamic regulatory changes and supply chain challenges. We identified and managed critical risks and opportunities related to the upcoming changes in policy and the government's request to evaluate major divergence in electricity production, significant fuel-price volatility and continued supply chain challenges. This approach helps ensure that we can achieve our long-term strategic priorities.

Driving renewable energy transition

Our relationship with the Government of Seychelles remains strong, as we work towards their 2050 carbon neutrality goals and foster local growth and development. We have an opportunity to drive the energy transition and we intend to seize it.

Looking to the future, our strategy is predicated upon the production of cleaner fuels, renewable electricity, energy efficiency and critical utilities infrastructure. Underpinning this strategic focus are three foundational pillars: leveraging core assets and investments to advance energy transition; optimizing utilities infrastructure assets and adding new plants, and generating cash flow to improve financial strength and growth capacity.

FOREWORD FROM THE CHAIRMAN AND CEO

Vote of thanks

Our gratitude extends to our dedicated employees, the cornerstone of our success. In August of 2022, we also bade farewell and extended our sincere thanks to Dr. Selwyn Gendron, whose expertise and mentorship have indelibly shaped our Corporation. His expertise and resourcefulness in finance, economics, engineering and sustainability were obvious to all of us who worked with him, and his mentorship remains evident in the terrific women and men who now lead our businesses.

We'd also like to thank our Shareholder and members of the Board of Directors for their support and continued trust you place in us. We are very keen and optimistic about the future of PUC.



Leonard Alvis

Chairman



Joel E Valmont

Chief Executive Officer

ABOUT US

OUR VALUES

CUSTOMER FOCUS

HONESTY &
TRANSPARENCY

INNOVATION

CONTINUOUS
IMPROVEMENT

TEAM CULTURE

SUSTAINABILITY

TRUSTWORTHINESS

EXCELLENCE

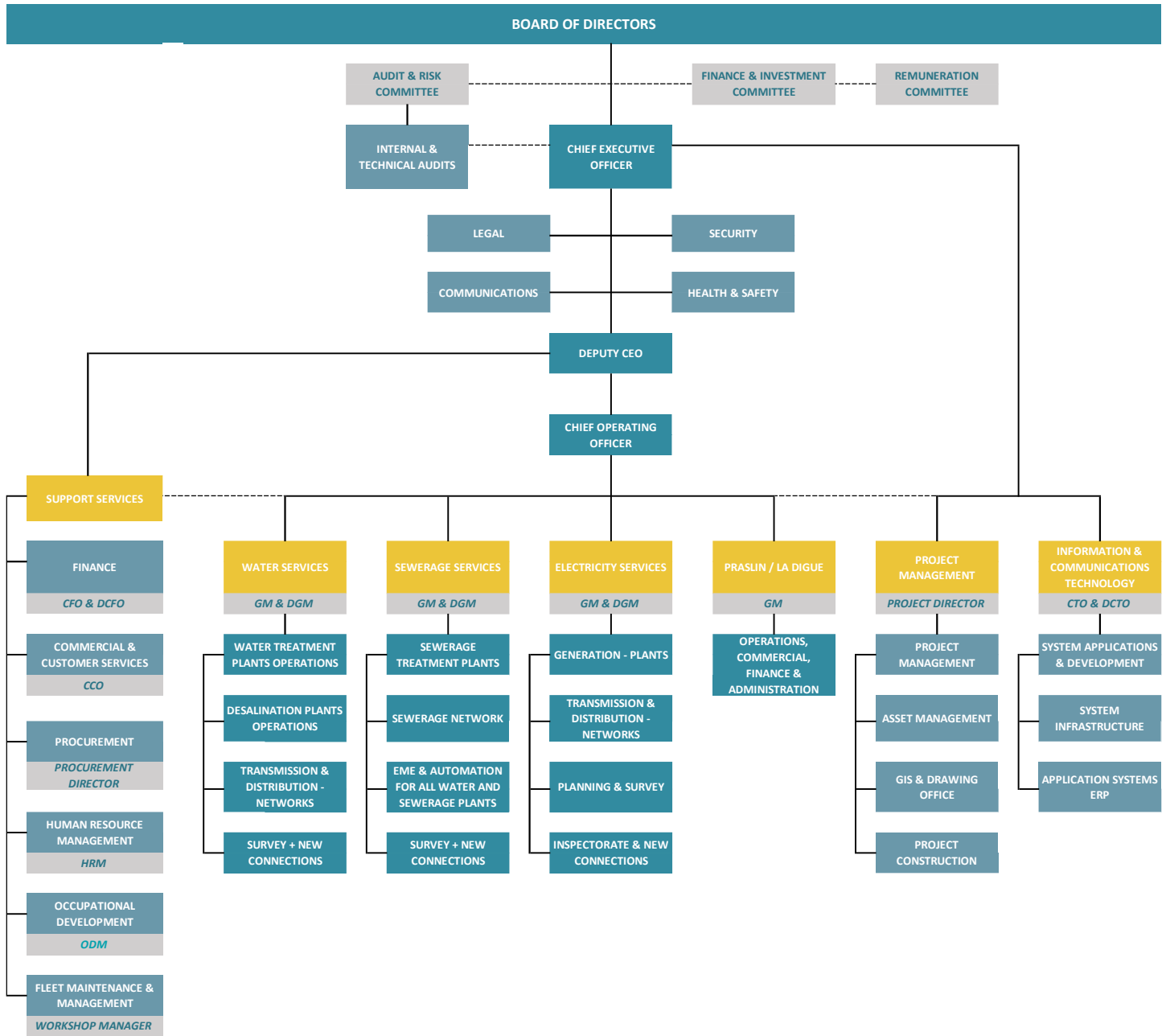
OUR MISSION

- ❑ To provide an efficient, safe and reliable supply of electricity and treated water, and to collect, treat and dispose of waste water, paying due regard to the environment and customers' interest.
- ❑ To keep up with changes in technology so as to improve services.
- ❑ To promote a culture where the employees have a sense of belonging and loyalty to the organization and develop and grow with it.
- ❑ To demonstrate our long-term commitment to environmental stewardship.
- ❑ To promote the sustainable development of renewable energy to ensure reduced dependence on imported fossil fuels.

OUR VISION

To be a model organization working for the sustainable and socio-economic development of Seychelles.

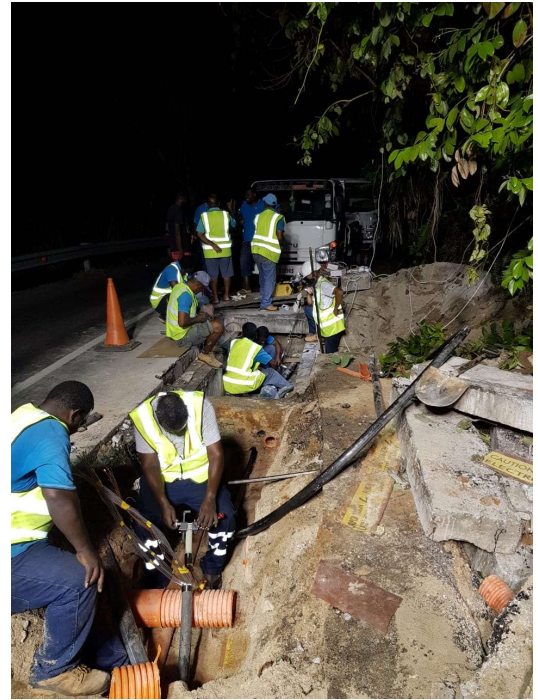
ORGANISATION STRUCTURE



2022: A YEAR IN PICTURES



Serving a customer at Anse Royale Service Centre



Electricity breakdown team at work



Inauguration ceremony of Ile de Romainville Solar Park



PUC Sports Day winners



Performing engine overhaul

VALUING OUR EMPLOYEES

Our mission to provide safe and reliable services around the clock to our customers is made possible by the tremendous efforts, sacrifices and dedication that our employees, at all levels of the Corporation, bring to their work each day. We value their work and owe our success to them.

At the end of 2022, our workforce comprised of **1,226 employees**, of which 766 employees (62% of the workforce) represented the core services - electricity, water and sewerage – whilst 460 employees (38%) provided support services across the board. A total of 40 expatriate employees constituted 3.3% of the total workforce.

Health & Safety

The health and safety of our employees has always been our top priority. We have, from the onset, stressed the importance of our employees being well-equipped with all necessary resources and safety equipment to ensure they are able to deliver and maintain quality services to our customers on all three main islands. Whilst we focus a lot of our efforts in reviewing and managing the risks embedded in the processes across all our operations, our Group and Personal Accident insurance policy covers the risk of accidents or injury to our employees on a 24-hour basis.

Training & Development

Over the years, we have prioritized the training and development of our employees. During the year, 191 employees attended various training programmes via classroom-based training (locally and overseas), as well as online. The amount invested in training in 2022 was **SCR 2.28 million** compared to SCR 2.16 million in 2021.

Number of PUC Employees - 2022			
Division	Core Services	Support Services	%
Electricity	423		35%
Water	302		25%
Sewerage	41		3%
Commercial & Customer Services		215	18%
Corporate & Support Services		107	9%
Finance		71	6%
Project Management & Construction		67	5%
Total	766	460	
	62%	38%	

Health & Safety Statistics in 2022	Total
Number of days lost due to accidents	130 days
Fire firefighting training	27 employees
First aid training	66 employees
Medical examinations	140 routine exams
Vaccinations (Hepatitis B injections) - sewerage, laboratory and electromechanical staff	13
Covid-19 positive cases	174 cases reported

2022: BY THE NUMBERS

SCR 1.94 billion	SCR 202 million	1,226
Revenue	Net Profit	Number of employees

ELECTRICITY	457.5 GWh	44,183
	Electricity Production	Electricity Customers
	99.5 %	1,527
	Electricity Supply Coverage	New Electricity Connections
	63,000 kW	9,470
	Peak Demand - Mahé	Peak demand - Praslin

WATER	16 million m³	37,095
	Water Production	Water Customers
	> 95 %	1,229
	Water Supply Coverage	New Water Connections

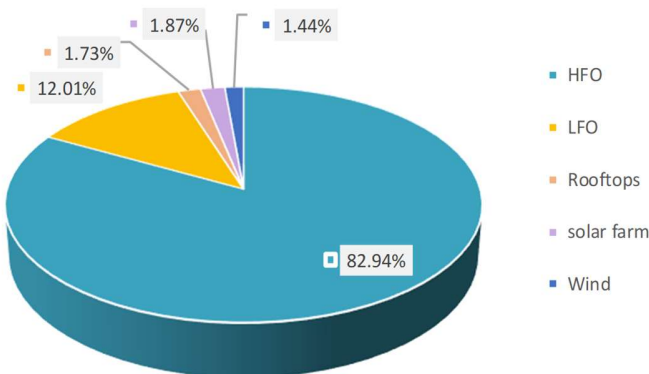
SEWERAGE	2.1 million m³	6,009
	Volume of Wastewater billed	Sewerage Customers
	< 20 %	81
	Sewerage Coverage	New Sewerage Connections

<i>Our operations span over the islands of Mahé, Praslin and La Digue</i>	Renewable Energy Production	8.6 GWh	Non-Revenue Water Index	29.22 %
		Solar PV Farm		NRW - Mahé
		6.6 GWh		22.12 %
	Wind Farm	NRW - Praslin		48.89 %
	7.9 GWh	NRW - La Digue		
	Rooftop PV			

ELECTRICITY - GENERATION

As the economy started to bounce back in 2022, demand for energy started to grow back to the 2019 pre-Covid levels. A total of 457 million kWh of electricity was produced during the year, which represented 3.3% increase from 442.7 million kWh generated in 2021. Total units generated on Mahé increased by only 1.3%, whilst there was a more significant increase of 21.4% on Praslin, which reflected revival of tourism on the island. Peak demand in 2022 was 63,000 kW on Mahé and 9,470 kW on Praslin.

Energy Production in 2022



The volume of HFO used for electricity generation (used exclusively on Mahé) increased by 1% to 88 million litres in 2022, compared to 87 million litres in 2021. On Praslin, there was a 22% increase in LFO consumption from 12 million litres in 2021 to 15 million litres in 2022. We were not spared from the global fuel price escalations on account of the Russian-Ukraine conflict, and consequently incurred 19% increase in fuel cost from SCR 969 million in 2021 to SCR 1.15 billion in 2022. The average fuel cost of SCR 96 million per month was absorbed in part by our cash reserves and in part by fuel-related increase in electricity tariffs to customers.

KEY GENERATING ASSETS

VICTORIA STATION C - MAHE

74 MW

available capacity

58 MW

safe generating capacity

VICTORIA STATION B - MAHE

14.5 MW

available capacity

6 MW

safe generating capacity

BAIE STE ANNE PRASLIN

POWER STATION

14.05 MW

available capacity

9.45 MW

safe generating capacity

LA DIGUE EMERGENCY

BACK-UP PLANT

1.8 MW

available capacity

RENEWABLE ENERGY CAPACITY

6 MW

Wind Farm

6 MW

Solar Farm

ELECTRICITY GENERATION - STATISTICS

	TOTAL		
	2022	2021	2020
Total units generated (kWh)	457,490,108	442,740,481	441,834,384
Units generated LFO (kWh)	54,943,768	45,231,090	46,093,224
Units generated HFO (kWh)	379,457,764	378,887,853	384,036,200
Wind energy (kWh)	6,580,429	5,078,618	5,985,764
PV - Solar farm (kWh)	8,577,203	6,403,205	-
PV – Third Party Rooftops (kWh)	7,930,944	7,139,715	5,719,196
Energy sent out (kWh)	444,886,322	429,780,285	428,703,398
Station use (kWh)	12,603,786	12,960,196	13,130,986
LFO consumed (litres)	15,180,231	12,447,790	12,628,334
HFO consumed (litres)	88,010,775	87,102,737	88,436,223

	MAHE		
	2022	2021	2020
Total units generated (kWh)	401,945,664	396,980,423	395,411,421
Units generated LFO (kWh)	452,774	441,733	396,599
Units generated HFO (kWh)	379,457,764	378,887,853	384,036,200
Wind energy (kWh)	6,580,429	5,078,618	5,985,764
PV - Solar farm (kWh)	8,577,203	6,403,205	-
PV – Third Party Rooftops (kWh)	6,877,494	6,169,014	4,992,858
Energy sent out (kWh)	390,575,484	384,980,316	383,232,728
Station use (kWh)	11,370,180	12,000,107	12,178,693
LFO consumed (litres)	134,145	129,600	114,888
HFO consumed (litres)	88,010,775	87,102,737	88,436,223

	PRASLIN / LA DIGUE		
	2022	2021	2020
Total units generated (kWh)	55,544,444	45,760,058	46,422,963
Units generated LFO (kWh) - Praslin	54,401,112	44,679,453	45,586,721
Units generated LFO (kWh) – La Digue	89,882	109,904	109,904
PV – Third Party Rooftops (kWh) - Praslin	893,595	790,850	726,338
PV – Third Party Rooftops (kWh) – La Digue	159,855	179,851	-
Energy sent out (kWh)	54,307,838	44,799,969	45,470,670
Station use (kWh)	1,236,606	960,089	952,293
LFO consumed (litres)	15,046,086	12,318,190	12,513,446

ELECTRICITY – TRANSMISSION & DISTRIBUTION

Our Transmission and Distribution (T&D) Section is responsible for the safe and reliable transmission and distribution of electrical energy on Mahé, Praslin, La Digue and the inner islands. It also provides an inspectorate service to the public to maintain a reasonable standard of safety and electrical wiring in all installations.

On Mahé, energy produced at the power station is transmitted and distributed to various areas through 33 kV and 11 kV feeders. On Praslin, energy is generated at Baie Ste Anne Power Station and distributed to customers via overhead and underground cable networks. On La Digue, electricity supply is fed via two undersea cables and, in cases of emergency, a back-up plant is also available.

33 kV South Mahé Project

The 33 kV South Mahé project commenced in November 2017 with the prime objective of improving the reliability and quality of electricity supply of South Mahé. The project entails extension of 33 kV network from Roche Caiman power station to Anse Boileau around the entire coast of Mahé and the creation of eight 33/11 kV substations, including a SCADA network for new and existing substations on Mahé.

The project is being funded by Saudi Fund for Development (SFD), BADEA, Government of Seychelles and PUC. The EPC contract was awarded to Consolidated Power Africa (CONCO) for the sum of USD 31.5 million (excluding taxes) in September 2017.

The project is expected to be completed by the first half of 2023.

