



Audited Financial Statements as at 31st December, 2022

FINANCIAL SERVICES AUTHORITY

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FINANCIAL SERVICES AUTHORITY

CORPORATE INFORMATION

DIRECTOR : Mr. Patrick Payet Chairman
Mr. Randolph Samson CEO - Director
Mr. Muhammad Saley Director
Ms. Seylina Joymon Director
Mr. Robert Stravens Director
Mr. Phillip Moustache Director
Mrs. Samanta Esparon Director
Mrs. Annie Rosette Director
Mrs. Wendy Pierre Director
Mr. Richard Rampal Director

SECRETARY : Ms. Zenabe Daman Secretary

REGISTERED OFFICE : Bois de Rose Avenue
Roche Caiman
Victoria, Mahé
Seychelles

PRINCIPAL PLACE OF : Bois de Rose Avenue
Roche Caiman
Victoria, Mahé
Seychelles

AUDITORS : Auditor General
P O Box 49, Unity House
Victoria, Mahé
Seychelles

DIRECTORS' REPORT

The Directors are pleased to submit their report together with the audited financial statements of the Authority for the year ended December 31, 2022.

PRINCIPAL ACTIVITY

The Seychelles Financial Services Authority (FSA) is the Regulator for non-bank financial services in the Seychelles. Established under the Financial Services Authority Act, 2013, the Authority is responsible for the licensing, supervision and development of the non-bank financial services industry of the Seychelles, which includes the insurance and the gambling sector. The Authority is also responsible for the registration of International Business Companies, Foundations, Limited Partnerships and International Trusts in the Seychelles.

VISION

The vision of the FSA is to safeguard the interest of the Seychelles non-bank financial services sector, through the establishment of a sound and ethical regulatory environment.

MISSION

- To uphold the good repute of the Seychelles through good governance and sound regulatory systems.
- To promote capacity building, innovation and efficiency of services within the non-bank financial services sector.
- Ensuring compliance with international regulatory norms and best practices.

CURRENT YEAR EVENT

The Authority adopted International Financial Reporting Standards (IFRS) for the first time in 2016. Therefore, the year 2022 is the seventh financial year that the Financial Services Authority is presenting its financial statements under International Financial Reporting Standards (IFRS).

The new FSA board was appointed effective January, 2021. The Chairman and 8 other board directors (including the new CEO) are new appointees to the board and one is an appointee from the previous boards.

RESULTS

	<u>2022</u>
	SR'000
Profit for the year	105,381
Retained earnings brought forward	<u>349,313</u>
Profit available for distribution	454,694
Transfer to Government of Seychelles (GOS)	(85,960)
Retained earnings carried forward	<u><u>368,734</u></u>

DIRECTORS AND DIRECTORS' INTEREST

None of the directors has any direct or indirect interest in the Authority.

DIRECTORS' REPORT (CONT'D)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in compliance with Financial Services Authority 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 Directors have the general responsibility of safeguarding the assets, both owned by the Authority and those that are held in trust and used by the Authority.

The Directors consider that they have met their aforesaid responsibilities.

AUDITORS

The Authority is audited by the Auditor General.

BOARD OF DIRECTORS APPROVAL



Patrick Payet
Chairman




Randolf Samson
Director & CEO



Muhammad Saley
Director



Seylina Joymon
Director



Robert Stravens
Director



Phillip Moustache
Director



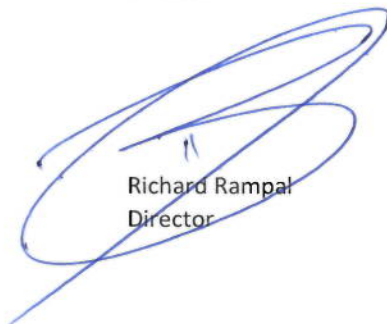
Samanta Esparon
Director



Anne Rosette
Director



Wendy Pierre
Director



Richard Rampal
Director

Dated: 12.05.2023

Mahé, Republic of Seychelles



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Victoria, Republic of Seychelles

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Please address all correspondence to the Auditor General

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OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE FINANCIAL SERVICES AUTHORITY FOR 2022

Opinion

The accompanying financial statements of the Financial Services Authority (Authority), set out on pages 4 to 26 which comprise the statement of financial position, profit or loss and other comprehensive income, changes in equity, cash flows as at 31 December 2022 and the notes to financial statements including a summary of significant accounting policies for the year then ended have been audited as required by Section 13 (4) of the Financial Services Authority Act, 2013.

Accordingly, in my opinion:

1. proper accounting records have been kept by the Authority as far as appears from my examination of those records relating to material transactions;
2. the financial statements on pages 4 to 26 give a true and fair view of the financial position of the Authority 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 Financial Services Authority 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 the Financial Statements section of my report.

I am independent of the Authority 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 am satisfied that all information and explanations which, to the best of my knowledge and belief, where necessary for the purpose of audit have been obtained. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

The exercise to update and complete the asset register in line with the physical verification is still on going, consequently, property, plant and equipment balance and corresponding depreciation charge may be overstated with assets not in existence or pending write-off still included therein.

The implementation of the IT project, which is treated as working in progress in the accounts, needs to be monitored more closely so as to ensure that it does provide the intended solutions to the Authority. It is to be noted that a sum of SR13.4m has been spent on the project so far representing the full contract sum.

