



PROPERTY MANAGEMENT CORPORATION



2019 ANNUAL REPORT

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CHIEF EXECUTIVE OFFICER'S REPORT

On behalf of the management of the Property Management Corporation (PMC), I am pleased to present the 2nd Annual Report for the year ending December 2019, in accordance to Section 36 of the Public Enterprise Monitoring Commission (PEMC) Act 2013. The year 2019, has been more challenging than the year 2018 for the Corporation. The expectation of the clients continue to rise and the demands for the services we offer is also on the increase. Despite more efforts there are still a number of projects to undertake and targets to be met for the modernisation of the Corporation.

During the year, PMC witnessed the opening of 6 new estates which comprised of 203 additional clients. PMC also conducted around 91 relocation. We worked under intense pressure to complete all procedures necessary to meet deadlines. This was a formidable team work which needs to be commended.



PMC continues to put emphasis on the repayment of houses. 68 cases at a rental arrears value of SCR4 million were considered by the Debt Recovery Committee in which we received payment arrangements for the majority of cases. Additional to that, staff continues to counsel clients on a regular basis on their repayment responsibility for a solution.

With great team work, PMC managed to renovate the largest batch of houses; 30 altogether. This was necessary following the relocation of clients at Ile Perseverance. All relevant staff helped and I am happy to note that we delivered without much difficulty. PMC completed some major maintenance projects which the clients had been waiting on for many years. However, we still have a number of outstanding projects to undertake and with the required financing we hope that this will materialize.

PMC managed to transfer over 70 properties which clients have paid off. 30 units in blocks of flats were also transferred during the year. The aim is to accelerate this exercise in the year 2020 so that clients can receive their long awaited title deeds. Another important task completed by PMC was the transfer of properties at Ile Perseverance to clients who have already paid off their houses in semi-detached and terraced houses. Some clients have been waiting for over 4 years. Together with our lawyers we have been able to finalize the Estate Covenants which were necessary for those transfer.

PMC was able to put in place operating procedures for a number of departments. PMC is still working on other procedures and Policies for implementation during the coming year. This will ensure that PMC will have a clear standard of work.

With the appointment of the Internal Auditor, works have started to identify weaknesses, opportunities and make recommendations with the aim of reducing risk factors in all areas of the Corporation and improve control within the Corporation. Today we have more statistics and reporting to assist the Corporation with informed decision making. In terms of technology, PMC has not been left behind; with a number of projects materializing, including digitalization of files and online banking.

In 2019, PMC made more progress in its financial position, through an increase in revenue as a result of increased delivery of houses by the Government. This resulted in the Corporation recording a profit for the 3rd consecutive year since 2013. This SCR7million surplus has assisted in reducing the revenue deficit which had accumulated over the years. With Government's commitment to continue delivering more houses to the population, greater emphasis on revenue collection and increased control of expenses, PMC anticipates improved financial results in the years to come.

PMC still has a lot to do to improve on service delivery and create a more positive image of the Corporation. The continued effort is needed to work with concerned agencies and departments for solution to social ills which are having a negative impact on the estates. We acknowledge the challenges ahead and count on more cooperation from the tenants on the estates. It is important that clients understand that some of the solution rest with them taking their responsibilities and ensuring good community living on the estates. PMC is increasing the number of meetings on its estates and providing more education to its clients.

Our aim is to deliver better results and improve our services. I wish to thank the Board of Directors for their guidance and support, and the staff for their hard work and devotion during the year 2019.

1. CORPORATE INFORMATION

REGISTERED OFFICE

Property Management Corporation
Ocean Gate House | P.O Box 1161 |
Victoria | Mahe | Seychelles

Praslin Office
Pension Fund Complex
Grand Anse | Praslin

AUDITORS

Auditor General outsourced to:
BDO Associates
The Creole Spirit
Quincy Street
Victoria, Mahe
Seychelles
P.O Box 18

LAWYERS

Alexandra Madeleine
Attorney-at-law & Notary
Kings Gate Travel Building
Independence Avenue | Victoria

Manuella Parmantier
Attorney-at-law
Orion Mall Building | Victoria

Laura Valabhji
Attorney-at-Law & Notary
Suite 3-03 | 3rd Floor Capital City Building
Victoria | Mahe

BANKERS

Seychelles Commercial Bank (SCB)
Barclays Bank (Seychelles) Limited
Bank of Baroda
Seychelles International Mercantile Bank

INSURER

HSI
SACOS

VISION

Envision being a respectable and high-performing government agency, fostering the creation of neighbourly residential estates.

MISSION

To ensure equitable provision of living accommodation to the people of Seychelles by the sale and lease of flats and houses and management of established housing estates, in accordance with the policy of the government



2. OVERVIEW

The Property Management Corporation is mandated to ensure the provision of living accommodation to the people of Seychelles by sale, lease or rental of flats and houses in accordance with the Policy of the Government and to manage and maintain buildings and other property on behalf of the Government. PMC manages 1230 estates with over 5,000 housing units out of which 65% are being sold to the occupants on a House Purchase Agreements and 35% are on rental agreements.



3. CORPORATE GOVERNANCE

The PMC Board is responsible for the administration of the affairs of the Corporation by overseeing the Corporation's long-term strategies and ensuring good governance practices across the Corporation.

In 2019 the Board composed as follows: The Board is headed by a non-executive chairman, and comprise of 4 members, all of whom have diverse experience and expertise. The Board is appointed on a 3-year basis. The term of the Board ended on 24th April 2020.