KEY T&D INFRASTRUCTURE

33 KV TRANSMISSION NETWORK

15 KM

overhead line
circuit length

132 KM

underground
cable circuit
length

11 KV TRANSMISSION NETWORK

214 KM

overhead line
circuit length

160 KM

underground
cable circuit
length

LOW VOLTAGE

DISTRIBUTION NETWORK

115 KM

low voltage
underground

1,500 KM

low voltage
overhead

11 KV UNDERSEA CABLE

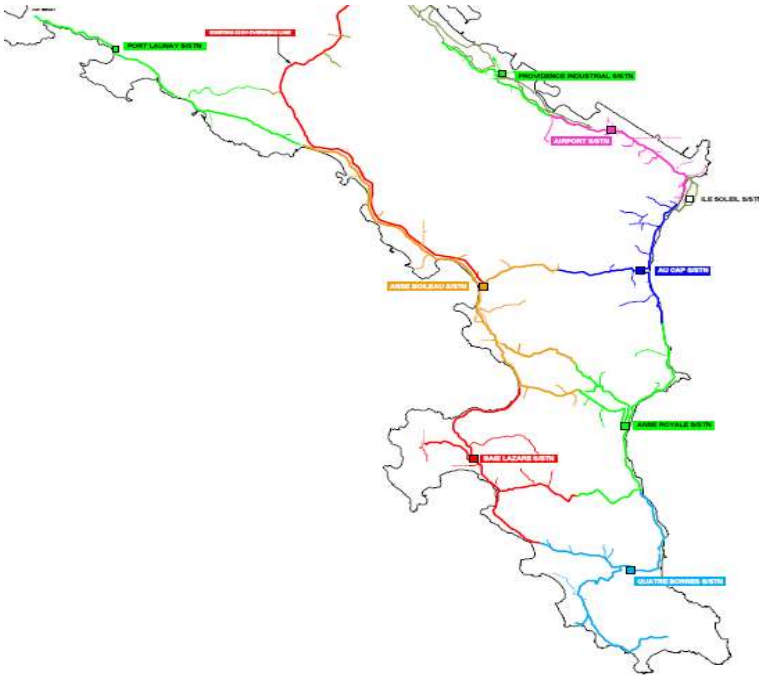
6 KM

Mahe to Ile
Au Cerf

32 KM

Praslin to La
Digue

ELECTRICITY – T&D



33 kV South Mahé Project

At the end of 2022, we achieved substantial completion of the 33 kV South Mahé project, as depicted below:

Component	Progress
Substations	97%
Procurement	99%
Cable-laying	99%
SCADA	87%
Overall Progress	97%

Undersea Cable Works Praslin – La Digue



PUC team involved in cable laying operations

In April 2022, we successfully completed works on one of the undersea cables which transmit electric power from Praslin to La Digue. The undersea cable, which originally interconnected Praslin, Round Island and La Digue, was temporarily put out of service to facilitate direct interconnection of a newly installed length of cable from Praslin. The interconnection works were done with minimal interruption of electricity services due to the application of the stand-by generators on La Digue.

The works, which involved cable installation, cable terminations, cable jointing, testing and commissioning, required a high level of technical expertise which our in-house team have acquired with experience, thus allowing them to successfully deliver on the job. The cable now directly interconnects Eve Island to “Dan Goulo” on La Digue.

Whilst we anticipate that the works done will considerably improve the reliability of electricity supply to the island of La Digue, we will continue to monitor the cable for signs of weakness. To further enhance the reliability of electricity services on La Digue, the installation of a third undersea cable is required; an investment that has to feature in the CAPEX plan of PUC in 2023.

ELECTRICITY – T&D

Service Connection Enquiries (SCE's)

Our Planning & Design Section is responsible for ensuring that all electricity Service Connection Enquiries (SCE) proposals are technically feasible, cost-effective and that all electrical installations meet the BS 7671 required standard. This section also processes various forms of Planning applications, including but not limited to new development projects, subdivision of land, and change of use.

In 2022, a total of **2,356 SCEs** were approved.

Vegetation Management

Vegetation management represents one of our recurrent expenditures that are crucial to ensuring reliability of electricity supply as well as public safety. The programme entails a preventative approach including identification and maintenance of “vegetation-free” zones; tree pruning and removal; vegetation control around poles, substations and other electric facilities; pre- and post-inspections of work and right of way issues.

We have an in-house trees team that generally takes care of minor tree clearance activities on the electricity lines and also assists the construction team when stringing overhead lines. Due to the time, efforts and resources required to clear extensive lengths of overhead HV and LV lines, a significant portion of the vegetation management function is outsourced to licensed contractors.

In 2022, a total of:

- **396 vegetation management contracts**, comprising of
- **66 HV contracts** and **330 LV contracts**, were outsourced to **125 contractors**.

SERVICE TYPE	QTY
Additional load	119
Alteration of service position	28
Changing of meter position	180
Diversion	194
New Supply - Electricity	1,491
New Supply – Electricity from temporary supply	66
Rewiring	19
Temporary supply	259
Grand Total	2,356

Major T&D Projects Commissioned in 2022

Commissioning of new 500 kVA substation at East Coast for Trinity Hotel.

Commissioning of new 500 kVA substation at East Coast for Intelvision

Commissioning of new 800 kVA substation for Caiman Properties at Providence.

Commissioning of new 315 kVA substation at North East Point for New Tourism development.

Commissioning of new 315 kVA substation at Anse Parnel for New Tourism development.

Commissioning of new 315 kVA substation for Anse Royale Remiz Estate for Housing project.

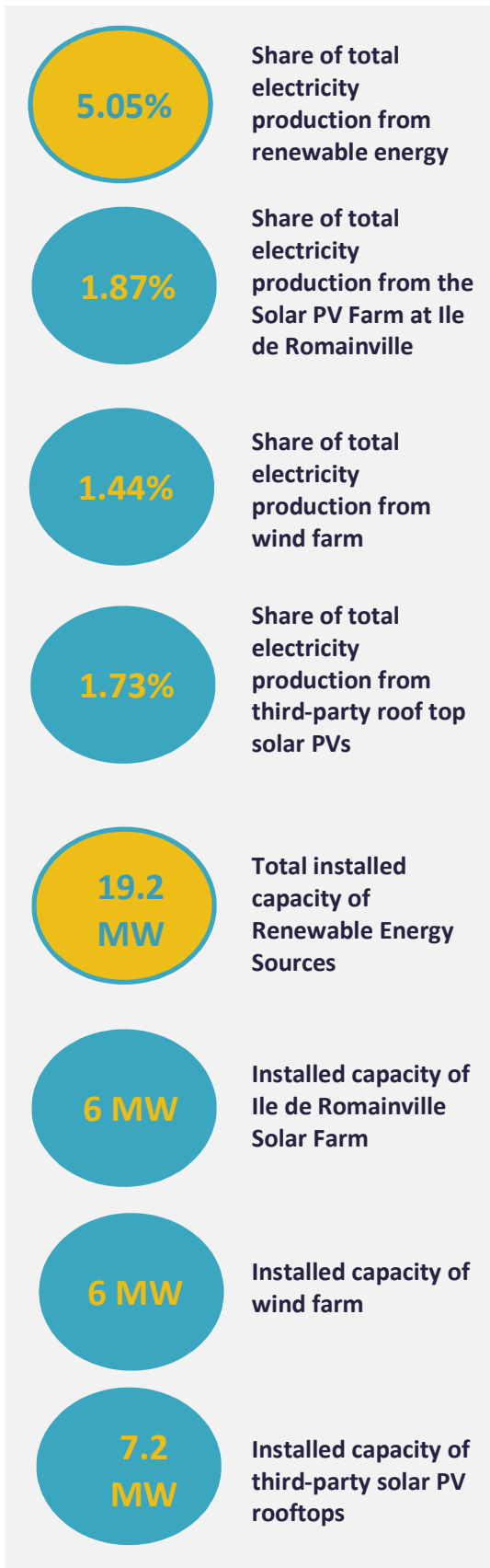
Replacement of 11 kV submarine cable from Eve Island to Round Island.

Commissioning of new 800 kVA substation at Anse Royale for Laila Hotel development including 200 kVA network.

SCR 16 million

spent on vegetation management
in 2022

RENEWABLE ENERGY



Seychelles has a medium-term target to generate 15% of its energy from renewable sources by 2030 (*Energy Policy, 2010-2030*). The country has also made commitments to the Paris Agreement to reduce its greenhouse gas emissions by 26% in 2030 relative to baseline emissions. PUC is taking a more prominent role in driving the transition to clean energy in line with the national targets either through its own equity or in partnership with independent power producers (IPP) or via other business models.

In 2022, renewable energy sources contributed **23.1 GWh** of electricity, equivalent to **5.05%** of the total electricity produced on Mahé, Praslin and La Digue.

The 6 MW Ile de Romainville Solar Farm produced **8.6 GWh** of electricity (1.87% of total electricity production).

The 6 MW Port Victoria wind farm generated **6.6 GWh** of electricity (1.44% of total electricity production), an increase of 32% from the previous year. The wind farm availability was 87% during the year given that three wind turbines - namely WTG4, WTG6 and WTG7 - were not operational for some parts of the year due to breakdown and maintenance.

Third-party rooftop solar PV production contributed **7.9 GWh** (1.73% of total electricity production). During the year, **66 rooftop PV systems** with a combined capacity of **708 kW** were connected to the grid. This brought the cumulative number of rooftop PVs to **699** and installed capacity to **7.2 MW** at the end of 2022.

The renewable energy production of 23.1 GWh in 2022 is equivalent to annual electricity consumption of approximately 6,500 homes. This has avoided the emission of **15,900 tons of CO₂** and saved **about 5.3 million litres of fuel** worth around SCR 55 million (*based on weighted average fuel prices in 2022*).

WATER SUPPLY

Demand for water continues to rise, and this puts intense pressure on fresh water supplies which are derived principally from reservoirs, rivers (surface water) and boreholes. We are continually searching for alternative sources of fresh water and making operational improvements in order to build resilience in the water supply system and distribution networks.

During the year, the Rochon Dam water level was closely monitored, being the main water storage in operation with the La Gogue Dam being out of operation for the fifth consecutive year. The water level at Rochon Dam was maintained at not less than 80% to ensure some buffer storage at all times. The other main fresh water sources were monitored and recorded on a daily basis.

Six desalination plants located on Mahé, Praslin and La Digue, with total capacity of 28,550 m³ per day, have played an important role in supplementing the limited available water sources during prolonged periods of drought in 2022. However, colossal electricity charges of SCR 141 million were incurred to operate the plants due to the energy intensive processes involved, compounded by the impact of fuel price escalations during the year.

In 2022, a total of **16,239,448 m³ potable water** was produced, representing a 6.5% increase from 15,253,107 m³ produced in 2021.

2022 Production of Potable Water (m³)

Location	Surface Water	Desalinated Water	Desalination Percentage
Mahé	10,311,074	4,026,155	28.1%
Praslin	846,574	421,829	33.3%
La Digue	287,511	346,305	54.6%
Total	11,445,159	4,794,289	29.5%

KEY WATER ASSETS

❑ Dams (on Mahé only)

1,600,000 m³ capacity

La Gogue Dam

upon completion

50,000 m³ capacity

Rochon Dam

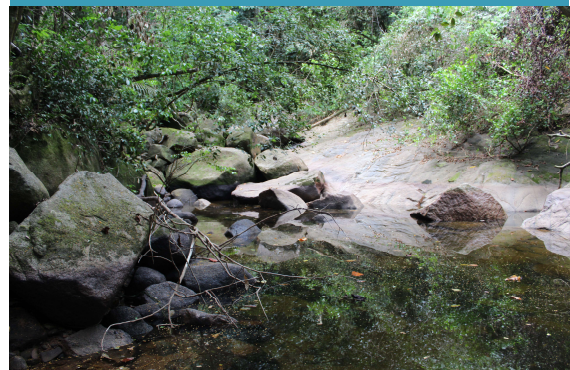
❑ Desalination Plants

	M ³ per day capacity
Providence	16,000
Anse Boileau	3,750
Ile Perseverance	2,000
Belombre	2,500
Baie Ste Anne Praslin	2,900
La Passe, La Digue	1,400
TOTAL	28,550

❑ 25 Water Treatment Plants

❑ 115 Pumping Stations

❑ 152 Reservoirs



Depleted barrage during dry season

WATER SUPPLY

Raising of the La Gogue Dam Project

The key objective of the La Gogue Dam project is to increase the storage capacity of the dam by 60% from 1 million m³ to 1.6 million m³, thus augmenting the water treatment capacity serving the central and north eastern parts of Mahé.

The project is being financed by a USD 20.6 million loan from the African Development Bank (AfDB), as well as funding from Government of Seychelles and PUC. The contract for raising of the dam was awarded to M/S Synohydro in August 2017 for the sum of SCR 185 million, whilst the consultancy services for design, review and supervision have been awarded to Studio ing. G. Pietrangeli Srl.

Construction of a water treatment plant at the toe of the dam of 4,400 m³ capacity per day has been deferred due to this component of the loan being allocated to additional works required to address seepages on the right abutment and slope stability on the south saddle dam.

Impoundment of the dam tentatively commenced at the end of December 2022. This process is subject to careful monitoring in order to observe the behaviour of the dam and to take remedial actions, if any, before the dam can be safely put back into operation. The maximum height of the dam is 150 metres a.m.s.l. (above mean sea level).

A series of public meetings has been scheduled with stakeholders and residents within the vicinity of the dam at the start of 2023 in order to heighten awareness about the safety measures instituted and to sensitize the public about the emergency preparedness plan.

Commissioning of the dam is anticipated to take place the first half of 2023 when it is certified safe for operations.

La Gogue Dam Works-in-Progress in Pictures 2022



Piling works ongoing on right abutment in March 2022



Construction of wave wall on south saddle dam ongoing in March 2022



Embankment filling completed; Jet grouting works under spillway ongoing in September 2022

WATER DISTRIBUTION

Water Meter Connections

During the year, a total of **1,346** new water meter connections were installed, at an average rate of **112** connections per month.

1,138	94	111	3
15mm Connections Domestic	15mm Connections Commercial	40mm Connections	Larger Connections

Water Distribution Breakdowns

A total number of **8,600** customer complaints, relating to major bursts, minor bursts and other network issues, were logged and attended to in 2022. This constitutes an average of **717** water-related issues per month.

6,762	97	1,741
Minor Bursts	Major Bursts	Other Complaints

Electro-mechanical preventive Maintenance

The Electro-mechanical section provides operations & maintenance support for the Water, Wastewater and Desalination plants and other infrastructures. A total number of **1,714** works orders were raised and attended to during the year, representing an average of **143** works orders per month.

665	613	436
Water	Sewerage	Desalination

Key Achievements

Water Operations in 2022

Commissioning of Anse Major Project

Construction of three barrages to collect water from the catchment area which will be transmitted to Belombre for treatment and distribution. Yield: 1,500 m³ per day.

Installation of new Chlorinator System at Hermitage Treatment Plant

An alternative for calcium hypochlorite for safe treatment of potable water by means of electrolysis using chlorinsitu equipment and salt. The chlorinator system will be installed at other main treatment plants on Mahé.

Improvement of Filtration System at La Digue Desalination Plant

Use of cartridge filters instead of bag filters which decreases clogging time, allowing the containerized unit to remain in operation.

Electro-mechanical Breakdown Maintenance

A total number of **798** breakdowns related to water, sewerage and desalination operations were attended to in 2022, representing an average of **67** breakdowns per month.

446	316	36
Water Breakdowns	Sewerage Breakdowns	Desalination Breakdowns

WATER DISTRIBUTION

Catchment monitoring

Spot checks were performed at all the water catchments throughout the year. Activities monitored included excavation for crop farming, grazing cattle and construction activities within the catchments.

Planning Applications

A total number of **2,316 planning applications** of developments were received for comments during the year. Five were in the water catchment areas and were approved. Seven were approved with special conditions.

Tree Cutting Permits

A total number of **24 tree cutting permits** were received and evaluated during the year. 22 permits were approved as they were all outside of PUC's drinking water catchments. Two applications were refused on the basis that they will have some impact on the water catchments.

Livestock Applications

A total number of **65 livestock permit applications** were received and evaluated during the year, all of which were approved as most of them are within the Val d'en D'Or area which has been relinquished by PUC for agricultural activities.

Water & Wastewater Laboratories

Routine samplings were collected and analyzed every month with regards to monitoring of the water quality at the different water treatment works, networks and RO plants. Similarly, samplings were collected and analyzed at different stages of the wastewater treatment processes and at the brine and effluent discharge sites.

Non-Revenue Water

Non-revenue water (NRW) is an important key performance indicator (KPI) that PUC devotes a lot of time, effort and resources on. NRW is water that has been collected and treated but is lost or unaccounted for before it reaches the customers. The losses are typically caused by leakages, illegal water abstraction, faulty meters, meter tampering, and aging & non-performing pipelines.