Board Members: Mr. Gilbert Madeleine (Chairman) • Mrs. Sitna Cesar (Vice Chairman) • Mrs. Roma Edmond (Member) • Mr. Denis Barbe (Member) • Mr. Ronny Palmyre (Member)

A new Board has been appointed effective 18th May 2020. It comprises of 7 members as follows:

Board Members: Mr. Christian Lionnet (Chairman) • Mrs. Sitna Cesar (Vice Chairman) • Mrs. Roma Edmond (Member) • Mr. Denis Barbe (Member) • Mr. Ronny Palmyre (Member). Mrs. Gina Adelaide (Member). Ms. Evelina Antha (Member)

Audit of the Financial Statement of PMC is the responsibility of the Auditor General.

As per the Public Enterprise Monitoring Act, the PMC also has 2 committees to assist and guide the Board and PMC in the delivery of its functions:

- Compliance committee
- Audit & Risk Committee

3.1 Access to information

Access to Information with the presentation of the Access to Information Bill, gives the public their constitutional right of access to information held by public establishments. PMC has appointed an information officer who is responsible to provide information requested under this bill. A summary of requests received is shown below:

Parameters	No.
The number of requests for access received;	5
The number of requests for personal information received;	1
The number of requests for access granted in full;	1
The number of requests for access granted in partially;	2
The number of requests for access refused —	
in full; and	2
in part;	1
The number of review applications lodged with the head of the information holder;	0
The number of reviews lodged on the ground that a request for access was regarded as having been refused in terms of section 14;	0
The number of cases in which, as a result of a review, access was given to information;	0
The number of appeals filed before the Information Commission and the outcome of those appeals;	0
A description of the steps or efforts taken by the head of the body to encourage all officers of that body to comply with the provisions of this Act;	New information systems which allows for collection of data for all sections has been put in place and sections are encouraged to keep records. Provision for a Database Operator has been made.
Any facts which indicate an effort by the body to administer and implement the spirit and intention of the Act according to its submitted plan;	There is proactive release of information on PMC's Website and Facebook page. Provision is being made to clean out the archive and its content to make access easier
Particulars of any penalties imposed against any person under this Act;	0
Particulars of any disciplinary action taken against any person under this Act;	0

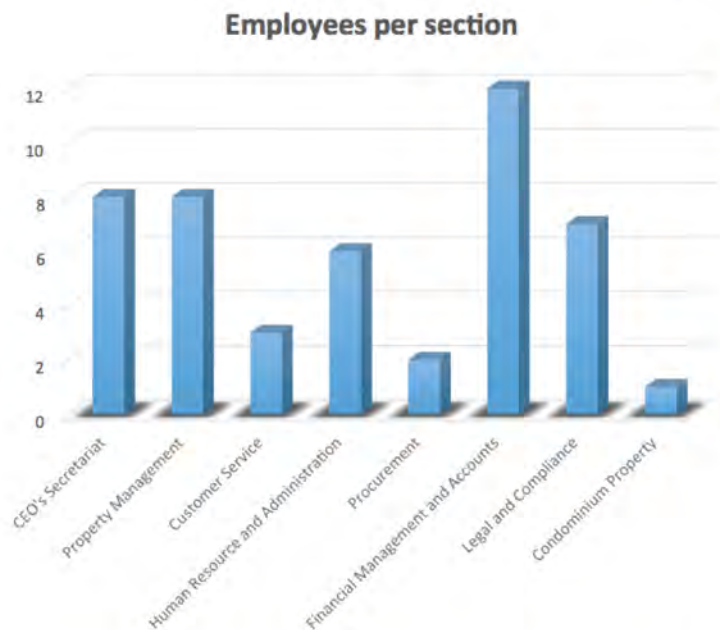
3.2 Internal Audit

The role of the Internal Audit section is to add value and improve PMC's operations in being a respectable and transparent government agency. It contributes to PMC attaining its mission by bringing a disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Internal Auditor scheduled and carried out specific audits of different departments of PMC throughout 2019. The overall aim was to evaluate how PMC is carrying out its various functions so as to ensure that it is delivering on its mandate in an efficient, accountable and transparent manner with the right mechanisms and control in place; and in accordance with applicable laws and guidelines. These audits identify weaknesses, opportunities and make recommendations with the aim of reducing the risk factors, which can affect PMC's performance and ultimately its reputation.

4. HUMAN RESOURCE

PMC started the year 2019 with 46 employees and during the year recruited one personnel in a key position which had been vacant since 2018 increasing the total workforce to 47 employees. PMC retained 100% of its staff during the year 2019.



Training and Development

PMC continues to support staff development through training. During 2019 one staff graduated after completing certificate in Office management. 12% of the staff are undertaking short training including ACCA and training in Office and General Management at Diploma and Certificate level.

PMC also managed to enroll 3 staff to attend overseas conference/training in 2019.

5 Years' Service Award

3 employees completed 5 years' service with PMC in 2019. They were awarded certificates and a token of appreciation.

5. MANAGEMENT INFORMATION SYSTEM

5.1 PMC SOFTWARE

With the development of its new software, PMC is now able to extract a number of important reports to aid in better decision making. The new software application was installed on the hotline phone during the year 2019. This enable the Estate Supervisors to retrieve details of clients to make informed decision in terms of the maintenance responsibility outside working hours.

5.2 DIGITALISATION OF PMC FILES

The Corporation felt the need to purchase its own scanner in 2019 in order to speed up the process of digitalization which was being undertaken by DICT. A total of 652 client files comprising of 40,319 documents have been scanned and uploaded in the Files-hold software. This task is ongoing during 2020.

5.3 ASSET TAGGING

There was a need to strengthen the asset management system of the Corporation. During the year 2019, together with the Finance Section, a thorough physical verification of all assets owned by PMC in all offices and in expatriate houses was performed and asset tagging of the assets has started.