In 2013, NRW was registered at a high level of 55%. Since then, we have embarked on an intensive NRW programme which has yielded significant benefits including reduction in water losses, reduction in the amount of treated water production and increase in billing revenues.

To date, we have established 61 DMAs (district metering areas) on Mahé and 12 DMAs on Praslin in order to more efficiently coordinate pipe leak detection, investigate fraud and replace basic or faulty meters.

In the second half of 2022, we launched our NRW efforts on La Digue where NRW levels in excess of 46% were observed.

The NRW programme features as a component under Project Neptune but will continue to be financed by PUC and implemented as part of our operations.

NRW Levels at 31st December 2022:

29.22%	22.12%	48.89%
Mahé	Praslin	La Digue

SEWERAGE

There is continuous demand from customers to be connected to the PUC sewerage network. Over 80% of the population continue to operate stand-alone sewage treatment systems, predominantly septic tanks with soak pits for the majority of buildings. The septic tanks and soak aways reportedly suffer from design issues, old age and inherently poor soil conditions and are prone to overflow situations.

Sewerage Treatment Plants

Currently, only four sewage treatment plants (STPs) are in operation on Mahé, and these are unable to cope with the current and future demand.

Designed to treat 7,000 m³ of sewage per day, the Providence STP operated at only 50% of its treatment capacity in 2022 and is due for major refurbishment.

The Beau Vallon STP, with a treatment capacity of 2,500 m³ per day, had no major operational issues but treated on average only 900-1000 m³ per day; with scope to take on board more consumers to the system.

The ongoing challenge at the Pointe Larue STP is hydraulic overload from infiltration of water in the system. The infiltration issues are being addressed through ongoing maintenance to ensure that the flow of water remain within the treatment capacity.

In January 2022, the operations and maintenance of the sewerage system at Ile Soleil, including all the assets constituting the network, were transferred to PUC. The Ile Soleil STP serves not only the Ile Soleil Community, but also customers at the Chetty Flats at Anse Aux Pins who were previously connected to the Pointe Larue STP.

KEY SEWERAGE ASSETS

4

Sewerage Treatment Plants

- ❑ Greater Victoria

7,000 m³/day capacity

- ❑ Beau Vallon

2,500 m³/day capacity

- ❑ Pointe Larue

300 m³/day capacity

- ❑ Ile Soleil

50 m³/day capacity

52

Sewerage Lifting Stations

109 km

Length of Sewer Network

Volume of Wastewater treated in 2022

Providence STP	2,890,763 m ³
Beau Vallon STP	369,730 m ³
Pte Larue STP	63,923 m ³
Ile Soleil STP	11,097 m ³
Total Flow	3,335,513 m³

SEWERAGE

Sewerage Network

The condition of the sewerage networks is continually being monitored as a matter of priority. An assessment has been done in Greater Victoria but major investment will be required to replace all the aging sewerage infrastructures which are in a critical state. Some works are being done to repair leaking manholes and replace pipes that have deteriorated with time in the most critical areas of the network.

Pump Station Maintenance

Pump station breakdowns can lead to major environmental incidents due to the build-up of sewage and potential overflows, hence the necessity to invest time and resources in preventive maintenance (balance between cost and repercussions on operations if too much emphasis is placed on cost reduction).

Pump station cleaning is an important component of the preventive maintenance programme. In 2022, this was performed at 106% on average, with greater frequency in the second half of the year in order to alleviate occurrences of blockages and overflows in the system.

Many of the common issues that affect the pump stations can be avoided if consumers use the sewerage system more responsibly. The accumulation of fats, oils, grease, baby wipes and personal hygiene products, rags, items of clothing, and kitchen towels are amongst the common factors contributing towards blockages and overflows in the PUC's sewer network.

In 2022, we recorded and attended to:

- **446 network blockages**
- **189 pump station breakdowns**



Wastewater team at work

Infiltration

One of our ongoing challenges is the amount of infiltration into the sewerage networks. A number of infiltration points originate in the form of:

- Broken manholes
- Downpipes diverting rainwater into PUC's manholes
- Surface run-off water diverted into PUC's manholes
- Illegal connections

A survey was conducted on the sewer network in Victoria where all the major infiltration points have been identified. The infiltration issues have been flagged as a matter of priority but require heavy investment. PUC plans to re-line about 2 kilometres of pipeline in the Victoria network in 2023.

SEWERAGE

La Digue Wastewater System

La Digue Island is undergoing significant development, especially in the tourism sector. La Digue is dependent on a combination of surface water, groundwater and desalinated water for its drinking water sources and the disposal of sewage from the point sources in the plateau will seriously hinder the present abstraction of both ground and surface water on the island.

To this end, the construction of a wastewater system on La Digue is being addressed as one of the final components of Project Neptune, which is financed by the European Investment Bank (EIB), Agence Française de Développement (AFD), Government of Seychelles and PUC.

The project has been split up into two components, namely the wastewater networks (collection system) and the wastewater treatment plant (WWTP).

The network component comprises of two lots, namely:

- the North part, which has been awarded to Earth Development Pty Ltd for SCR 79.3 million and includes an estimated 7.5 km of gravity sewers, 230 manholes, and 0.75 km of force mains; and
- the South part, which has been awarded to Ascent Projects Sey Pty Ltd for SCR 54.9 million and includes an estimated 7.0 km of gravity sewers, 290 manholes and 2.1 km of force mains.

The WWTP component which will have the capacity to treat an average flow of 1,000 m³ per day is being considered for outsourcing to a state-owned enterprise. At the end of 2022, the due diligence process was still ongoing. The contract is expected to be awarded in the first quarter of 2023. Although hindered by wayleave issues, the project is targeted for completion end of 2023.

Sanitation Master Plan

In order to increase coverage and meet increasing demand, the existing wastewater system requires upgrading and expansion. To this end, a Comprehensive and Integrated Sanitation Master Plan (CISMP) which was financed by the African Water Facility, was developed and validated in 2019.

The CISMP sets out strategies for the sanitation sector for the next 25 years, based on a new paradigm which considers waste as a resource.

Implementation of the CISMP is expected to cost around EUR 100 million, equivalent to approximately SCR 1.6 billion, and will require financing interventions through a combination of increases in tariffs, subsidies and loans.

Proposed sanitation schemes include:

Mahé:

Construction of 6 new decentralised sewerage treatment plants, 200km of new sewers and 43 sewerage pumping stations, rehabilitation/replacement of 20 km of the existing sewers and 17 sewerage pumping stations, construction of 100 km of the recycled water network and 9 pumping stations.

Praslin:

Construction of the 2 new STPs, 31 km of the sewerage network, 10 sewerage pumping station, 24 km of the recycled water network and 2 pumping stations.

PROJECTS

KEY ELECTRICITY PROJECTS	PROJECT COST
Environmental performance improvement of Baie Ste Anne Power Station	SCR 88.6 million
33kV underground cable network to South Mahe	SCR 615 million
5 MW solar photovoltaic system on Ile de Romainville - inaugurated on 12 th December 2022	SCR 173 million



KEY WATER PROJECTS

0.946MW of rooftop PV (Domestic + GOS Buildings)	SCR 47 million
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Raising of La Gogue Dam by six metres:

- including additional works to be undertaken on the right embankment & South Saddle

SCR 421 million

Refurbishment of water treatment plants at Hermitage & Cascade

SCR 86 million

Water Transfer from Anse Major & Mare Aux Cochons

SCR 54 million

Replacement of non-performing pipeline to reduce non-revenue water

SCR 20 million

NRW Programme for Praslin & La Digue

SCR 18 million

Procurement of Electrolysis system for Mahe Water Treatment Plant

SCR 9 million

KEY SEWERAGE PROJECTS	PROJECT COST
Sewerage System for La Digue	SCR 290 million
Rehabilitation of existing Providence sewerage treatment plant, pump stations and force mains	SCR 155 million



COMMERCIAL

Our commercial services are delivered at various customer service centres located on Mahé, Praslin and La Digue. We provide over 99% electricity coverage and over 95% water coverage on all three islands, whilst connection to the sewerage network is currently limited to less than 20% of our customers on Mahé only.

Electricity

A total of 44,183 electricity customers were registered in our billing system at the end of 2022, out of which 89% are based on Mahé, 8% on Praslin and 3% on La Digue.

Total electricity consumption in 2022 amounted to 412,192,372 kWh, representing a growth of 2.65% from 401,564,385 kWh in 2021. The commercial sector experienced a higher growth of 4.25% as the economy bounced back from Covid-19, whilst domestic and government consumption saw more modest increases of 0.76% and 1.38% respectively.

Electricity revenues increased by 17% to SCR 1.7 billion in 2022, compared to SCR 1.48 billion in 2021, mainly due to higher average tariffs and increase in consumption.

Although domestic customers make up 82% of total electricity customers, they contributed only 20% of revenues in 2022. In contrast, the commercial sector with a customer base of 15% brought in 62% of revenues. Government (3% of total customers) made a significant contribution of 18% of revenues.

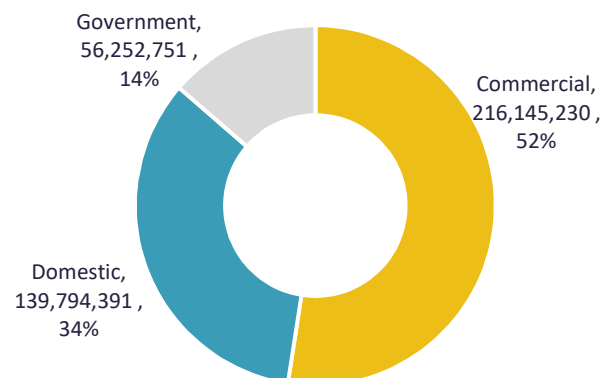
Average Electricity Tariffs (SCR / kWh)

	2022	2021
Domestic	2.53	2.16
Commercial	5.00	4.51
Government	5.47	4.50
Total Average	4.23	3.70

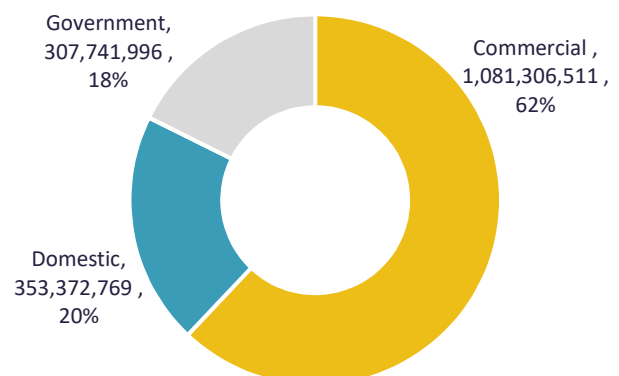
Number of Electricity Customers

	Mahé	Praslin	La Digue	Total
Domestic	31,908	3,395	1,148	36,451
Commercial	5,523	709	338	6,570
Government	1,043	90	29	1,162
Total	38,474	4,194	1,515	44,183

Electricity Consumption by Sector (kWh)



Electricity Sales by Sector (SCR)



COMMERCIAL

Water

The total number of registered water customers at the year-end was 37,095. Region-wise, 87% are based on Mahé, 9% on Praslin and 4% on La Digue.

The total water consumption in 2022 was 10,136,404 m³, representing a growth of 3.5% from 9,796,130 m³ consumed in 2021. A sharp growth of 23% was seen in the commercial sector as a result of Covid-19 post recovery. There was a decrease in consumption of 1.5% by domestic customers compared to 2021, mainly due to the impact of water restrictions imposed during prolonged drought periods in 2022. The government sector also saw a decline in consumption of 9.7%, which was mainly attributed to concerted efforts to fix persistent leakages.

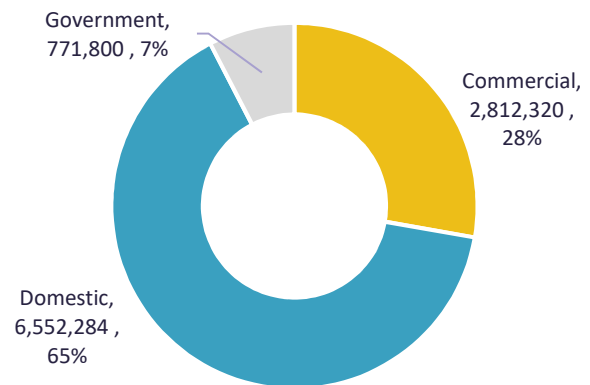
There was an overall 5.8% increase in water revenues to SCR 240.6 million 2022, compared to SCR 227.5 million in 2021. However, this increase was mainly attributed to the commercial sector which brought in 23.9% increase in revenues. On the other hand, the domestic sector saw a 1.7% reduction in revenues whilst government revenues decreased by 9.6% due to decline in consumption for these two sectors.

The domestic sector, which comprises 90% of the water customer base, generated only 50% of revenues in 2022. The commercial and government sectors which collectively represent 10% of total water customers, contributed 39% and 11% of revenues respectively.

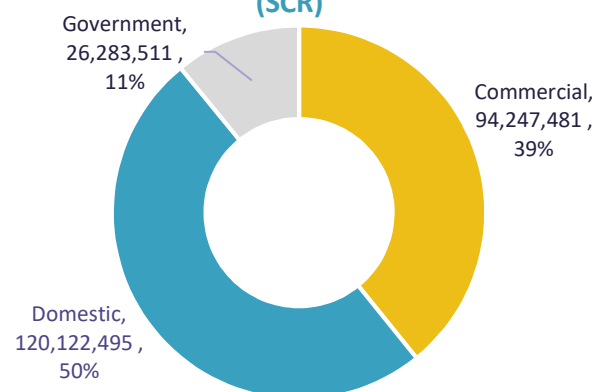
Number of Water Customers

	Mahé	Praslin	La Digue	Total
Domestic	29,154	3,019	1,126	33,299
Commercial	2,733	484	213	3,430
Government	310	34	22	366
Total	32,197	3,537	1,361	37,095

Water Consumption by Sector (m³)



Water Sales by Sector (SCR)



Average Water Tariffs (SCR / M³)

	2022	2021
Domestic	18.33	18.36
Commercial	33.51	33.27
Government	34.05	34.03
Total Average	23.74	23.22

COMMERCIAL

Sewerage

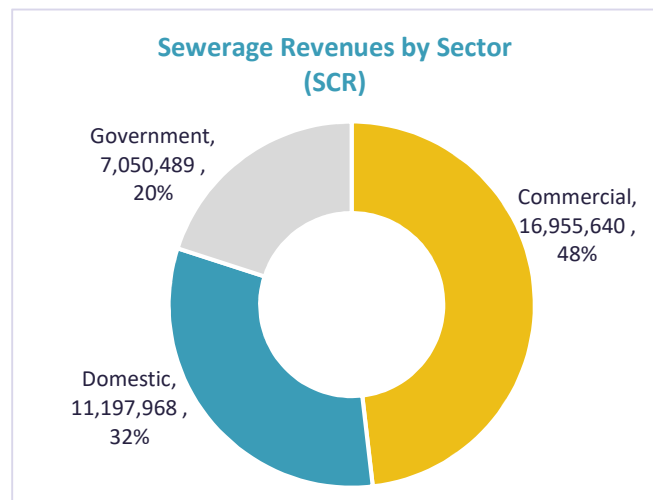
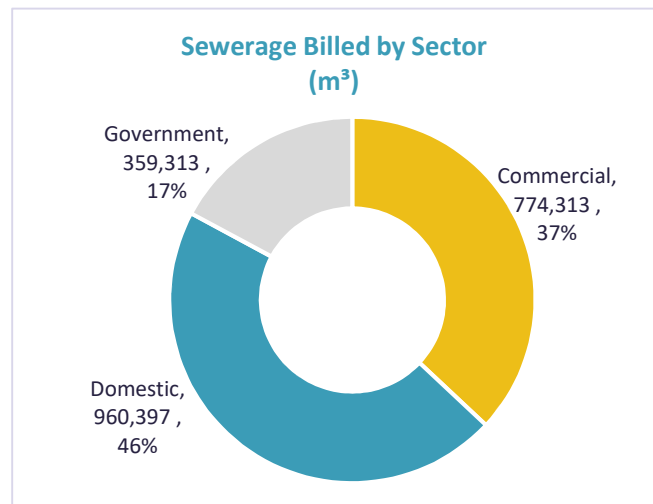
The total number of registered sewerage customers at the year-end was 6,009, all of whom are based on Mahé. There is no centralised system on Praslin currently. On La Digue, works started on the construction on a wastewater system in 2022, and this is expected to bring on board around 1,000 more customers in the billing system in 2024.

In 2022, the total amount of sewerage billed was 1,995,402 m³, representing a growth of 2.70% from 1,878,788 m³ in 2021. However, the growth was mainly attributed to the commercial sector which saw an increase of 24.44%; closely mirroring the increase in commercial water consumption. Similarly, the domestic and government sectors saw decreases of 2.96% and 12.35% respectively, in alignment with decrease in water consumption for these two sectors.

Sewerage revenues increased by 16.5% to SCR 35.2 million, compared to SCR 30.2 million in 2021. This increase was mainly attributed to the commercial sector which brought in 49.3% increase in revenues. The domestic sector saw a marginal 1.7% increase in revenues whilst government revenues decreased by 11.2%

Number of Sewerage Customers on Mahé

Domestic	Commercial	Government	Total
5,422	491	96	6,009



Average Sewerage Tariffs (SCR / M ³)		
	2022	2021
Domestic	11.65	11.02
Commercial	25.14	20.96
Government	19.62	19.36
Total Average	18.81	17.11



PUC Customer Service Centre at Anse Royale

SUPPORT SERVICES

Customer Services

As the main provider of electricity, water and sewerage services, we uphold our commitment to put our customers first and be responsive to their evolving needs and expectations. We are therefore continually seeking innovative ways to improve and modernize our customer life cycle, from initial application for new connections, meter reading, billing, payments to eventual termination of services.

In April 2022, we officially opened our customer service centre at Anse Royale in order to better serve our customers in the south of Mahé.

In our bid to better engage with our customers and provide instant communications via SMS about billing, payment and other customer-related issues, we have amassed over 55,000 mobile numbers in our database.

Whilst we recognise that some customers prefer to pay their bills in person, we have broadened our payment modes and physical service centres, as well as increased online options such as online banking platforms and the PUC online customer portal.

Since its introduction in 2019, the PUC online customer portal has seen a surge in popularity especially over the past two years. Customers are increasingly recognising the benefits of accessing their utility accounts at their own convenience and in their own time, including but not limited to: user-friendly dashboard, the ability to view and/or print invoices online, downloading of statements of account, tracking of consumption patterns, and fast and efficient online payments which are accompanied by documented receipts. At the end of 2022, there were **7,029 users** who were registered to the customer portal.

Call Centre

Our Call Centre acts as the first point of contact between us and our customers, particularly in the event of electricity, water or sewerage breakdown or other disruptions to services. Fault reports are logged, referred to the appropriate on-call teams and followed through until closure of each case.

In 2022, the Call Centre received a total of 109,864 calls, an increase of 2% compared to 107,538 in 2021. Of these, 15,925 calls were attributed to breakdown or disruption of services, an increase of 2.9% from 2021.

Breakdowns	2022	2021	2020
Electricity	3,475	3,590	4,740
Water	12,060	11,546	13,033
Sewerage	390	338	370
Total	15,925	15,474	18,143

2022 C-SAT Survey

A 12-month Customer Satisfaction Survey was conducted by the Office of the Call Centre Manager to assess the performance of the Call Centre agents and breakdown technicians, and also to assess the overall responsiveness of the Call Centre agents and technicians combined.

A total of 1,560 participants were invited to participate in the survey. The overall average customer ratings, out of 5 (*5 being most satisfied*), were:

4.63	4.44	4.52
Call Centre Performance	Complaint Resolution	Overall Responsiveness

SUPPORT SERVICES

Information and Communication Technology

Our Information and Technology (ICT) Department has made concerted efforts over the years to continuously modernize and upgrade the ICT infrastructure of PUC to bring it up to the standards of a professional enterprise environment.

In 2022, three major incidents relating to the database occurred, which significantly impacted our operations and necessitated realignment of Annual Support Services for Microsoft Dynamics AX to a new service provider, StayConnect; a firm based in UAE.

Key achievements of the ICT team in 2022 include:

- Development and deployment of a versatile solution for Billing that can be used in the event that the AX/MECOMS is unavailable, thus allowing customer-centric operations to proceed uninterrupted.
- Development and deployment of an application for engineers to capture and monitor water pump readings onsite.
- Significant efforts were committed to ensuring stability and performance improvement for the ERP solution.

ICT Plans - Medium Term

The following ICT goals have been initiated going forward:

- ❑ Archival of ERP data to improve performance and streamline the size of the production database.
- ❑ Development of an Android-based solution to replace end-of-life current MRI (meter reading instruments) solution.
- ❑ Setting up of a new server room at Electricity House for migration of existing services and replication of key services being served from Malavois.
- ❑ Implementation of a Queue Management System to at key customer service centres to improve services.
- ❑ Implementation and use of smart meters solution using a Head End System developed by Iskraemeco, following pilot testing at key PUC infrastructures.
- ❑ Upgrade from Microsoft Dynamics AX 2012 to Microsoft Dynamics 365.

BSI Accreditation

We are committed to ISO 9001:2015 Quality Management System that promotes a culture of customer focus, teamwork, continual improvements and high standards.

We are further committed to ISO 14001:2015 Environmental Management System that promotes environmental sustainability in service delivery.

We also embed risk management practices in line with ISO 31000 in all our operations.

In 2022, based on the results of external BSI audits conducted in March and October, we were successfully recertified for ISO 14001:2015 (expiry 17-Dec-2023) and ISO 9001:2015 (expiry 17-12-2023).

LOOKING AHEAD

KEY ELECTRICITY PROJECTS 2023-2030

❑ Expansion of the generating capacity at Roche Caiman power station by 16 MW

This entails increasing the generating capacity on Mahé by 16 MW to meet growing demand for electricity and to cater for de-rating of existing generating plants. The tender process began in mid-2022. Expected timeline for completion is end of 2024.

❑ Expansion of the generating capacity of the Baie Ste Anne Praslin power station by 8 MW

The additional conventional production capacity of 4x2MW stationery sets is urgently required to replace four obsolete (400 kW) generator sets, and to meet the operational challenges and the envisaged growth in demand on Praslin and La Digue. Expected timeline for completion is first quarter of 2025.

❑ Third undersea cable from Praslin to La Digue:

Procurement of the undersea cable was initiated in 2022. Laying of the cable from Baie Ste Anne Power station to La Passe on La Digue will be undertaken during a window of favourable sea conditions. Expected timeline for completion is first half of 2024.

❑ 33 kV transmission network for North Mahé

Due to the increase in tourism, commercial and residential developments in the north of Mahé, there is a need to increase the electricity supply capacity by constructing a new 33 kV network for this region. The project is being done on a phased approach; phase 1 - cable network and phase 2 - substation works.

❑ Renewable energy projects - all three islands

These are expected to be implemented on IPP basis and/or in collaboration with Masdar of UAE, with initial focus being on Praslin and La Digue. Expected timeline of phased implementation of about 20 MW distributed PV plants is between 2023 to 2030.

❑ New Power Station on Mahé on an IPP/PPP or loan financing basis by 2028.

❑ New Power Station on Praslin on an IPP/PPP or loan financing basis by 2030.

KEY WATER PROJECTS 2023-2030

❑ Numerical Model for the Rochon Dam

The numerical model will address safety and structural concerns of the Rochon Dam. The study will be completed in 2023.

❑ Remedial and rehabilitation actions on the Rochon Dam

These will be the next steps based on the recommendations arising from the Numerical Model.

❑ Proposed dam at Grand Anse

Construction of a dam at Grand Anse in the medium to long term would greatly improve water supply reliability in the southern and western regions of Mahé. The feasibility study and detailed design has been completed.

❑ Proposed dam at La Plaine Hollandaise

There is a need to scale up freshwater storage capacity and reduce reliance on desalination production on Praslin. This is a medium term project.

KEY SEWERAGE PROJECTS 2023-2030

❑ Re-construction of sewerage pump stations at Le Rocher and Roche Caiman

This is to improve reliability of the pump stations at Le Rocher and Roche Caiman. Works will start in first quarter of 2023.

❑ Refurbishment of Central Victoria Sewerage System

The WWTP at Providence is in urgent need of major refurbishment. The tender was launched in 2022 and works are expected to be completed in 2025.

❑ Implementation of the Comprehensive and Integrated Sanitation Master Plan in the medium to long term, subject to availability of financing.

CORPORATE GOVERNANCE

The Public Utilities Corporation is headed by a Board of Directors and falls under the portfolio of the Ministry of Agriculture, Climate Change and Environment (MACCE). The daily operations of the Corporation fall under the direct responsibility of the Chief Executive Officer (CEO), who reports to the board and to the Minister for ACCE.

The Corporation strives to uphold the principles and practices of good corporate governance to ensure transparency, integrity and accountability; in accordance with its internal Corporate Governance Policy and the guidelines set out by the Public Enterprise Monitoring Commission (PEMC). The board accepts responsibility for the preparation and fair presentation of the financial statements of the Corporation, in accordance with the International Financial Reporting Standards (IFRS) and in compliance with the Public Utilities Corporation Act, 1985 and PEMC.

The board comprises of a maximum of seven (7) members who have each been appointed by the President's Office. All Board members are professionally qualified, possess diverse sets of skills, and have relevant experience in the industry and/or memberships on other boards. With the resignation of Dr. Selwyn Gendron in August, the composition was reduced to six (6) at year-end. Nine board meetings were held during the year with high level of engagement and attendance by board members.

Name	Function	Tenure	Areas of Expertise	2022 Attendance
Leonard ALVIS	Chairman	15/11/2021 to 14/10/2023	30 years expertise and experience in senior management, specifically in the tourism industry.	8 out of 9
Joel VALMONT	Ex-Officio Member	15/11/2021 to 14/10/2023	MSc in Power System Engineering and Economics, BEng in Electrical & Electronics and extensive management experience in the utility sector.	9 out of 9
Irene CROISE	Member	15/10/2020 to 14/10/2023	Master's degree in Economics, Bachelor's degree in Finance & Accounting.	6 out of 9
Nanette LAURE	Member	6/02/2014 to 14/10/2023	Environment assessment, waste enforcement and permits (MSc).	8 out of 9
Stephen ROUSSEAU	Member	15/08/2017 to 14/10/2023	Civil Engineer, with specialisation in hydrology.	9 out of 9
Philippe CHONG SENG	Member	15/08/2017 to 14/10/2023	Professional Electrical Engineer, specialising in consultancy.	9 out of 9
Selwyn GENDRON	Member	15/08/2017 to 25/08/2022	Physicist, with expertise in business administration.	6 out of 6

CORPORATE GOVERNANCE

Sub-Committees to the Board

The board is supported in its work by a number of sub-committees. The main objective of the committees is to handle specific tasks or undertake work of a technical nature in order to allow the board to focus on its priorities more efficiently. Any recommendations made by a committee are referred to the board for final review and approval.

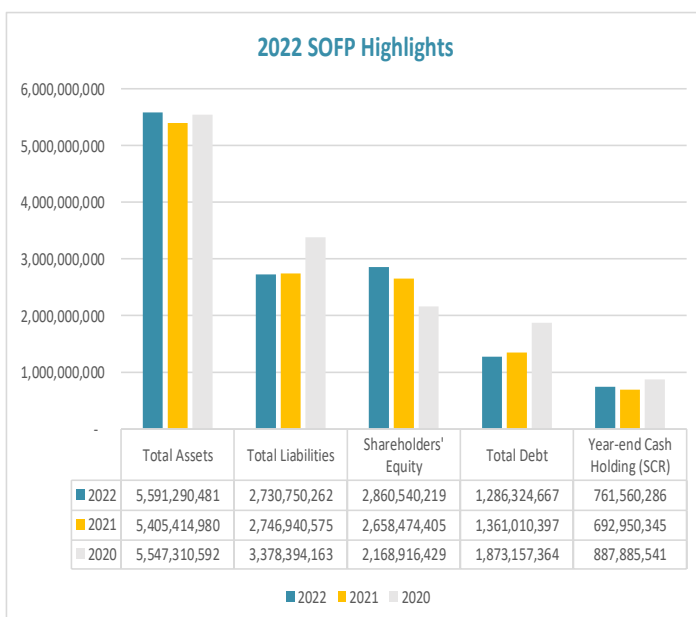
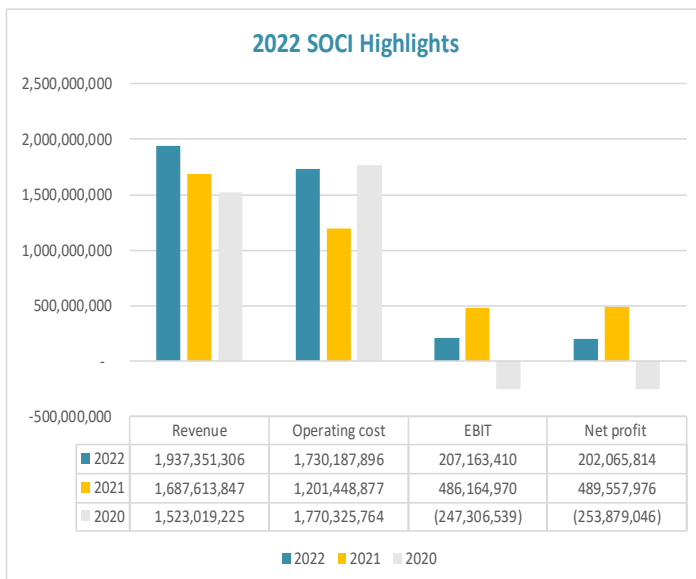
Each committee is chaired by a non-executive director. To further ensure independence of the work of the committees, the chairperson of the board does not chair any of the committees and the CEO is a non-member but attends all committee meetings and is a vital contributor to their work.

Six sub-committees were originally established. However, it was recognised that due to the limited composition of the board, the level of commitment, time and efforts required to sit on multiple committees stretched the capacities of board members. Furthermore, with restricted membership of only two non-executive directors per committee, a lack of quorum would arise should one member be unable to attend a meeting. The number of committees were thus streamlined to three principal committees in order to improve their effectiveness, and the membership was increased to three per committee. The board approved the terms of reference of the new committees in August 2022.

Former Committees	Revised Committees		
Audit Committee	Audit & Risk Committee	Chair:	Ms. Irene Croisé
		Member:	Mr. Leonard Alvis
		Member:	Mr. Stephen Rousseau
Remuneration Committee	Remuneration Committee	Chair:	Mr. Stephen Rousseau
		Member:	Mr. Leonard Alvis
		Member:	Mrs. Nanette Laure
Finance & Investment Committee	Finance & Investment Committee	Chair:	Mrs. Nanette Laure
		Member:	Ms. Irene Croisé
		Member:	Mr. Philippe Chong Seng
Risk Committee	<i>Merged with the Audit Committee</i>		
Corporate Governance Committee	<i>Responsibility absorbed by the board</i>		
Ethics & Integrity Committee	<i>Responsibility absorbed by the board</i>		

FINANCIAL HIGHLIGHTS

FINANCIAL OVERVIEW	2022	2021	2020
Revenue from Operations (SCR)	1,937,351,306	1,687,613,847	1,523,019,225
Net Profit (SCR)	202,065,814	489,557,976	(253,879,046)
Earnings before Interest and Taxes (EBIT) (SCR)	207,163,410	486,164,970	(247,306,539)
Total Assets (SCR)	5,591,290,481	5,405,414,980	5,547,310,592
Shareholders' Equity (SCR)	2,860,540,219	2,658,474,405	2,168,916,429
Year-end Cash Holding (SCR)	761,560,286	692,950,345	887,885,541
Total Debt (SCR)	1,286,324,667	1,361,010,397	1,873,157,364



In 2022, we reported a net profit of SCR 202 million, compared to SCR 489 million in 2021. As exchange rates stabilized in 2022, the bottom line has not been distorted by massive exchange rate differences that were experienced in 2020 and 2021.

Revenue increased to SCR 1.94 billion in 2022, a 15% increase from SCR 1.69 billion in 2021. This is primarily due to higher average tariffs of electricity in 2022 of SCR 4.23 per kWh, compared to SCR 3.71 per kWh for 2021.

There was no respite in the aftermath of the Covid-19 pandemic as we were faced with a new threat in the form of the Russian invasion of Ukraine, which disrupted global energy markets and resulted in the biggest surge in crude oil prices in decades. This was seen in the hike of fuel cost from SCR 969 million in 2021 to SCR 1.15 billion in 2022 (19% increase) which largely contributed to 44% increase in operating cost from SCR 1.2 billion in 2021 to SCR 1.7 billion in 2022.

Of the cash holdings of SCR 762 million at the end of 2022, roughly SCR 400 million are available for operational use and investment of assets; the balance being loan funds from EIB and AFD which are held with the Ministry of Finance.