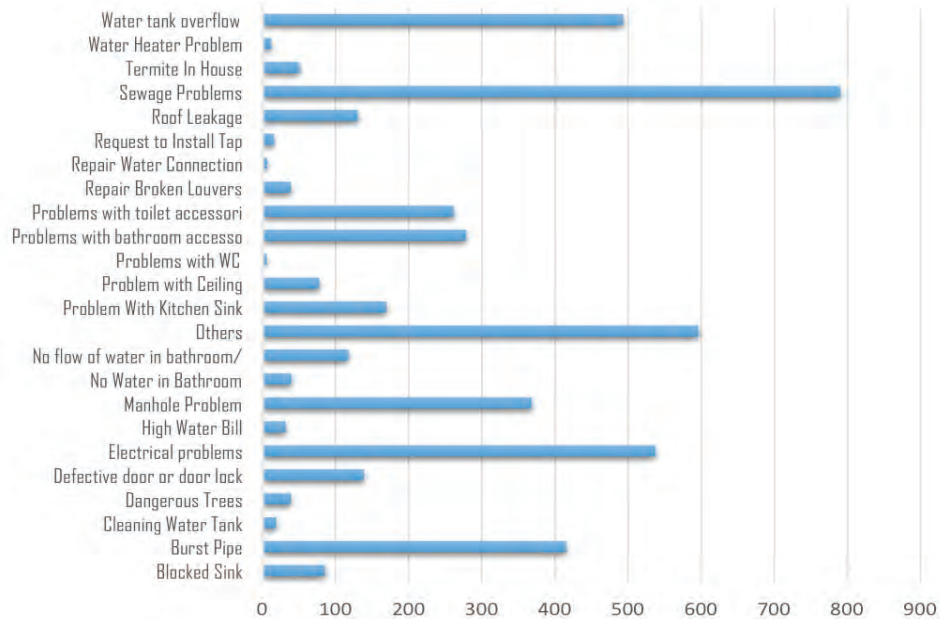
5.4 ONLINE PAYMENT

With the aim of keeping pace with the latest trends in terms of payments, PMC has moved to online transfer for its payroll in 2019. Training has been carried out in collaboration with the Bank and Finance Section for the smooth transition of online payments for contractors during the year 2020.

6. CUSTOMER SERVICE

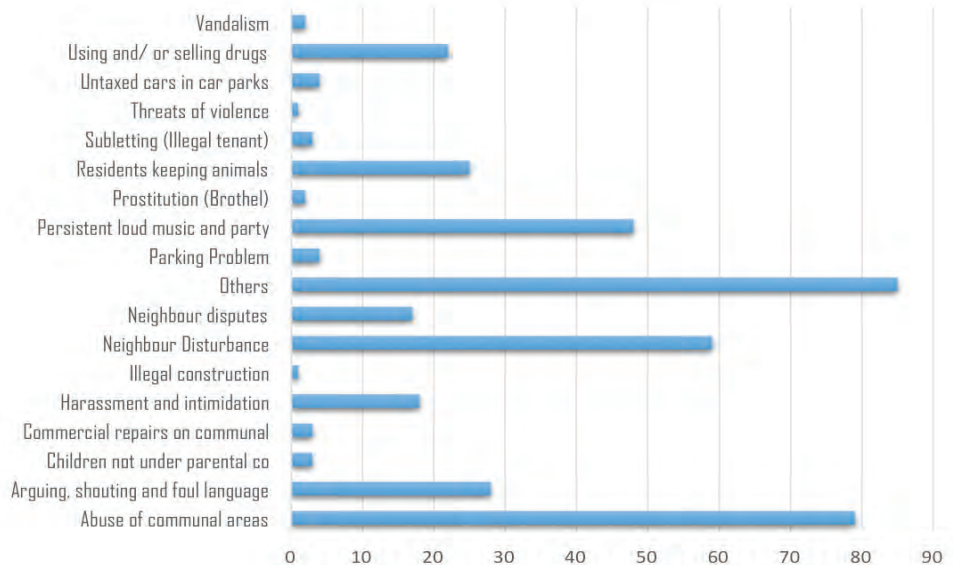
The Customer Service Section addresses customer's requests on a daily basis. All requests are recorded in the system and referred to respective section for remedial action. The Customer service staff also provide response to letters and counsel clients where necessary. A total of 5,109 requests were recorded during the year 2019. This ranges from walk-in clients, and requests via phone calls or emails. 4,705 requests were related to repairs and maintenance. The requests are forwarded to the Property Management Section, contractors are sent to attend to emergencies, while visits are undertaken for other requests which are then attended to following the tender procedures.

MAINTENANCE REQUESTS



404 requests were general concerns related to social issues and community living on the estates. These concerns are forwarded to the Enforcement and Compliance section which in turn carry out visits and investigations, counsel clients and provide warnings as well as liaise with the relevant agencies, departments and authorities for resolution of these issues. The file of recurring offenders are forwarded to the lawyer for legal advice or legal action subject to sufficient evidence.