FINANCIAL HIGHLIGHTS

FINANCIAL RATIOS	Target	2022	2021	2020
Current Ratio	> 1 time	3.81	4.31	3.72
Quick Ratio	> 1.5 times	2.24	2.37	2.23
Debt-to-Equity	< 82%	45%	51%	86%
Total Debt to Capital	< 45%	31%	34%	46%
Gross Profit	>= 22%	38%	40%	49%
Operating Cost Coverage ratio	> 1 time	1.12	1.40	0.86
Net Profit	>= 5%	10%	29%	-17%
Return on Capital Employed	>= 1%	4%	10%	-5%
Return on Equity	>= 4%	7%	18%	-12%
Return on Assets	>= 3%	4%	9%	-5%

SEGMENTAL HIGHLIGHTS

ELECTRICITY	2022	2021	2020
Number of customers	44,183	42,656	41,316
Electricity Sales (kWh)	412,192,372	401,564,385	400,836,410
Electricity Revenue (SCR)	1,742,421,276	1,484,971,541	1,314,894,373

WATER	2022	2021	2020
Number of customers	37,095	35,866	34,726
Water Sales (m ³)	9,900,802	9,796,130	9,900,802
Water Revenue (SCR)	240,653,487	227,498,373	231,548,041

SEWERAGE	2022	2021	2020
Number of customers	6,009	5,928	5,793
Sewerage billed (m ³)	2,094,023	1,911,859	1,878,788
Sewerage Revenue (SCR)	35,204,097	29,553,846	28,654,427

2022 AUDITED FINANCIAL STATEMENTS

PUBLIC UTILITIES CORPORATION

MEMBERS' REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2022

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MEMBERS' REPORT

1

The Members are pleased to present their report together with the audited financial statements of the Corporation for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Public Utilities Corporation (the Corporation) is a parastatal organisation formed in the year 1986 subsequent to the merger of two previous parastatals, namely the Seychelles Water Authority and Seychelles Electricity Corporation Limited.

The Corporation is engaged in generation and distribution of electricity; storage, treatment and distribution of potable water; and treatment and disposal of waste water. These activities have remained unchanged as compared to the prior financial years.

RESULTS

	SR
Profit for the year	202,065,814
Retained earnings brought forward	1,218,730,814
Retained earnings carried forward	1,420,796,628

PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment of the Corporation and the movements therein are detailed in note 12 to the Financial Statements.

The Capital work in progress of the Corporation and the movements therein are detailed in note 13 to the Financial Statements.

The Members are of the opinion that the carrying value of the property, plant and equipment at December 31, 2022 approximates its fair value.

MEMBERS AND MEMBERS' INTEREST

The Members of the Corporation since the date of the last report and the date of this report are:

Chairman	Mr. Leonard Alvis
Chief Executive Officer	Mr. Joel Valmont
Non-executive members:	Ms. Irene Croise
	Mrs. Nanette Laure
	Mr. Stephen Rousseau
	Mr. Philippe Chong-Seng
	Dr. Selwyn Gendron (Resigned effective 25 August 2022)
	Ms. Taryn Auguste (Appointed effective 1 April 2023)

Members hereby confirm that none of them held any interest in the Corporation nor entered into any contracts or arrangements (other than service contracts and normal course of business) or made any profit from the operation of the Corporation.

MEMBERS' REPORT

2

STATEMENT OF MEMBERS' RESPONSIBILITIES

The Members are responsible for the overall management of the affairs of the Corporation including the operations of the Corporation and making investment decisions.

The Members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Public Utilities Corporation Act, 1985 and Public Enterprise Monitoring Commission Act, 2013. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. The Members have the general responsibility of safeguarding the assets, both owned by the Corporation and those that are held in trust and used by the Corporation.

The Members confirm that the financial statements presented for audit are free from material misstatements and that they have met their aforesaid responsibilities.


AUDITORS

The Auditor General of Seychelles is mandated to carry out the audit of the Corporation as per Article 158 of the Constitution and as specified under Section 16(2) of The Public Utilities Corporation Act, 1985 (as amended). The Auditor General has contracted BDO Associates to perform the audit function for the year under review and to report their findings to the Auditor General.

Signed in accordance with the authorisation of the Board



Mr. Leonard Alvis
Chairperson




Mr. Joel Valmont
Chief Executive Officer



Ms. Irene Croise
Director



Mrs. Nanette Laure
Director



Mr. Stephen Rousseau
Director



Mr. Philippe Chong-Seng
Director

Dated: 25 APR 2023
Victoria, Seychelles

OPINION OF THE AUDITOR GENERAL



Office of the Auditor General

3rd Floor, Block C, Unity House
Victoria, Republic of Seychelles
Telephone: 248-4672500 Email: auditgen@oag.sc
Website: www.oag.sc Facebook: OAG Seychelles

Please address all correspondence to the Auditor General

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OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE PUBLIC UTILITIES CORPORATION FOR 2022

Opinion

The accompanying financial statements set out on pages 4 to 46, which comprise of the statement of financial position as at 31 December 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, have been audited on my behalf by BDO Associates, appointed under section 19 of the Auditor General Act, 2010. As per the agreement with the auditors, they have reported to me the results of their audit and on the basis of their report, I am satisfied that all information and explanations which, to the best of my knowledge and belief, where necessary for the purpose of the audit have been obtained.

Accordingly, in my opinion,

- (a) proper accounting records have been kept by the Corporation as far as it appears from examination of those records; and
- (b) the financial statements on pages 4 to 46 give a true and fair view of the financial position of the Corporation as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Public Utilities Corporation Act, 1985, as amended and the Public Enterprise Monitoring Commission Act, 2013.

Basis for Opinion

The audit was conducted in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the '*Auditor General's responsibilities for the audit of financial statements*' section of my report.

I am independent of the Corporation in accordance with INTOSAI Code of Ethics applicable to its members, together with other ethical requirements that are relevant to the audit of the financial statements in Seychelles. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Management and those charged with Governance

The Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Public Utilities Corporation Act, 1985, and Public Enterprise Monitoring Commission Act 2013, and for such internal control as the members determine is necessary to enable the

OPINION OF THE AUDITOR GENERAL

3(a)

preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Government either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Auditor General's responsibilities for the audit of financial statements

The audit objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and issue an auditor's report in accordance the Public Utilities Corporation Act, 1985. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit in accordance with ISAs, the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- identifies and assesses that risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the opinion. The risk of not detecting material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission or misrepresentation, or the override of internal control;
- obtains an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- concludes on the appropriateness of the Board of Directors' use of going concern basis of accounting and, based on the audit evidence obtained, concludes whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern.
- If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify the opinion. My conclusions are based on audit evidence obtained to the date of my auditor's report. However, future unforeseeable events or conditions may cause the Corporation to cease to continue as a going concern;

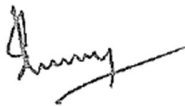
OPINION OF THE AUDITOR GENERAL

3 (b)

- evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Corporation to express an opinion on the financial statements. The auditor is responsible for the direction, supervision and performance of the audit. I remain responsible for the audit opinion; and
- communicates with directors among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

Report on Other Legal and Regulatory Requirement

In satisfying both the Public Utilities Corporation Act, 1985 and the Public Enterprise Monitoring Commission Act, 2013, the Auditor informed that he has no relationship with, or interests in, the Corporation other than in its capacity as auditor and dealing in the ordinary course of business and that he has obtained all information and explanations required and maintains that proper accounting records have been kept by the Corporation as far as it appears from his examination of those records.



Gamini Herath
Auditor General

25 April 2023
Victoria, Seychelles

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

4

Figures in SR

Description	Notes	2022	2021
Revenue			
Revenue from operations	5	1,937,351,306	1,687,613,847
Other income	6	106,971,110	124,007,206
		2,044,322,416	1,811,621,053
Expenditure			
Direct operating expenses	7	1,197,952,834	1,016,532,649
Staff costs	8	273,255,918	250,402,512
Other operating overheads	9	225,481,663	264,162,291
Exchange differences	10	(51,611,622)	(402,160,134)
Depreciation of property, plant and equipment	12	186,748,743	186,956,220
Amortisation of intangible assets	14	2,372,566	3,864,881
Amortisation of right-of-use assets	15(b)	341,211	3,034,949
Provision for credit impairment	17(f)	2,617,693	2,662,715
Profit before financing activities		207,163,410	486,164,970
Finance income	11(a)	11,568,067	13,422,545
Finance expense	11(b)	(16,665,663)	(10,029,539)
Profit and Total comprehensive income for the year		202,065,814	489,557,976

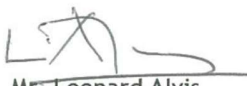
The notes on pages 10 to 46 form an integral part of these financial statements
Auditor General's Opinion on pages 3 to 3(b)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

5

Figures in SR

Assets	Notes	2022	2021
Non-current assets			
Property, plant and equipment	12	2,239,101,357	1,903,950,488
Capital work in progress	13	1,595,353,737	1,791,657,825
Intangible assets	14	2,436,389	4,808,955
Right-of-use assets	15(b)	-	341,211
Trade and other receivables	17	1,106,560	875,044
		3,837,998,043	3,701,633,523
Current assets			
Inventories	16	722,609,283	765,993,764
Trade and other receivables	17	269,122,869	244,837,348
Cash and bank balances	18	761,560,286	692,950,345
		1,753,292,438	1,703,781,457
Total assets		5,591,290,481	5,405,414,980
Equity and liabilities			
Equity			
Assigned capital	19	1,439,743,591	1,439,743,591
Retained earnings		1,420,796,628	1,218,730,814
Total equity		2,860,540,219	2,658,474,405
Non-current liabilities			
Borrowings	20	1,175,814,225	1,266,952,130
Trade and other payables	21	48,437,008	43,719,466
Employee benefit obligations	22	91,654,281	109,717,859
Deferred grants	23	954,300,243	930,872,670
		2,270,205,757	2,351,262,125
Current liabilities			
Lease liabilities	15(d)	-	490,841
Borrowings	20	110,510,442	94,058,267
Trade and other payables	21	243,056,183	187,936,265
Employee benefit obligations	22	23,355,625	7,443,890
Deferred grants	23	83,622,255	105,749,187
		460,544,505	395,678,450
Total liabilities		2,730,750,262	2,746,940,575
Total equity and liabilities		5,591,290,481	5,405,414,980

Signed in accordance with the authorisation of the Board on 25 APR 2023 2023.


Mr. Leonard Alvis
Chairperson



Mr. Joel Valmont
Chief Executive Officer

The notes on pages 10 to 46 form an integral part of these financial statements
Auditor General's Opinion on pages 3 to 3(b)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONTINUED)

6



Ms. Irene Croise
Director



Mrs. Nanette Laure
Director



Mr. Stephen Rousseau
Director



Mr. Philippe Chong-Seng
Director

The notes on pages 10 to 46 form an integral part of these financial statements
Auditor General's Opinion on pages 3 to 3(b)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

7

Figures in SR

Description	Assigned capital	Retained earnings	Total
At 1 January 2022	1,439,743,591	1,218,730,814	2,658,474,405
Total Comprehensive Income for the year	-	202,065,814	202,065,814
At 31 December 2022	<u>1,439,743,591</u>	<u>1,420,796,628</u>	<u>2,860,540,219</u>
At 1 January 2021	1,439,743,591	729,172,838	2,168,916,429
Total Comprehensive Income for the year	-	489,557,976	489,557,976
At 31 December 2021	<u>1,439,743,591</u>	<u>1,218,730,814</u>	<u>2,658,474,405</u>

The notes on pages 10 to 46 form an integral part of these financial statements
Auditor General's Opinion on pages 3 to 3(b)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

8

Description	Notes	2022	2021
		SR	SR
OPERATING ACTIVITIES			
Profit for the year		202,065,814	489,557,976
Adjustments for:			
Net gain on termination of leases	6	-	(139,319)
Amortisation of deferred grants	6 & 23	(106,867,010)	(123,640,087)
Fixed assets written off	9 & 12	33,611	9,982,203
Profit on disposal	6	(104,100)	(227,800)
Finance income received	11(a)	(11,568,067)	(13,422,545)
Finance expense	11(b)	16,665,663	10,029,539
Strategic parts expensed	12	15,738,690	24,539,758
Depreciation of property, plant and equipment	12	186,748,743	186,956,220
Amortisation of intangible assets	14	2,372,566	3,864,881
Amortisation of right-of-use assets	15(b)	341,211	3,034,949
Provision for obsolete inventory	16(a)	299,383	6,318,989
Provision of credit impairment	17(f)	2,617,693	2,662,715
Foreign currency differences on borrowings	20	(80,586,940)	(595,530,797)
Employee benefit obligations charge	22(b)	16,609,564	14,036,634
Exchange loss on cash and cash equivalents	10	29,439,128	219,510,122
Operating profit before working capital changes		273,805,949	237,533,438
Movement in working capital:			
Decrease in trade and other receivables	17	(27,134,730)	(13,864,010)
Movement in inventories	16	43,085,098	(18,334,568)
Movement in bank balances retained for letters of credit	18	9,163,184	948,268
Movement in trade and other payables	21	59,837,460	(68,855,541)
Cash generated from operations		358,756,961	137,427,587
Interest receivable on overdue trade receivables	11(a)	10,787,863	12,264,538
Employee benefit paid	22(b)	(18,761,407)	(17,707,338)
Net cash inflow from operating activities		350,783,417	131,984,787
INVESTING ACTIVITIES			
Additions to property, plant and equipment	12	(33,364,039)	(27,743,130)
Proceeds on disposal		104,100	227,800
Additions to capital work in progress	13	(308,003,786)	(231,505,698)
Movement in term deposits	18	(10,549,031)	(25,729,926)
Interest on term deposits	11(c)	643,482	1,123,510
Interest on loan to employees	11(a)	8,992	34,497
Net cash outflow from investing activities		(351,160,282)	(283,592,947)

The notes on pages 10 to 46 form an integral part of these financial statements
Auditor General's Opinion on pages 3 to 3(b)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022
(CONTINUED)

9

Figures in SR

Description	Notes	2022	2021
FINANCING ACTIVITIES			
Proceeds from borrowings	20	83,995,459	183,251,750
Repayment of borrowings	20	(78,094,249)	(99,867,920)
Government and other grants received	23	108,167,651	81,203,938
Principal paid on lease liabilities	15(c)	(490,841)	(3,156,801)
Interest paid	11(b)	(16,665,663)	(10,029,539)
Net cash inflow from financing activities		96,912,357	151,401,428
NET CHANGE IN CASH AND CASH EQUIVALENTS		96,535,492	(206,732)
MOVEMENT IN CASH AND CASH EQUIVALENTS:			
At 1 January		647,740,956	867,457,810
Increase/(Decrease) during the year		96,535,492	(206,732)
Exchange loss cash and cash equivalents	10	(29,439,128)	(219,510,122)
At 31 December	18	714,837,320	647,740,956

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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1. GENERAL INFORMATION

The Public Utilities Corporation is a Parastatal organisation formed in the year 1986 under the Public Utilities Corporation Act, 1985 (as amended), subsequent to the merger of two previous parastatals, namely the Seychelles Water Authority and Seychelles Electricity Corporation Limited. The Corporation is domiciled in the Republic of Seychelles with its administrative office situated at the Electricity House, Roche Caiman, Mahe.

The Corporation is engaged in generation and distribution of electricity; storage, treatment and distribution of potable water; treatment and disposal of waste water. These activities have remained unchanged as compared to the prior financial years.

These financial statements of the Corporation are approved by the Members and presented to the Minister of Agriculture, Climate Change and Environment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all years presented, unless otherwise stated. Where necessary, comparative figures have been amended to conform with the change in presentation in the current year.

2.1 Basis of preparation

The financial statements of Public Utilities Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and are in compliance with the Public Utilities Corporation Act, 1985 (as amended).

These financial statements have been prepared under the historical cost convention as modified by the application of fair value measurements required or allowed by relevant accounting

2.2 New standards, interpretations and amendments adopted effective January 1, 2022

The following amendments to various International Financial Reporting Standards (IFRS) are mandatorily effective for reporting periods beginning on or after January 1, 2022:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Corporation has committed pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11

2.2 (Continued)**Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) (Continued)**

The amendments to IAS 37.68A clarify that the costs relating directly to the contract consist of both:

- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component;
- An allocation of other costs that relate directly to fulfilling the contract: e.g., allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

This resulted in accounting policy change for performing an onerous contract assessment. Previously, the Corporation included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy includes both incremental costs and an allocation of other costs incurred to fulfil the agreement.

The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Corporation analysed contracts existing on January 1, 2022, and determined that none of them would be identified as onerous applying the revised accounting policy - i.e. there was no impact on opening equity balance as at January 1, 2022 as a result of the change.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment to IAS 16 prohibits an entity deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced whilst the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after construction but before commencement of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognised in Statement of Profit or Loss.

These amendments had no impact on the year-end financial statements of the Corporation as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

- 41)
- IFRS 1: Subsidiary as a First-time Adopter (FTA)
- IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial liabilities
- IAS 41: Taxation in Fair Value Measurements

None of the amendments had an impact on the financial statements of the Corporation as it was neither a first-time adopter, nor had modifications to the Corporation's financial instruments during the period nor had assets under IAS 41 as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.2 (Continued)**

References to Conceptual Framework (Amendments to IFRS 3)

In May 2020, the IASB issued amendments to IFRS 3, which updated a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

These amendments had no impact on the financial statements of the Corporation as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

2.3 New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Corporation has decided not to early adopt.

(i) *The following amendments are effective for the period beginning 1 January 2023:*

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12); and
- IFRS 17 Insurance Contracts - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to 1 January 2023.

(ii) *The following amendments are effective for the period beginning 1 January 2024:*

- IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with

The Corporation is currently assessing the impact of these new accounting standards and amendments and does not expect any other standards issued by the IASB but not yet effective, to have a material impact on its financial statements.

2.4 Use of estimates and judgements

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Corporation's Management to exercise judgement in applying the Corporation's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

13

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign Currencies

Functional and presentation currency

Items included in the financial statements are measured using Seychelles Rupee (SR), the currency of the primary economic environment in which the entity operates ("functional currency"). The Financial Statements of the Corporation are presented in Seychelles Rupee, which is its functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.6 Revenue

(i) *Grant income*

When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(ii) *Interest income*

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities.

(iii) *Revenue from contracts with customers*

The Corporation's main revenue activity is the supply of electricity, water and sewerage services, which is recognised when electricity and water is consumed by the user, and when the services are delivered to the customer. Revenue is recognised when a customer obtains control of the goods or services supplied. The amount of revenue recognised is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.6 Revenue (Continued)****(iii) Revenue from contracts with customers (Continued)**

Revenue from unbilled services is recognised as accrued, based on past experience on the consumption pattern and effective rates thereof, on the reporting date as services are already provided (*note 2.10*).

<i>Revenue activity</i>	<i>Nature and timing of</i>	<i>Revenue recognition</i>
Electricity sales	Performance obligation is settled when electricity is supplied to the customer. Most customers pay for electricity after consumption and have 30 days to pay. Some customers prepay for electricity.	Revenue is recognised over time as electricity is consumed by the customer (i.e. when control is transferred) and is billed for on a monthly basis. Revenue is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties.
Water and Sewerage	Performance obligation is settled when water is supplied to the customer and sewerage services is delivered to the customer. Most customers pay for water and sewerage services after consumption and have 30 days to pay.	Revenue is recognised over time as water is consumed by the customer (i.e. when control is transferred) and is billed for on a monthly basis. Revenue is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties.
Other	Ad hoc requests for electricity-related services that are distinct from the sale of electricity or the connection of customers to the grid.	Revenue is recognised at a point in time when the service is completed.

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Initial cost of property, plant and equipment comprises its purchase price and any attributable costs of bringing the asset to working condition for its intended use. Such cost also include the cost of replacing components of the property, plant and equipment provided the replacement increases the effective useful lives of assets for which the spares are replaced.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.7 Property, plant and equipment (Cont'd)**

Borrowing costs for long-term construction projects are capitalised only if the recognition criteria is met and the borrowing costs can be directly attributable to the purchase or construction of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow and the cost can be reliably measured.

Properties in the course of construction for operation purposes are carried at cost less any recognised impairment loss. Cost includes professional fees for qualifying assets and borrowing costs capitalised only if the project is viable and the Corporation would pursue it further. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Corporation derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation.

Costs incurred for major maintenance is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are charged to the Statement of Profit or Loss. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of respective assets only if the recognition criteria for provision is met and the Corporation is able to estimate the cost. However since the cost of decommissioning cannot be reliably estimated, this policy is currently not in use.

Depreciation on property, plant and equipment is provided for on a straight line basis to write off the cost of each asset evenly to its residual value over their estimated useful lives as stated

	Years
Land & buildings	50
Dams & reservoirs	20-50
Water & sewerage equipment	30-50
Electricity equipment	14-25
Other plant & machinery	8-14
Other equipment	4-5
Furniture & fittings	8
Motor vehicles	5-7

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.7 Property, plant and equipment (Continued)**

Freehold land and construction work in progress are not depreciated.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss.

The assets residual values, useful lives and methods of depreciation are reviewed periodically and adjusted prospectively, if appropriate.

Property, plant and equipment are subject to impairment in line with the Corporation's policy as described in *note 2.6* impairment of non-financial assets.

2.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Profit or Loss when incurred.

Intangible assets are amortised on a straight-line basis in the Statement of Profit or Loss over their estimated useful lives, from the date that they are available for use. The estimated useful life of software for the current and comparative periods was 5 years. Intangible assets' residual value, useful life and amortisation methods are reviewed and adjusted if appropriate, at the end of each reporting period.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

The intangible assets are subject to impairment in line with the Corporation's policy as described in *note 2.6* impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.9 Leases**

The Corporation assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Corporation applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Corporation recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In 2021 for any new leases with lease term of >12 months, the Corporation opted to treat the lease term as the notice period for termination provided in the lease agreement as the non-cancellable period.

i) Right-of-use assets

The Corporation recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right of use assets are subject to impairment in line with the Corporation's policy as described in *note 2.10* impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Corporation recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Corporation and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

2.10 Impairment of non-financial assets

The Corporation assesses, at each reporting date, whether there is an indication that Property, plant and equipment, Right of use asset, Intangible assets and Other non-financial assets may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the assets recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.10 Impairment of non-financial assets (Cont'd)**

An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

2.11 Financial assets**a) Initial recognition**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are recognised when the Corporation becomes a party to the contractual provisions of the respective instrument.

b) Classification and Measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient, the Corporation initially measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient are measured at the transaction price.

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Corporation's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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2.11 Financial assets (Continued)**b) Classification and Measurement continued**

The Corporation's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in Statement of Profit or Loss when the asset is derecognised, modified or impaired. The Corporation's financial assets at amortised cost includes trade and other receivables and cash and bank balances.

c) Impairment of financial assets

The Corporation assesses, on a forward looking basis, the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Corporation applies the simplified approach to IFRS 9 to measure the loss allowance which uses lifetime expected losses. The Corporation determines the expected credit losses by using a provision matrix, estimated on historical credit loss experience and based on past due dates of the receivables adjusted appropriate to reflect current conditions and estimates of future economic conditions.

No impairment was recognised for cash and bank balances and other receivables since the Members are of the opinion that the risk of default is negligible.

d) Derecognition

Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

2.12 Inventories

Inventories of the Corporation comprise fuel for generators, lubricants, strategic spares for generators and general maintenance spares and consumables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.12 Inventories (Continued)**

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

2.13 Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts if any.

2.14 Assigned capital

Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

2.15 Deferred grant

Grants from Government, International Organisations and third parties are recognised where there is reasonable assurance that the grant will be received and on compliance with all the attached conditions thereof. Grants are classified as current and non-current based on their expected utilisation pattern.

When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, it is recognised as deferred income in the Statement of Financial Position until it is complete for intended use and then recognised in the Statement of Profit or Loss as Grants Income.

2.16 Borrowings and finance costs

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities and non-current depending on the repayment period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Borrowings and finance costs (Continued)

Borrowing costs are capitalised, net of interest received on cash drawn down yet to be expended when they are directly attributable to the acquisition, contribution or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

2.17 Employee benefit obligation

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as bonuses and non-monetary), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution schemes

A defined contribution plan is a pension plan under which the Corporation pays a fixed contribution into a separate entity. The Corporation has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employees service in the current and prior periods.

The Corporation and Seychellois employees contribute to the Seychelles Pension Fund (SPF). This is a pension scheme which was promulgated under the Seychelles Pension Fund Act, 2005.

Defined benefit schemes

A defined benefit plan is a post employment benefit other than a defined contribution plan. The Corporation currently operates an unfunded scheme for employees' end of service benefits that follows relevant local regulations and is based on periods of cumulative service and levels of employees' final basic salaries. The liability for staff terminal benefits is determined as the liability that would arise if employment of all staff was to be terminated at reporting date.

2.18 Provisions

Provisions are recognised when the Corporation has a present or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Trade and other payables

These amounts represent liabilities for goods and services provided to the Corporation prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

3.1 Calculation of expected credit loss allowance (ECL)

The Corporation recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Corporation's historical credit loss experience. For all other financial instruments, the Corporation recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. The expected credit loss model requires the Corporation to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

ECL for bank balances have been assessed to have low credit risk at each reporting date as they are held with reputable banking institutions. Management have estimated impairment to be

3.2 Impairment of non- financial assets

The Corporation's main non-financial assets are generators that produce electricity, distribution network that supply electricity and water treatment plants that supply treated water to the country. A decline in the value of those plant and equipment could have a significant effect on the amounts recognised in the financial statements. Management assesses the impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could trigger an impairment review include the following:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**3.2 Impairment of non- financial assets (Continued)**

- i) Significant change in the useful life which would be expected from the passage of time or normal use.
- ii) Significant changes in the technology and regulatory environments.
- iii) Evidence that the performance of the plant and equipment could have negative impact on the operating results.

3.3 Government grants

The Corporation receives contributions from the Government of Seychelles and other external entities towards investments in capital projects for improvements of infrastructure and ameliorating services being offered. Significant judgement is required to determine whether these contributions are in the nature of government grants, in which case they are recognized in the Statement of Profit or Loss systematically in accordance with the related liability or expense, or in the form of equity, in which case they are recognized in the Statement of Financial Position as capital contributions.

3.4 Depreciation and estimated useful lives of non-financial assets

Estimated useful lives and residual values of non-financial assets are assigned based on the intended use of respective assets and their economic lives. Subsequently if there are changes in circumstances such as technological advances or prospective utilisation of the assets concerned that could result in the actual useful lives or residual values differing from initial estimates, the estimated useful lives and residual values are readjusted in line with the current circumstances. The Management have reviewed the residual values and useful lives of major items of property, plant and equipment and determined necessary adjustments.

3.5 Employee benefit

Employee benefit obligations (other than defined monthly contributions to pension fund with no further obligations) comprise gratuity; compensation for length of service determined based on length of service; unutilised leave pay; and end of contract bonus on fixed term contracts.

Length of service

The amendments to the Seychelles Employment Act in the year 1999 entitled one day wage for each completed month of service provided the employee has completed five years continuous service. The Corporation accrues this liability on a current basis and carries it to a provision account for payments to be made as and when they occur. The Management have estimated that the amount of the liability provided will not be materially different had it been computed by an external Actuary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)*End of contract payment*

Where the Employee satisfactorily completes the term of engagement under the contract, the Employer at the end of the term of engagement, grant to the Employee an end of contract payment ranging from 5% to 15% of the total remuneration earned as specified on the contract. For the purpose of provision, the Members estimated the liability based on the prior years' averages of 14%.

3.6 Capitalisation of projects

The Corporation capitalises development costs for projects in accordance with its accounting policies. Initial capitalisation of costs is based on Management's judgement that technological and economical feasibility is confirmed, usually when a project has reached a defined milestone according to an established project Management model. In determining the amounts to be capitalised, Management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. Capitalisation is based on technical evaluation carried out internally by the Corporation's project team.

3.7 Calculation of unbilled units

The billing cycle of the Corporation is area based and therefore results in different billing dates for customers. Revenue from unbilled services at the reporting date is recognised as accrued, based on the past experience of the consumption pattern and effective rates thereof as services are already provided.

3.8 Limitation of sensitivity analysis

Sensitivity analysis demonstrates the effect of a change in key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. However, these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from the results arrived.

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Corporation is exposed through its operations to the following financial risks:

- Currency risk;
- Cash flow and fair value interest rate risk;
- Credit risk; and
- Liquidity risk.

In common with all other businesses, the Corporation is exposed to risks that arise from its use of financial instruments. This note describes the Corporation's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

There have been no substantive changes in the Corporation's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments used by the Corporation, from which financial instrument risk arises, are as follows:

- Trade and other receivables;
- Cash and cash equivalents;
- Borrowings; and
- Trade and other payables.

4.1 General objectives, policies and processes

The activities of the Corporation expose it to different financial risks; market risks (including currency and fair value interest risk), credit and liquidity risk. The Members have the overall responsibility for the establishment, oversee and monitoring of the Corporation's risk Management framework and is assisted by Senior Management. Senior Management is responsible for designing, developing and monitoring the Corporation's risk Management policies, which are approved by the Members. Senior Management reports regularly to the Members and committees of the Government on its risk Management activities.

The Corporation's risk Management policies are established to identify and analyse the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk Management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporations' activities and its role in the Republic of Seychelles. The Corporation, through its training and Management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The following are the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's Management of capital.

a) *Currency Risk*

The Corporation is exposed to currency risk arising from acquisition of supplies and capital projects that are denominated in currencies other than its functional currency. The currencies in which these transactions are primarily denominated are Euro ("EUR"), United States Dollar ("USD"), Singapore Dollar ("SGD"), South African Rand ("ZAR") and Great Britain Pounds ("GBP"). The Corporation aims to aggregate a net position for each currency so that natural hedging can be achieved.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

4.1 General objectives, policies and processes (continued)

a) Currency Risk (Continued)

If the Seychelles Rupee had weakened/strengthened against the below currencies by 5 basis points with all other variables at the end of the year remaining constant, the impact (increase/(decrease)) on the results for the year would have been as depicted below:

	Euro	USD	GBP	OTHERS
	+/-	+/-	+/-	+/-
December 31, 2022:				
Cash and bank balances	15,137,199	691,823	246,578	-
Trade and other payables	(649,339)	(700,493)	(23,528)	(323)
Borrowings	(24,569,021)	(34,178,756)	-	-
Net exposure	(10,081,162)	(34,187,426)	223,050	(323)
December 31, 2021:				
Cash and bank balances	18,118,627	900,823	94,914	-
Trade and other payables	(370,440)	(45,080)	(36,786)	(3,617)
Borrowings	(28,291,727)	(33,188,032)	-	-
Net exposure	(10,543,541)	(32,332,288)	58,128	(3,617)

The currency portfolio of financial assets and liabilities is summarised as follows:

	Financial assets		Financial liabilities	
	2022	2021	2022	2021
	SR	SR	SR	SR
EURO	302,743,982	362,372,537	504,367,213	575,195,507
USD	13,836,459	18,016,462	697,584,973	671,413,713
GBP	4,931,554	1,898,278	470,564	735,712
Other	-	-	1,752,545	72,331
SR	662,504,617	511,934,430	370,314,668	341,421,243
	984,016,612	894,221,707	1,574,489,963	1,588,838,506

Financial assets exclude prepayments amounting to SR 47.8m (2021: SR 44.5m) (note 17).

Financial liabilities exclude provisions amounting to SR 3.3m included in other payables (2021:4.2m) (note 21).

b) Cash flow and fair value interest rate risk

The Corporations' cashflow exposure to interest rate risk arises primarily from long-term borrowings at floating rates for funded developmental projects.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

4.1 General objectives, policies and processes (continued)

b) Cash flow and fair value interest rate risk (Continued)

Market risks are thoroughly discussed in regular Management meetings. Tariff adjustments are carried out based on impact on fuel prices. Market risks and strategies to combat these risks are also discussed by Members at the meetings.

At period ends, if interest rates are moved by 1% higher/lower with all other variables at the end of the year held constant, results for the year would have been as shown below, mainly as a result of higher/lower interest rate expense on loans.

	2022	2021
	SR	SR
Borrowings	± 166,657	± 100,295

c) Credit risk

The Corporation's credit risk arises when a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's receivables from customers, deposits, cash at banks and other receivables.

The Corporation's exposure to credit risk is influenced mainly by characteristics of each customer. However, Management also considers the demographics of the Corporation's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk. Although geographically there is no significant concentration of risk, at the reporting date, majority of the Corporation's trade receivables from customers were domiciled domestically.

The Corporation applied the simplified approach of IFRS 9 to measure loss allowance of lifetime ECL. The Corporation determines the expected credit losses using a provision matrix as already explained earlier. In order to minimise credit risk, the Corporation has adopted a policy of only dealing with credit worthy counterparties. Credit approvals and other monitoring procedures are in place to ensure follow up is done to recover overdue debts.

d) Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation through its regular budgets and forecasts manages liquidity to ensure that it will always have sufficient liquidity to meet its liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

The table below analyses the Corporation's financial exposure into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

4.1 General objectives, policies and processes (continued)

d) Liquidity Risk (Continued)

	Less than 1 year	Between 1 to 5 years	After 5 years	Total
	SR	SR	SR	SR
At 31 December 2022:				
Gross Borrowings	136,017,339	680,156,842	783,188,256	1,599,362,437
payables	243,056,183	48,437,008	-	291,493,191
	<u>379,073,522</u>	<u>728,593,850</u>	<u>783,188,256</u>	<u>1,890,855,628</u>
At 31 December 2021:				
Gross Borrowings	29,804,146	739,897,854	951,424,116	1,721,126,117
payables	187,936,265	43,719,466	-	231,655,731
Lease liabilities	490,841	-	-	490,841
	<u>218,231,252</u>	<u>783,617,320</u>	<u>951,424,116</u>	<u>1,953,272,689</u>

4.2 Fair value estimation

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

4.3 Capital risk Management

The Corporation's policy is to maintain a strong capital base designed to provide sufficient liquidity to the business, maintain market confidence and sustain future growth of the business. The Corporation's main objectives when managing capital are:

- to maintain flexibility to pursue strategic infrastructure development opportunities and ensure adequate liquidity to withstand weakening economic conditions; and
- to maintain an appropriate balance between debt financing vis-a-vis capital as measured by gearing ratio.