GENERAL ISSUES



Note : others include tenants doing business on estates, improper use of staircase & meter rooms, installation of cameras by neighbor invading privacy, requests for meetings, overgrown vegetation

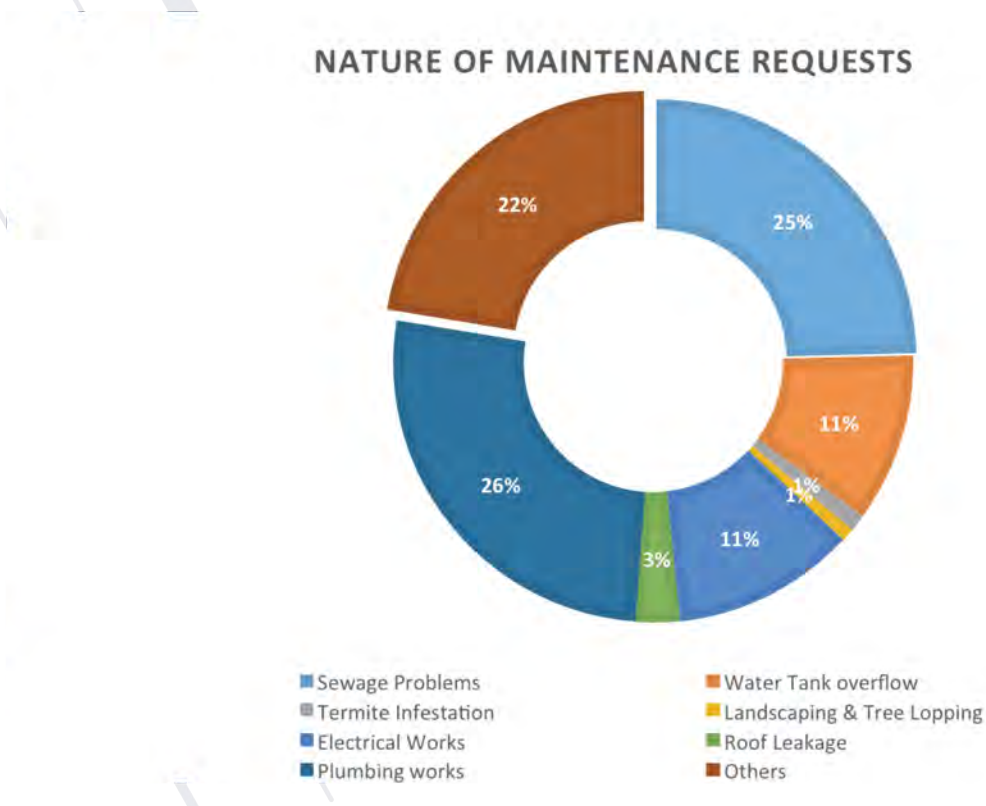
7. PROPERTY MAINTENANCE

The Property maintenance requests of clients are forwarded to the Property Management section for remedial action. PMC undertakes maintenance on common elements of blocks of flats and units on rental.

Maintenance work are priorities based on emergencies, the clients housing agreements and repayment statuses and availability of resources.

7.1 Nature and Frequency of Maintenance Requests

The table below shows the nature and frequency of requests the majority of which are sewage defects and water tank overflows.



7.2 Renovation of vacant houses

The Property Management Section is also responsible for the renovation of vacant units. Over 90 houses have been renovated in the year 2019. Most of these houses were on Ile Perseverance. This was primarily due to the movement of clients from rental units to newly opened housing estates and unit transfers.

While PMC endeavors to renovate these vacant units promptly so they can be allocated to other client, unforeseen incidents such as vandalism and illegal entries causes delays and require additional works. As a result of this, there was a need for PMC to procure the services of security firms to provide temporary security services on two estates which was yet to be allocated to tenants.

7.3 Estate Locations of Majority of reports

The Majority of complaints are from tenants on Ile Perseverance and from housing Estates in the Plaisance, Les Mamelles, Pointe Larue and Anse Aux Pins districts. This may be due to factors such as;

- i) Demographically these are the most populated regions
- ii) These are where the most of the low-cost and pre-fabricated houses are located and houses in these such areas are in need of major repairs or need to be rebuilt.
- iii) Most of the waste water disposal systems in these areas were not built to serve the number of units / inhabitants on these estates and a number of these have failed due to advanced years and improper use.

7.4 Installation of Metal Doors with Meter Rooms

Due to increased vandalism and improper use of the meter rooms, PMC in consultation with PUC embarked on a project to replace all wooden meter room doors with metal doors to safeguard the infrastructure. Together with PUC, a design has been made and several metal doors are being installed in the most vulnerable estates around the country. PMC continues to forge ahead on different estates and, depending on the availability of funding, we aspire to cover the majority, if not all, where this works is required.

7.5 Major Works-Re Roofing and Painting

Major re-roofing works are being carried out by PMC to replace concrete roofing tiles or roofing sheets on blocks of flats which are being affected during the rainy season. Housing estates are also given a thorough external renovation which includes re-painting of building blocks, re-instatement of soffits, eaves and gutters.

PMC completed 10 major projects during the year 2019.

	Estate	District	Description of Works	Awarded Amount (SCR)
1.	Grand Anse Mahe	Grand Anse Mahe	Re roofing of one block	715,075
2.	Anse Louis Settlement	Anse Boileau	Road Re surfacing	192,000
3.	Ex Cable	Anse Boileau	Re roofing of two blocks	676,890
4.	Les Mamelles	Les Mamelles	Re roofing and painting of one block	415,460
5.	Grand Anse Mahe	Grand Anse Mahe	Re roofing of one block	368,350
6.	Harrison	St Louis	Re roofing and relocation of water tanks	751,292
7.	Anse Des Genet	Cascade	Painting of one block	90,500
8.	Rochon	Plaisance	Painting of one block	149,400
9.	Societe Du Logement - Belvedere	Plaisance	Construction of retaining wall and drain	138,120
10.	North East Point Bedsitter	Glacis	General maintenance	609,389



**Anse-Boileau
Ex-Cable**



**Anse-Louis
Settlement**



Les Mamelles

8. CONTRACT MANAGEMENT AND LEGAL

8.1 Allocation

PMC allocated 161 new houses in 5 Districts during the year under the 24 houses in 24 Districts programme which the President has committed to. In addition, the 42 temporary units at Barbarons Transit homes also welcomed its new tenants in July 2019. The transit homes were built with the primary objective to assist families in the event of fire, disaster cases and urgent repair and maintenance of houses by the Government, which requires the family to temporarily move out.