The Corporation monitors capital on the basis of the debt-to-equity ratios. The ratio is calculated as net debt to total equity. Net debt is calculated as total debt less cash and cash equivalents. Total equity comprises all components of equity (i.e. assigned capital and retained earnings).

During the financial year ended 31 December 2022, the Corporation's strategy, which was unchanged from the financial year ended 31 December 2021, was to maintain the debt-to-total equity ratio at a reasonable level in order to secure access to finance at a reasonable cost. The debt-to-total equity ratio at 31 December 2022 and 31 December 2021 were as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

4.3 Capital risk Management (Continued)

	2022	2021
	SR	SR
Total debt (notes 15(c) & 20)	1,286,324,667	1,361,501,238
Less: Cash and cash balances (note 18)	(761,560,286)	(692,950,345)
	524,764,381	668,550,893
Total equity (page 7)	2,860,540,219	2,658,474,405
Debt-to-total equity ratio	18.34%	25.15%

5. REVENUE FROM OPERATIONS

	2022	2021
	SR	SR
Supply of electricity	1,655,118,396	1,412,412,946
Supply of water	236,242,050	229,681,637
Waste disposal	32,276,221	32,313,351
Other services	13,714,639	13,205,913
	1,937,351,306	1,687,613,847

(a) Revenue from related parties:

Income from service supplied to Government and Government related entities:

	2022	2021
	SR	SR
Supply of electricity	158,286,309	146,720,830
Supply of water	26,240,603	34,762,090
Waste disposal	6,874,742	9,652,961
Other services	43,220	42,910
	191,444,874	191,178,791

- (b) The Corporation's own consumption of electricity and water was SR 155,053,597 (2021: SR 137,245,079) and SR 3,758,347 (2021: SR 3,458,963) respectively. These amounts have been eliminated from reported revenue.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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6. OTHER INCOME

	2022	2021
	SR	SR
Amortisation of deferred grants (note 23)	106,867,010	123,640,087
Gain on early termination of leases (notes 15(b) & 15(c))	-	139,319
Profit on disposal	104,100	227,800
	106,971,110	124,007,206

7. DIRECT OPERATING EXPENSES

	2022	2021
	SR	SR
Generation fuel and lubricants	1,152,901,957	969,105,135
Materials and equipment charges	34,081,808	36,304,582
Other consumables	2,547,812	3,891,884
Fuel and oil for vehicles	8,421,257	7,231,048
VAT write off	-	-
	1,197,952,834	1,016,532,649

(a) Purchase from related party- SEYPEC

	2022	2021
	SR	SR
Heavy fuel oil	901,805,171	785,319,000
Light fuel oil	235,772,486	140,702,003
	1,137,577,657	926,021,003

8. STAFF COSTS

	2022	2021
	SR	SR
Salaries	229,188,700	218,013,188
Members' emoluments (notes 8(b) & 26)	2,606,282	2,173,480
Pension contribution	8,351,902	5,677,359
Employee benefit obligations (note 22(b))	16,609,564	14,036,634
Other employee related costs	16,499,470	10,501,851
	273,255,918	250,402,512

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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8. STAFF COSTS (CONTINUED)

a) Members' emoluments:	2022	2021
	SR	SR
<i>Mr. Joel Valmont (from November 15, 2021)</i>	2,231,349	305,232
<i>Mr. Leonard Alvis (from November 15, 2021)</i>	91,200	11,348
<i>Ms. Irene Croise</i>	60,800	60,800
<i>Mrs. Nanette Laure</i>	60,800	60,800
<i>Mr. Stephen Rousseau</i>	60,800	60,800
<i>Mr. Philippe Chong-Seng</i>	60,800	60,800
<i>Dr. Selwyn Gendron (until August 25, 2022)</i>	40,533	60,800
<i>Mr. Philippe Morin (until November 14, 2021)</i>	-	1,522,500
<i>Mr. Eddy Belle (until April 12, 2021)</i>	-	30,400
	2,606,282	2,173,480

- b) The Corporation provides for end of contract bonus with respect to fixed term employees. The total provision as at the year end for the financial year amounted to SR 5,042,035 (2021: SR 4,124,008) with respect to all existing fixed term contracted employees. End of contract bonus is payable based on individual performance which is assessed at the end of the contract. For the purpose of provision, the Members estimated the liability based on the prior years' averages of 14%.
- c) Included in other employee related costs are staff rentals amounting to SR 2,888,060 (2021: SR 58,406) (note 15(e)). In 2021 staff rentals totalling SR 1,395,406 were paid and SR 1,337,000 were classified as lease payments under IFRS 16.

9. OTHER OPERATING OVERHEADS

	2022	2021
	SR	SR
Repairs and maintenance	136,528,161	139,568,604
Hire	22,586,530	15,527,766
Administration expenses	18,223,346	22,134,359
Tree clearance	16,012,210	13,536,246
Technical services	15,986,141	22,004,566
Bank charges	3,730,568	3,625,994
Other insurance	2,940,483	3,647,158
Feasibility study	2,643,596	21,212,399
Licenses and insurance vehicle	2,531,025	2,226,166
Rent (note 15(e))	1,954,856	2,363,813
Professional fees	1,280,722	1,512,393
Audit fee	471,500	471,500
Drought expenses	259,531	30,135
Fixed assets written off (note 12)	33,611	9,982,203
Provision for obsolete inventory (note 16(a))	299,383	6,318,989
	225,481,663	264,162,291

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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10. EXCHANGE DIFFERENCES

	2022	2021
	SR	SR
Borrowings (note 20)	(80,586,940)	(595,530,797)
Cash and cash balances	29,439,128	219,510,122
Others	(463,810)	(26,139,459)
	(51,611,622)	(402,160,134)

11. FINANCE INCOME AND EXPENSE

	2022	2021
	SR	SR
(a) Finance income		
Interest receivable on overdue trade receivables	10,787,863	12,264,538
Interest on term deposits	771,212	1,123,510
Interest on loan to employees	8,992	34,497
Total finance income	11,568,067	13,422,545
(b) Finance expense		
Interest expense on borrowings	16,657,679	9,862,140
Interest expense on lease liabilities (note 15(c))	7,984	167,399
Total finance expense	16,665,663	10,029,539
Net finance (expense)/income recognised in the Statement of Profit or Loss	(5,097,596)	3,393,006

- (c) An amount of SR 123,730 was accrued for interest on term deposit as at December 31, 2022. For Cashflow only SR 643,482 has been considered and for 2021 the full amount of SR 1,123,510 was collected.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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12. PROPERTY, PLANT AND EQUIPMENT (PPE)

COST	Land & buildings	Dams & reservoirs	Water & sewerage equipment	Electricity equipment	Other plant & machinery	Other equipment	Furniture & fittings	Motor vehicles	Strategic parts	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
At 1 January 2021	304,089,275	173,374,329	1,166,865,680	1,474,374,152	542,111,394	54,511,387	3,238,456	74,364,622	73,346,853	3,866,276,148
Group reclassification	-	-	910,938	(398,678,369)	397,674,062	93,369	-	-	-	-
Additions	180,000	-	120,000	-	-	1,436,140	-	9,941,556	16,065,434	27,743,130
Transfer from WIP (note 13)	5,213,162	-	35,848,351	27,355,312	117,401,570	3,003,858	-	-	-	188,822,253
Write off adjustment	-	-	(10,931,323)	(972,376)	(1,143,666)	(29,550,056)	(2,925,815)	-	-	(45,523,236)
Strategic parts expensed	-	-	-	-	-	-	-	-	(24,539,758)	(24,539,758)
Disposal adjustment	-	-	-	-	-	-	-	(1,586,361)	-	(1,586,361)
At 31 December 2021	309,482,437	173,374,329	1,192,813,646	1,102,078,719	1,056,043,360	29,494,698	312,641	82,719,817	64,872,529	4,011,192,176
Additions	-	-	-	-	-	1,492,051	-	1,496,229	30,375,759	33,364,039
Transfer from WIP (note 13)	4,592,114	-	251,128,478	172,777,718	75,809,564	-	-	-	-	504,307,874
Write off adjustment	-	-	-	-	-	(563,188)	-	-	-	(563,188)
Strategic parts expensed	-	-	-	-	-	-	-	-	(15,738,690)	(15,738,690)
Disposal adjustment	-	-	-	-	-	-	-	(2,188,086)	-	(2,188,086)
At 31 December 2022	314,074,551	173,374,329	1,443,942,124	1,274,856,437	1,131,852,924	30,423,561	312,641	82,027,960	79,509,598	4,530,374,125
ACCUMULATED DEPRECIATION										
At 1 January 2021	113,877,511	46,406,480	581,652,759	776,789,814	336,275,486	44,719,673	3,097,595	54,593,544	-	1,957,412,862
Group reclassification	(14,046)	-	17,221	(215,653,886)	215,650,633	-	78	-	-	-
Charge for the year	6,949,868	4,429,076	42,828,808	57,047,645	63,104,212	4,338,380	36,016	8,222,215	-	186,956,220
Write off adjustment	-	-	(1,006,240)	(919,075)	(1,143,666)	(29,546,237)	(2,925,815)	-	-	(35,541,033)
Disposal adjustment	-	-	-	-	-	-	-	(1,586,361)	-	(1,586,361)
At 31 December 2021	120,813,333	50,835,556	623,492,548	617,264,498	613,886,665	19,511,816	207,874	61,229,398	-	2,107,241,688
Charge for the year	7,023,618	4,429,075	47,413,903	48,267,360	66,622,118	4,259,784	31,129	8,701,756	-	186,748,743
Write off adjustment	-	-	-	-	-	(529,577)	-	-	-	(529,577)
Disposal adjustment	-	-	-	-	-	-	-	(2,188,086)	-	(2,188,086)
At 31 December 2022	127,836,951	55,264,631	670,906,451	665,531,858	680,508,783	23,242,023	239,003	67,743,068	-	2,291,272,768
NET BOOK VALUE										
At 31 December 2022	186,237,600	118,109,698	773,035,673	609,324,579	451,344,141	7,181,538	73,638	14,284,892	79,509,598	2,239,101,357
At 31 December 2021	188,669,104	122,538,773	569,321,098	484,814,221	442,156,695	9,982,882	104,767	21,490,419	64,872,529	1,903,950,488

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**(a) Government owned land parcels**

Certain land parcels acquired by the Corporation are not registered in the name of the Corporation. These were land parcels acquired from the Government of Seychelles which were allocated to the Corporation but not physically transferred to the Corporation. This is in line with the policy of the Government to allocate land parcels to the Corporation based on its requirements. The Government of Seychelles is the Ultimate Beneficiary and Owner of the

13. CAPITAL WORK IN PROGRESS (WIP)

	2022	2021
	SR	SR
At 1 January	1,791,657,825	1,748,974,380
Expenditure during the period	308,003,786	231,505,698
Transfer to PPE during the year (note 12)	(504,307,874)	(188,822,253)
Buildings (note 12)	(4,592,114)	(5,213,162)
Water and sewerage equipment (note 12)	(251,128,478)	(35,848,351)
Electricity equipment (note 12)	(172,777,718)	(27,355,312)
Other equipment (note 12)	-	(3,003,858)
Other plant and machinery (note 12)	(75,809,564)	(117,401,570)
At 31 December	1,595,353,737	1,791,657,825

13.1 Included in capital work in progress above are specific projects funded jointly by European Investment Bank ('EIB') and Agence Francaise De Developpement ('AFD'); and certain projects funded by African Development Bank ('AFDB'), Arab Bank for Economic Development of Africa ('BADEA'), The Saudi Fund for Development ('SAFD'), The Abu Dhabi Fund for Development ('ADFD') and Seychelles International Mercantile Banking Corporation Limited (Nouvobanq) which are detailed per note 13.4. Drawdowns from the approved loan facilities from EIB and AFD are held by the Government of Seychelles in separate accounts with the Central Bank of Seychelles to ensure specific disbursements as per the terms of the loan agreements. Movements in the Central Bank of Seychelles account are also analysed per note 13.5.

13.2 Capital work in progress are carried at cost. Capitalisation of completed projects is carried out as and when they are completed based on the technical evaluation carried out by the projects division of the Corporation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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13. CAPITAL WORK IN PROGRESS (CONTINUED)

13.3 Details of Capital Projects funded by loan facilities:

	2022	2021
	SR	SR
Non revenue water program	9,647	774,188
Improvements to Mahe-La Digue wastewater system	16,019,415	1,230,201
Raising of the La Gogue Dam	44,135,639	52,275,032
33kv cable from Turtle Bay to Anse Boileau	34,836,694	42,865,921
Providence Desalination Extension	-	84,351,000
5MW Solar Park	5,022,258	3,759,797
	100,023,653	185,256,139

13.4 Source of funding for the above projects:

	2022	2021
	SR	SR
Agence Francaise De Developpement ('AFD')	16,029,062	2,004,389
African Development Bank ('AFDB')	44,135,639	52,275,032
Arab Bank for Economic Development in Africa ('BADEA')	13,379,434	18,687,330
The Saudi Fund For Development ('SAFD')	21,457,260	24,178,591
Seychelles International Mercantile Banking Corporation Ltd	-	84,351,000
Adu Dhabi Fund for Development (ADFD)	5,022,258	3,759,797
	100,023,653	185,256,139

13.5 Movements in balances held with Central Bank of Seychelles:

	2022	2021
	SR	SR
At 1 January	345,195,899	551,986,767
Utilised during the year	(18,424,855)	(2,004,389)
Exchange rate fluctuation	(31,872,539)	(204,786,479)
At 31 December	294,898,505	345,195,899
<i>Balances held with Central Bank of Seychelles denominated in Euro:</i>		
European Investment Bank ('EIB')	19,054,054	19,054,054
Agence Francaise De Developpement ('AFD')	476,036	1,744,011
	19,530,090	20,798,065
<i>Balances held with Central Bank of Seychelles denominated in USD:</i>		
Arab Bank for Economic Development in Africa ('BADEA')	-	765

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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14. INTANGIBLE ASSETS

Computer software

	2022	2021
	SR	SR
COST		
At 1 January,	41,874,605	43,893,861
Write off adjustment	-	(2,019,256)
At 31 December,	41,874,605	41,874,605
AMORTISATION CHARGE		
At 1 January,	37,065,650	35,220,025
Amortisation for the year	2,372,566	3,864,881
Write off adjustment	-	(2,019,256)
At 31 December,	39,438,216	37,065,650
NET BOOK VALUE		
At 31 December,	2,436,389	4,808,955

15. LEASES

a) Lease contracts

The Corporation has lease contracts for its staff accommodations and offices. The lease terms ranges between 1 to 4 years. The Corporation's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Corporation is restricted from assigning and subleasing the leased assets. There are no lease contracts that include extension and termination options and variable lease payments.