Estate (District)	Number of Units	Details	Allocation Date
Ile Perseverance 1	64	64 Three Bedrooms	23 rd August 2019
Pascal Village, Beau Vallon	24	16 Three Bedrooms 8 two bedrooms	20 th September 2019
L'union, La Digue	24	24 Three Bedrooms	11 th October 2019
Anse Poules Bleus, Baie Lazare	25	9 two bedrooms 16 three bedrooms	6 th December 2019
Le Domaine, Au Cap	24	8 two bedrooms 16 three bedrooms	15 th December 2019
Barbarons Transit Homes, Grand Anse Mahe	42	16 Three Bedrooms, 18 two bedrooms 8 one bedroom	27 th July 2019
	203		



La Digue House Beneficiaries



Barbarons Transit Allocation



Le Domain Estate



Anse Poules
Bleus



Ile Perseverance

PMC also relocated 69 units during the year 2019, the bulk of which were at Ile Perseverance. This followed the relocation to larger units of some families who were temporarily allocated to a two bedroom unit because of the limitation during the time of allocation.

22 prefab units were also allocated in 2019, most of the prefab units are used as temporary housing and 27 tenants were provided with a permanent solution during the allocation of the Ile Perseverance project. The prefab are being renovated for allocation to new tenants in 2020.

Activities	Numbers
Clients transferred from House Rent to House Purchase	24
Clients transferred from House Purchase to House Rent	3
Clients signed land transfer (terraced/semi-detached houses)	76
Clients received title deeds (terraced/semi-detached houses)	55
Relocation	91

8.2 Self –Financed Houses

The Self Finance project continued in 2019 with 69 beneficiaries signing agreements with the Corporation for the construction of their units at Ile Perseverance. The units are expected to be delivered in 2020.

8.3 Transfer of Condominiums

PMC witnessed the signing of transfer documents for 17 clients out of 30, who have completed payment on their units in blocks of flats managed by the Corporation in December 2019. Fourteen (14) of the units were two-bedroom units at Roche Caiman, while the rest included units on other estates. PMC is intensifying its efforts to ensure that properties that have already been paid off are transferred to the owners.

8.4 Legal Cases

PMC had to proceed with one eviction case in April 2019 as all efforts to collect rent and recover arrears from the client was unsuccessful. As a last resort, PMC proceeded with a legal case and the ruling was in favour of the Corporation. The house has been renovated and allocated to another needy applicant. In the meantime PMC is following the legal route to recover the arrears outstanding.

PMC received judgement by consent for 6 rental arrears cases, which are being monitored. 4 cases in respect of non-payment of rental are in the process of being filed, while 3 others are ongoing.

One anti-social case is ongoing in the rent board, PMC has filed for eviction as client has not respected previous ruling of caution.

PMC was successful in a case against contractor to recover advance payment made on a project. The contractor failed to deliver and contract was terminated after numerous warnings.

9. PUBLIC RELATIONS

PMC continued to develop its relationship with clients and stakeholders during the year 2019 via different medium such as media, social media platforms, leaflets, outreach, visits and meetings to ensure that they are kept abreast with the PMC's policies and activities.

9.1 Community Engagement

A total of 18 meetings were held on the estates in 2019, to promote good neighborhood among the tenants, bring the residents together and encourage responsibility and ownership of the estate and to tackle various issues which had been reported to PMC.

Visits were also undertaken on the estates in all districts by PMC representatives with relevant authorities to tackle various issues.



Visit
Grand Anse Mahe

9.2 Outreach With Stakeholders

PMC participated in a number of joint activities with stakeholders during the year.

PMC joined the youth of the Seventh Day Adventist church in March 2019, in their adoption of the Children's Playground at Oliver Estate, St Louis. This forms part of the activities of the Church on the occasion of the Global Youth Day 2019.



Clean up the
World

PMC supported LWMA in the official opening of the Clean up the World campaign on Praslin, in September 2019. The staff of PMC together with its contractor cleaned around the Moulinien housing estate.

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Together with its parent Ministry and other partners, PMC participated in the Habitat Exhibition under the theme 'Frontier technologies as an innovative tool to transform waste to wealth'. PMC showcased the evolution of Government houses over the years and the use of technology on the estate.

9.3 Opening Of Estates

In collaboration with the parent Ministry, PMC formed part of the opening ceremony of 6 Estates under the 24/24 project which were allocated during the year 2019. Prior to the opening a meeting was held with the families providing them information about their obligations and the different clauses in their agreement. PMC also presented all clients with a starter pack including a set of the leaflets and the PMC's booklet "Pli bon fason pou viv lo housing estate"

**Allocation
Starter Pack**



10. FINANCIAL REVIEW

The PMC recorded a total income of SCR92.3 million during the year 2019, representing an increase of SCR7.3million compared to the year 2018 (SCR85million). This is attributed mainly to the rise in rental income as a direct result of the increase in the number of houses transferred to the Corporation, an increase in the rental of expatriate houses effective January 2019, an increase in grant received from MOF and sale of land for self –financing project.

A total of SCR82.7million was expensed during the year 2019, an increase of SCR2million from 2018 (SCR80.7million). While most expenses have been more or less at par to the year 2018 figures, the major increase was in administration expenses.

PMC recorded a profit of SCR 7million for the year ending 31st December 2019. This represents an increase of SCR 0.8 million (14%) compared to the year 2018 (SCR 6.16million). The increase in profit is attributed to a reduction In the expected credit loss on trade and other receivables.

The Corporation recorded an increase of SCR216million in its total assets as at December 2019, being additions to investment properties and increase in finance lease receivables.

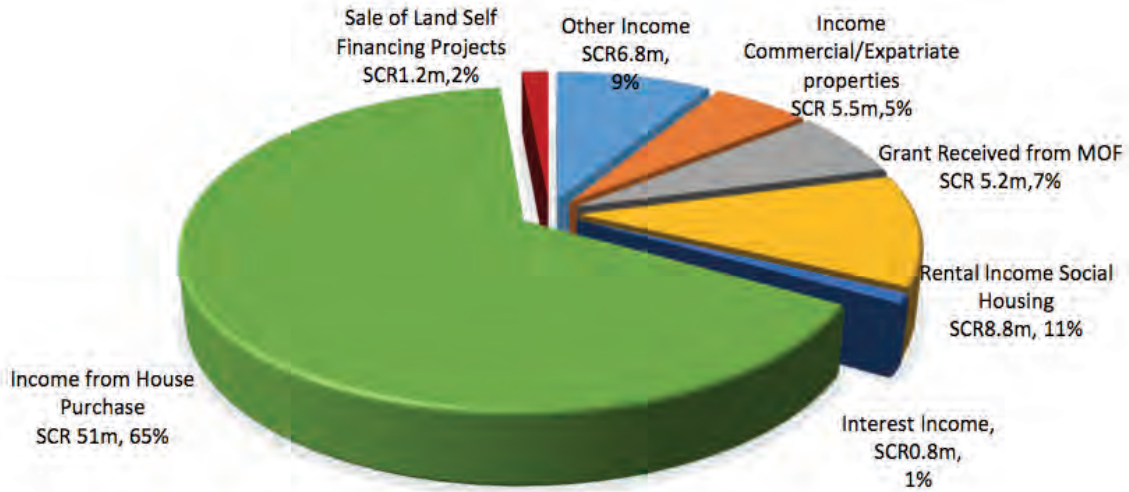
The Corporation took a loan facility of SCR200 million from the Seychelles International Mercantile Banking Corporation Limited (Nouvobanq). The loan which has been used to finance the construction of houses has a 10-year term at an interest rate of 6.86%. The loan was fully disbursed and used in the year 2019.

The loan is secured by the Government of Seychelles as the guarantor and the Ministry of Finance, Trade and Economic Planning (MFTEP) provides funding to PMC, for the repayment of the loan. PMC repaid a total of SCR 25.7million in 2019 while a further SCR25.2million was provided by the MFTEP for the repayment of the SPF loan taken in 2018.

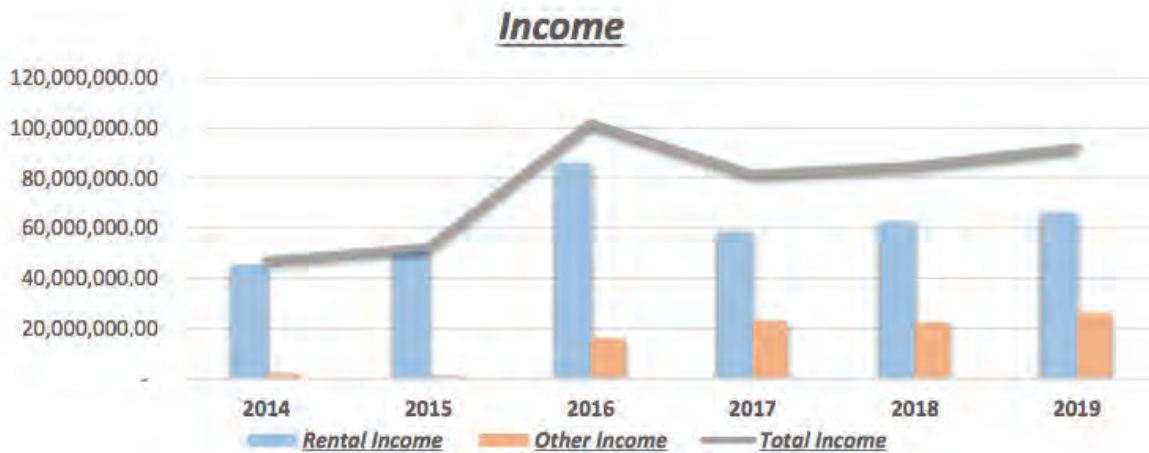
The Government of Seychelles through the MFTEP provided a further SCR 5,208,022 grant to PMC in the year 2019 for the purpose of undertaking major renovation on its blocks of flats.