The Corporation also has certain leases with terms of 12 months or less. The Corporation applied the 'short-term lease' recognition exemptions under IFRS 16 for these leases.

b) Right-of-use assets

	2022		
	Accommodations	Offices	Total
	SR	SR	SR
At 1 January	192,887	148,324	341,211
Depreciation charge (note 15(e))	(192,887)	(148,324)	(341,211)
At 31 December	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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15. LEASES (CONTINUED)

b) Right-of-use assets (continued)

	2021		
	Accommodations	Offices	Total
	SR	SR	SR
At 1 January,	1,852,332	2,571,935	4,424,267
Reclassification	578,191	(578,191)	-
Depreciation charge (note 15(e))	(1,189,529)	(1,845,420)	(3,034,949)
Derecognition of terminated leases (note 6)	(1,048,107)	-	(1,048,107)
At 31 December,	192,887	148,324	341,211

c) Lease liabilities

	2022	2021
	SR	SR
At 1 January,	490,841	4,835,068
Finance cost (notes 11(b) & 15(e))	7,984	167,399
Lease payments	(498,825)	(3,324,200)
Derecognition of terminated leases (note 6)	-	(1,187,426)
At 31 December,	-	490,841

The Corporation had total cash outflows for short-term and long-term leases of SR 5.3m (2021: SR 5.7m).

d) The maturity analysis of lease liabilities is as shown below:

	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Total
	SR	SR	SR	SR
Lease liabilities				
At 31 December 2022	-	-	-	-
At 31 December 2021	403,626	87,215	-	490,841

e) The following are the amounts recognised in the Statement of Profit or Loss:

	2022	2021
	SR	SR
Depreciation on right-of-use assets (note 15(b))	341,211	3,034,949
Interest expense on lease liabilities (note 15(c))	7,984	167,399
Expense relating to short-term leases included in:		
- Other employee related costs (note 8(c))	2,888,060	58,406
- Rental cost (note 9)	1,954,856	2,363,813
Total amount recognised in the Statement of Profit or Loss	5,192,111	5,624,567

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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16. INVENTORIES

	2022	2021
	SR	SR
Electricity generation fuel and lubricants	43,601,833	29,660,228
Spare parts and non saleable items	685,625,822	742,652,525
	729,227,655	772,312,753
Provision for obsolete inventory (note 16(a))	(6,618,372)	(6,318,989)
	722,609,283	765,993,764

(a) Provision for obsolete inventory is as follows:

	2022	2021
	SR	SR
At 1 January	6,318,989	-
Charge during the year (note 9)	299,383	6,318,989
At 31 December	6,618,372	6,318,989

17. TRADE AND OTHER RECEIVABLES

	2022	2021
	SR	SR
Trade receivables (notes 17(a) to 17(c))	174,661,559	164,542,294
Storage tank loan receivables	1,360,371	1,640,649
Unbilled units (note 17(d))	72,800,931	56,892,987
Gross trade receivables	248,822,861	223,075,930
Less: Specific provision (notes (17(e) and 17(g))	(21,854,716)	(18,248,689)
Less: Expected credit loss (note 17(g))	(5,550,450)	(6,538,784)
Net trade receivables	221,417,695	198,288,457
Loans and advances to staff (note 17(h))	1,034,197	2,893,822
Prepayments	47,777,537	44,530,113
	270,229,429	245,712,392
Analysed as:		
Due beyond one year	1,106,560	875,044
Due within one year	269,122,869	244,837,348
	270,229,429	245,712,392

- a) The carrying amounts of trade and other receivables measured at amortised cost approximate their fair value. These are denominated in Seychelles Rupees.
- b) Certain amounts of trade receivable bear surcharge at 2% per month for late payments.
- c) At 31 December 2022, trade receivables included SR 20,509,540 (2021: SR 12,606,207) from Government and parastatal organisations which the Members have estimated as recoverable.
- d) The Corporation accrues revenue for proportionate unbilled units to complete 12 months billing cycle for each customer (note 3.7).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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17. TRADE AND OTHER RECEIVABLES (CONTINUED)

e) Specific provision represented 100% provisions made for trade receivables SR 21.9m (2021: SR 18.2m) that were over 365 days past due. The legal team of the Corporation is continuously undertaking an exercise case by case to recover sums due from the respective defaulters where possible.

f) Movement in the provision for credit impairment of trade and other receivables is as follows:

	2022	2021
	SR	SR
At 1 January	24,787,473	39,860,563
ECL charge during the year	2,617,693	2,662,715
Write off	-	(17,735,805)
At 31 December	27,405,166	24,787,473

g) The lifetime expected loss provisions for trade receivables and contract assets are as follows:

	Less than 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
December 31, 2022					
Gross carrying amount	111,910,369	22,488,568	6,981,861	107,442,063	248,822,861
Less: Specific provision (note 17(e))				(21,854,716)	(21,854,716)
Gross carrying amount excluding specific provision	111,910,369	22,488,568	6,981,861	85,587,347	226,968,145
Expected loss rate	0.68%	0.96%	4.52%	4.97%	
Expected credit loss provision	(760,991)	(215,890)	(315,694)	(4,257,875)	(5,550,450)
December 31, 2021					
Gross carrying amount	166,384,119	17,539,896	6,017,687	33,134,228	223,075,930
Less: Specific provision (note 17(e))	-	-	-	(18,248,689)	(18,248,689)
Gross carrying amount excluding specific provision	166,384,119	17,539,896	6,017,687	14,885,539	204,827,241
Expected loss rate	0.44%	1.47%	4.70%	35.38%	
Expected credit loss provision	(732,090)	(257,836)	(282,831)	(5,266,026)	(6,538,784)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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17. TRADE AND OTHER RECEIVABLES (CONTINUED)

- h) Although loans and advances to staff are interest bearing, the Members have estimated that no ECL is required since repayments are deducted monthly from salaries and wages and there has been no history of default. They are analysed as follows:

	2022	2021
	SR	SR
Due within one year	976,859	2,803,099
Due beyond one year	57,338	90,723
	1,034,197	2,893,822

18. CASH AND CASH EQUIVALENTS

	2022	2021
	SR	SR
Balances with banks	413,056,690	310,640,599
Deposit with treasury (note 18(a))	294,898,505	345,195,899
Term deposits with banks (note 18(b))	41,725,790	31,049,029
Undeposited funds (note 18(c))	11,763,596	5,949,318
Cash on hand	115,705	115,500
Cash and bank balances per Statement of Financial Position	761,560,286	692,950,345
Term deposits with banks (note 18(b))	(41,725,790)	(31,049,029)
Bank balance retained for letters of credit (note 18(d))	(4,997,176)	(14,160,360)
Cash and cash equivalents per Statement of Cash Flows	714,837,320	647,740,956

- a) Borrowings from Government of Seychelles through Agence Francaise De Developpement and European Investment Bank are received in the treasury account held with the Central Bank of Seychelles for spending on the Projects of the Corporation. Those deposits are denominated in Euro and are non-interest bearing. Movements in these accounts are provided in *note 13.4*.
- b) Term deposits with banks comprise short term call deposits and other short term deposits with periods of 12 months, depending on the immediate cash requirements of the Corporation and earn interest at varying short term interest rates.
- c) Undeposited funds comprised amounts unbanked at end of period date.
- d) Amounts retained against letters of credit facility provided by Seychelles International Mercantile Banking Corporation Limited (Nouvobanq) to the Corporation were USD 286,200 and AED 213,137 (2021: USD 654,000 and EUR 253,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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19. ASSIGNED CAPITAL

	2022	2021
	SR	SR
<i>Transferred from:</i>		
- Seychelles Electricity Corporation Limited	42,069,280	42,069,280
- Seychelles Water Authority	8,551,125	8,551,125
Loans taken over as capital contribution	841,512,062	841,512,062
Transfer of revaluation Reserve (note 19(a))	158,537,000	158,537,000
Transfer of capital contribution reserve (note 19(b))	389,074,124	389,074,124
	1,439,743,591	1,439,743,591

- a) On April 1, 1992, the Government of Seychelles transferred certain dams, reservoirs, water and sewerage treatment works and pipeline networks to the Corporation for which no consideration was paid by the Corporation. The Corporation recorded these assets at value determined by the technical team of the Corporation based on the current cost at the time of recording them in the books of the Corporation with a contra credit to the revaluation reserve account. This was rectified retrospectively in the year 2014 by crediting the Assigned Capital towards contribution other than cash from the owner of the Corporation.
- b) Prior to the year 2010, the Corporation received contributions from the Government of Seychelles for major capital works undertaken by the Corporation. Subsequently certain capital grants were included in this account which were reclassified to Deferred Grants in the year 2010 and the amount received for major capital works was carried in this account with no further subsequent movements. This was rectified retrospectively in the year 2014 by crediting the Assigned Capital towards contribution other than cash from the Owner of the Corporation.

20. BORROWINGS

	2022	2021
	SR	SR
Borrowings for infrastructure development are as follows:		
European Investment Bank (note 20(a))	372,620,430	421,649,934
Agence Francaise De Developpement (note 20(a))	118,759,999	144,184,614
The African Development Bank (note 20(b))	232,830,359	215,792,702
The Arab Bank for Economic Development in Africa (note 20(c))	138,307,366	130,111,495
The Saudi Fund For Development (SFD) (note 20(d))	194,818,573	200,677,771
Seychelles International Mercantile Banking Corporation (note 20(e))	111,369,125	131,415,212
Abu Dhabi Fund for Development (ADFD) (note 20(f))	117,618,815	117,178,669
	1,286,324,667	1,361,010,397

Analysed as:

	2022	2021
	SR	SR
Due beyond one year	1,175,814,225	1,266,952,130
Due within one year	110,510,442	94,058,267
	1,286,324,667	1,361,010,397

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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20. BORROWINGS (CONTINUED)

The movement in borrowings is as follows:

	2022	2021
	SR	SR
At 1 January	1,361,010,397	1,873,157,364
Received during the year	83,995,459	183,251,750
Repayment during the year	(78,094,249)	(99,867,920)
Foreign currency differences (note 10)	(80,586,940)	(595,530,797)
At 31 December	1,286,324,667	1,361,010,397

- a) The Corporation entered into two indemnity agreements relating to certainty of payment obligations under the European Investment Bank (EIB) and Agence Francaise De Developpement (AFD) with the Republic of Seychelles relating to the upgrade of Seychelles Water and Sewerage infrastructure. The total approved borrowing is Euro 36,737,000 of which Euro 26,737,000 is financed by EIB and the balance Euro 10,000,000 by AFD. These loans bear interest at 6 months Euribor + margin 1.48% per annum (2021: Euribor + margin 1.48% per annum). Principal repayments commenced in 2018.
- b) The Corporation entered into an indemnity agreement relating to certainty of payment obligation under The African Development Bank (AFDB) with the Republic of Seychelles for financing part of the USD component and the entire Seychelles Rupee component of the Mahe Sustainable Water Augmentation Project (La Gogue). The total approved borrowing is USD 20,600,000 with closing date of drawdown as 31 December 2023. The loan bears interest at 6 months Libor + margin 0.60% per annum (2021: Libor + margin 0.60% per annum) and is repayable after a grace period of 5 years. Repayment is to be in 30 equal instalments following the 5 year grace period. Current balance represents drawdown at the reporting date. This Project is also expected to be funded with three grants approximating to Euro 1.5 million.
- c) The Corporation entered into an indemnity agreement relating to certainty of payment obligation under The Arab Bank for Economic Development in Africa (BADEA) with the Republic of Seychelles for financing the Improvement of Electricity Network in South Mahe Project. The total approved borrowing is USD 11,000,000 with closing date of drawdown as 31 December 2023. The loan bears interest at 2.5% per annum (2021: 2.5% per annum) and is repayable after the Grace period of 5 years in 34 semi annual instalments with interest. Current balance represents drawdown at the reporting date.
- d) The Corporation entered into an indemnity agreement relating to certainty of payment obligation under The Saudi Fund For Development (SFD) with the Republic of Seychelles for financing the Electrification of South Mahe Island Project - Second Phase. The total approved borrowing is USD 20,000,000 with closing date of drawdown as 30 June 2024. The loan bears interest at 2% per annum (2021: 2% per annum) and is repayable in 30 semi - annual instalments of USD 666,667 with interest effective November 15, 2020 after a 5 year grace period. Current balance represents drawdown at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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20. BORROWINGS (CONTINUED)

- e) The Corporation entered in to a loan agreement with Seychelles International Mercantile Banking Corporation Limited (Nouvobanq) to borrow SCR 159,351,000 to finance the Desalination Plant Extension Project. This loan is fully pledged against generator set A51 (Serial Number PAAE269991) and generator set A61 (Serial Number PAAE269992) and bears interest at 8.00% per annum (2021: 8.00% per annum) and is repayable from the 13th month of the loan, which was in September 2020, in monthly installments of SCR 2,483,679. The current balance represents the drawdown in full less the principal repayments at the reporting date.
- f) The Corporation entered into loan agreement with the Abu Dhabi Fund for Development, guaranteed by the Government of the Republic of Seychelles for financing the Ile de Romainville Solar Power Field Project. The total approved borrowing is AED 31,220,500.00 (USD 8.5m) with the closing date of drawdown as 31 December 2023. The loan bears interest at 2.00% per annum (2021: 2.00% per annum) and is repayable in 15 years following a grace period of 5 years in 30 semi annual instalments with interest. Current balance represents drawdown at the reporting date.

21. TRADE AND OTHER PAYABLES

	2022	2021
	SR	SR
Trade payables	139,861,424	99,841,295
Other payables	103,194,759	88,094,970
Customer deposits (note 21(d))	48,437,008	43,719,466
	291,493,191	231,655,731
Analysed as:		

	2022	2021
	SR	SR
Due beyond one year	48,437,008	43,719,466
Due within one year	243,056,183	187,936,265
	291,493,191	231,655,731

- a) The carrying amounts of trade and other payables' approximate their amortised costs.
- b) Trade and other payables are denominated in the following currencies:

	2022	2021
	SR	SR
SR	262,257,738	213,833,652
USD	14,009,860	7,653,076
EURO	12,986,784	9,360,959
OTHER	1,768,244	72,332
GBP	470,564	735,712
	291,493,191	231,655,731

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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21. TRADE AND OTHER PAYABLES (CONTINUED)

- c) The Corporation did not offer any securities with respect to trade and other payables.
- d) Customer deposits comprise the following:

	2022	2021
	SR	SR
Electricity	42,649,058	38,666,243
Water	5,787,950	5,053,224
	48,437,008	43,719,467

22. EMPLOYEE BENEFIT OBLIGATIONS

	2022	2021
	SR	SR
Accrued leave	15,212,936	16,013,204
Gratuity	6,592,500	7,042,509
Length of service compensation	93,204,470	94,106,036
Total employee benefit liabilities (note 22(b))	115,009,906	117,161,749
Due within one year (note 22(a))	(23,355,625)	(7,443,890)
Due beyond one year	91,654,281	109,717,859

- a) Analysis of amounts due within one year:

	2022	2021
	SR	SR
Accrued leave	15,212,936	234,876
Gratuity	2,565,000	2,573,667
Length of service compensation	5,577,689	4,635,347
	23,355,625	7,443,890

- b) Movement in employee benefit obligations is as follows:

	2022	2021
	SR	SR
At 1 January,	117,161,749	120,832,453
Charge to Statement of Profit or Loss (note 8)	16,609,564	14,036,634
Paid during the year	(18,761,407)	(17,707,338)
At 31 December,	115,009,906	117,161,749

- c) The Corporation recognised and provided for employee benefit obligations arising on account of gratuity based on the regulations applicable to parastatal organisations; leave salary and length of service severance compensation based on the provisions of Seychelles Employment Act. With respect to fixed term employees, the Corporation used average grades of past years to compute the estimated end of contract bonus. The Corporation proposes to meet these liabilities as and when they fall due, out of its working capital.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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22. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

- d) Employment benefit obligations have been determined using the method suggested by the Seychelles Employment Act and the Management has estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

23. DEFERRED GRANTS

	2022	2021
	SR	SR
At 1 January	1,036,621,857	1,079,058,006
Received from Government of Seychelles	60,000,712	40,000,000
Received from others	48,166,939	41,203,938
	1,144,789,508	1,160,261,944
Less: Amortisation for the year (note 6)	(106,867,010)	(123,640,087)
At 31 December	1,037,922,498	1,036,621,857

Analysed as:

	2022	2021
	SR	SR
Non-current	954,300,243	930,872,670
Current	83,622,255	105,749,187
	1,037,922,498	1,036,621,857

24. CAPITAL COMMITMENTS**a) Capital Commitments**

	2022	2021
	SR	SR
Approved and contracted for	705,948,985	514,488,789
Approved but not yet contracted for	1,549,512,679	1,396,321,465
	2,255,461,664	1,910,810,254

b) Operating lease commitments - where the Corporation is the lessee

The Corporation leases accommodations and offices under operating lease agreements. The leases have varying terms, escalation clauses and renewable rights.

The future aggregate minimum lease payments under operating leases are as follows:

	2022	2021
	SR	SR
Not later than one year	844,250	981,600

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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25. CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2022 (2021: Nil)

26. RELATED PARTY TRANSACTIONS

In the normal course of its operations, the Corporation enters into transactions with related parties. Related parties include Government and key Management personnel, consisting of Members of the Board of Directors. Unless stated, all transactions with related parties take place

The following are material transactions entered into with the Government and other government owned entities:

	2022	2021
	SR	SR
Revenue and services (note 5a))	191,444,874	191,178,791
Purchase of fuel (note 7a))	1,137,577,657	926,021,003

Key Management Personnel

Key Management personnel comprises the Chief Executive Officer, Chairman and the Non-Executive Board members. The latter are considered to be part of the key Management personnel as they have the authority and responsibility for planning, directing and controlling the activities of the Corporation.

The aggregate remuneration provided for and paid to key Management personnel (note 8).

	2022	2021
	SR	SR
Members' emoluments (note 8(a))	2,606,282	2,173,480

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