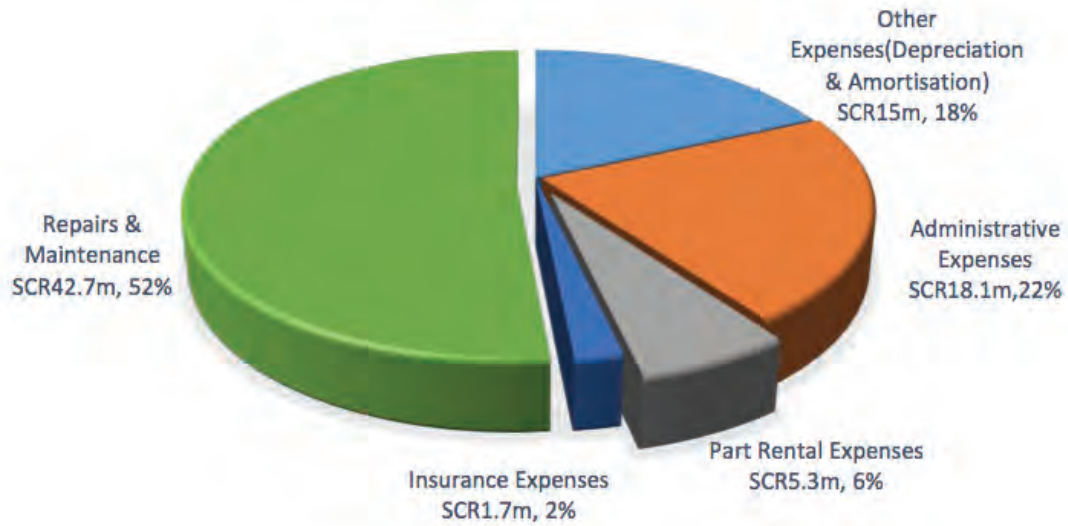
10.1 INCOME



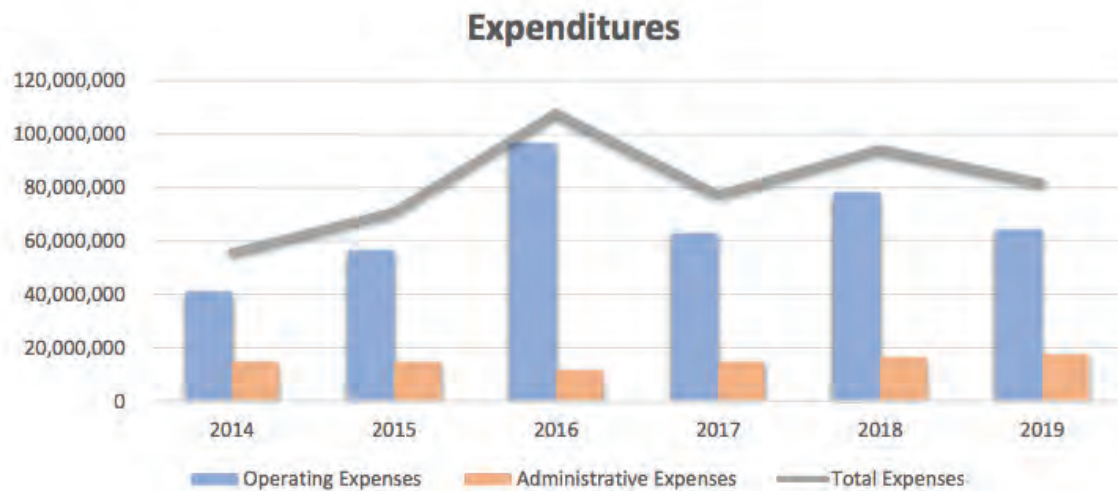
Graph: Expenditure Distribution for the year 2019



10.2 EXPENSES



Graph: Expenditure Distribution for the year 2019



Graph: Total Expenses for the period 2013 to 2019

10.3 EXTRACT OF FINANCIAL STATEMENT

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2019

	<u>Notes</u>	<u>2019</u> SR	<u>2018</u> SR
Revenue	17	66,147,512	62,723,132
Operating expenses	18(a)	(64,605,041)	(67,027,269)
Administrative expenses	18(a)	(18,100,697)	(13,690,817)
Other income	19	26,200,027	22,336,062
Expected credit loss (charge) / reversal	11(d)	(2,618,053)	1,823,473
Profit and Total Comprehensive Income for the year		<u><u>7,023,748</u></u>	<u><u>6,164,581</u></u>

STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2019

	<u>Notes</u>	<u>2019</u> SR	<u>2018</u> SR
ASSETS			
Non-current assets			
Property and equipment	5	1,233,932	1,443,553
Investment properties	6	225,526,920	203,298,605
Work in progress	7	233,683,734	156,498,270
Right-of-use assets	8(b)	3,798,186	-
Finance lease receivables	9	516,127,116	438,201,065
		<u>980,369,888</u>	<u>799,441,493</u>
Current assets			
Finance lease receivables	9	40,638,672	35,383,942
Inventories	10	1,480,800	-
Trade and other receivables	11	25,526,380	27,130,159
Cash and cash equivalents	21	62,956,566	33,181,445
		<u>130,602,418</u>	<u>95,695,546</u>
TOTAL ASSETS		<u><u>1,110,972,306</u></u>	<u><u>895,137,039</u></u>
EQUITY AND LIABILITIES			
Reserve / (Deficit)			
Capital reserve	12	60,162,984	60,162,984
Revenue deficit		<u>(222,446)</u>	<u>(7,246,194)</u>
		<u>59,940,538</u>	<u>52,916,790</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities	8(c)	1,965,341	-
Deferred revenue	13	653,929,866	652,520,725
Borrowings	14	278,885,112	113,941,898
Retirement benefit obligations	15	706,052	891,366

		<u>935,486,371</u>	<u>767,353,989</u>
Current liabilities			
Lease liabilities	8(c)	1,832,845	-
Deferred revenue	13	51,114,984	
			47,860,311
Borrowings	14	29,968,047	
			24,815,540
Trade and other payables	16	32,629,521	
			2,190,409
		<u>115,545,397</u>	<u>74,866,260</u>
Total liabilities		1,051,031,768	842,220,249
Total equity and liabilities		1,110,972,306	895,137,039

STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2019

	Notes	2019 SR	2018 SR
Cash generated from operations			
Profit for the year		7,023,748	6,164,581
<i>Adjustments for non-cash items:</i>			
Depreciation of Property & equipment	5	876,103	940,225
Depreciation of Investment properties	6	14,125,117	13,152,855
Finance income from leases	9	(18,822,397)	(18,489,341)
Amortisation of right-of-use assets	8(b)	1,706,667	-
Finance costs on lease liabilities	8(c)	65,463	-
Movement in allowance for credit impairment	11(d)	2,618,053	(1,823,473)
Retirement benefit obligations charge	15	792,062	721,948
Movements in capital reserve		-	(2,123,372)
Write off of property and equipment		-	35,491
Profit on disposal of investment properties		-	(2,743,500)
		8,384,816	(4,164,586)
<i>Changes in working capital</i>			
-(Increase) / Decrease in inventory	10	(1,480,800)	471,190
-Movement in trade and other receivables	11	(1,014,274)	9,002,629
-Increase / (Decrease) in trade and other payables	16	30,439,112	(1,366,741)
Cash generated from operations		36,328,854	3,942,492
Retirement obligations paid	15	(977,376)	(331,598)
Finance costs on lease liabilities	8(c)	(65,463)	-
Net cash inflow from operating activities		35,286,015	3,610,894
Cash flows from investing activities			
Additions to property and equipment (2018: adjusted for reclassification to Work in progress)	5/7	(666,482)	(955,840)
Additions to Investment properties	6	-	(18,400,477)

Additions to work in progress (2018: reclassified from Property & equipment)	7 & 7(a)	(214,997,943)	(156,498,270)
Proceeds from disposal of Investment properties		-	2,743,500
Finance income received	9	18,822,397	18,489,341
Net cash used in investing activities		(196,842,028)	(154,621,746)
Cash flows from financing activities			
Repayment of principal portion of lease liabilities	8(c)	(1,706,667)	-
Finance leases granted - net of discount & finance costs	9	(12,322,827)	(56,431,233)
Net receipts from finance leases	9	30,601,093	34,707,456
Movement in deferred revenue (2018: adjusted for reclassification from Capital reserve)	13	4,663,814	45,390,779
Loan received	14	200,000,000	150,000,000
Loan repayments net of finance costs	14	(29,904,279)	(11,242,562)
Net cash generated from financing activities		191,331,134	162,424,440
Net movement in cash and cash equivalents		29,775,121	11,413,588
Movements in cash and cash equivalents			
At January 1		33,181,445	21,767,857
Increase		29,775,121	11,413,588
At December 31,	21	62,956,566	33,181,445

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2019

	Notes	Capital reserve SR	Revenue deficit SR	Total SR
At January 1, 2019		60,162,984	(7,246,194)	52,916,790
Total comprehensive income for the year At December 31, 2019		-	7,023,748	7,023,748
		<u>60,162,984</u>	<u>(222,446)</u>	<u>59,940,538</u>
At January 1, 2018				
- As previously reported		62,286,356	(4,346,761)	57,939,595
- Effect of adopting IFRS 9	27	-	(9,064,014)	(9,064,014)
As restated		62,286,356	(13,410,775)	48,875,581
Total comprehensive income for the year		-	6,164,581	6,164,581
Movements during the year As previously reported at December 31, 2018		28,743,144	-	28,743,144
		91,029,500	(7,246,194)	83,783,306
Reclassified to Deferred revenue	12(a)	(30,866,516)	-	(30,866,516)
At December 31, 2018 - Restated		<u>60,162,984</u>	<u>(7,246,194)</u>	<u>52,916,790</u>

IMPORTANT: FOR NOTES KINDLY REFER TO THE ATTACHED FINANCIAL STATEMENT

11. CHALLENGES

With the evolving social climate and increasing number of estates under the management of the Corporation, there are increasing challenges faced by the Corporation which are worth noting

1. Continuous vandalism and improper use of infrastructures leading to more funds required to rectify the same issues overtime.
2. Lack of commitment from the Clients to honour their agreements and take responsibilities for their homes
3. Drug trafficking and use on the estates in general is on the increase and with the complication of this issue, including the legal factors, PMC is having difficulty to identify and deal with this scourge.
4. Budget constraint to undertake a number of long awaited projects and to carry out scheduled major maintenance on more housing estates.
5. Lack of commitment from clients to repay their houses
6. Increasing Sewage issues
7. Repeated Maintenance of old and low-cost houses



12. WAY FORWARD

The challenges ahead are many and we need to make planned adjustments which will include, among others

1. Continuous education for clients on the estates about their responsibilities
2. More drug education is required overall and better coordination with the Anti-Narcotics Bureau to deal with the drug issue.
3. More financial commitments from the Government to assist the Corporation in undertaking major projects which are beyond its means
4. More counselling and education for prompt payment by clients of monthly rent and housing loan.
5. More commitment from other agencies to assist with issues affecting the estate
6. A need to accelerate sewage projects identified for a permanent solutions
7. Speeding up re-development projects of worn-down houses
8. More focus on the long term profitability of the Corporation

It is acknowledged that PMC will confront a number of challenges and opportunities as it paves the way in the process of modernization, however, the focus on the upgrade of quality services, responsiveness to clients concerns, maintaining a constant and good relationship with the clients are of paramount importance in the process. A house is a lifelong investment and it is important that residents make a collective effort in eliminating social ills on the estates and ensure good community living.

While the demand for houses is on the rise, the Government continues to invest considerably in housing. The Ministry is identifying more sites in the Districts for housing projects, re-developing old sites and negotiating financing both locally and internationally to undertake more housing projects in its effort to reaffirm Government's commitment in delivering more houses to the people of Seychelles.





“My house is My Priority & My Responsibility”