My opinion is not qualified in respect of the above matters.

Responsibilities of the Management and those charged with Governance

The management is responsible for the preparation of financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Financial Services Authority Act, 2013 and the Public Enterprise Monitoring Commission Act, 2013, and for such internal control as the Board determines, is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Authority'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 Board either intends to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Responsibilities of the Auditor General 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 Financial Services Authority Act, 2013.

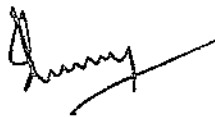
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could 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 skepticism 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 Board's internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board;
- concludes on the appropriateness of the Board's 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 Authority'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 Authority to cease to continue as a going concern;
- 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; and
- communicates with the Board, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that he identifies during the audit.



Gamini Herath
Auditor General

19 May 2023
Victoria, Seychelles

STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2022

	Notes	December 31, 2022	December 31, 2021
		SR	SR
ASSETS			
Non-current assets			
Property, plant and equipment	5	59,546,331	54,523,668
Investment property	6	242,266,051	240,314,059
Long term receivables	7	8,563,410	8,014,656
		310,375,792	302,852,383
Current assets			
Trade and other receivables	7	12,477,916	11,338,288
Cash and cash equivalents	9	153,089,697	114,567,375
Restricted cash as security for credit card		150,000	
Investment in Treasury Bills			5,202,897
		165,717,613	131,108,560
Total assets		476,093,405	433,960,943
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	10	8,715,700	8,715,700
Capital grant	11	854,064	1,708,127
Revaluation Reserve		26,674,451	21,690,601
Retained earnings		368,734,168	349,312,639
		404,978,383	381,427,067
LIABILITIES			
Non-current liabilities			
Staff benefit obligations	12	16,845,751	13,266,961
		16,845,751	13,266,961
Current liabilities			
Other payables	13	54,269,271	39,266,915
		54,269,271	39,266,915
Total liabilities		71,115,022	52,533,876
Total equity and liabilities		476,093,405	433,960,943

The Financial Statement have been approved for issue by the Board of Directors on:

				
Patrick Payet Chairman	Randolf Samson Director & CEO	Muhammad Saley Director	Richard Rampal Director	Seylina Joymon Director
				
Robert Stravens Director	Phillip Moustache Director	Samanta Esparon Director	Wendy Pierre Director	Anne Rosette Director

The notes on pages 8 to 26 form an integral part of these financial statements.
Auditors' report on page 3.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2022

	Notes	2022	2021
		SR	SR
Revenue	2(i)/14	197,493,943	223,646,468
Staff costs	15	(60,024,328)	(45,099,940)
Administrative expenses	16	(31,510,293)	(31,579,757)
Educational dissemination	17	(231,992)	(712,930)
Other operating costs	18	(1,757,449)	(1,618,663)
Finance income - Interest on staff loans/investment		1,036,776	663,165
Finance costs - borrowing costs		-	-
Marketing Grant to SIB		(545,108)	(545,762)
Other income	19	130,801	4,443
Foreign exchange (losses)/gains		(1,162,917)	(34,322,592)
Other comprehensive income - Surplus on Revaluation of Investment pro	6(a)	1,951,992	-
Profit and total comprehensive income for the year		105,381,423	110,434,432

The notes on pages 8 to 26 form an integral part of these financial statements.
Auditors' report on page 3.

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2022

	Note	Stated capital SR	Capital grant SR	Revaluation reserve SR	Retained earnings	Total SR
At January 1, 2022		8,715,700	1,708,127	21,690,601	349,312,639	381,427,067
Total comprehensive income for the year		-	-	-	105,381,423	105,381,423
Amortisation of grant	18	-	(854,063)	-	(85,959,894)	(854,063)
Transfer to the GOS		-	-	4,983,850	-	4,983,850
Revaluation of Property		-	-	-	-	-
At December 31, 2022		8,715,700	854,064	26,674,451	368,734,167	404,978,383

	Note	Stated capital SR	Capital grant SR	Revaluation reserve SR	Retained earnings SR	Total SR
At January 1, 2021		8,715,700	2,562,190	21,690,601	332,496,725	365,465,216
Total comprehensive income for the year		-	-	-	110,434,432	110,434,432
Amortisation of grant	18	-	(854,063)	-	(92,565,871)	(854,063)
Transfer to the GOS		-	-	-	-	-
At December 31, 2021		8,715,700	1,708,127	21,690,601	350,365,286	382,479,714
Prior period adjustment		-	-	-	-	-
At December 31, 2021 (Re-Instated)	5	8,715,700	1,708,127	21,690,601	349,312,639	381,427,067

- i. Prior period item relates to payment to a consultant in 2020 and 2021 in relation to FSA proposed building, charged to work in progress. The aforementioned services were discontinued in October 2021 and amount written off.

The notes on pages 8 to 26 form an integral part of these financial statements. Auditors' report on page 3.

STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2022

	Notes	2022 SR	2021 SR
Cash generated from operations			
Profit for the year		105,381,423	110,434,432
<i>Adjustments for</i>			
Depreciation on property, plant and equipr	5	2,596,118	2,472,726
Adjustment to WIP		84,000	-
Amortisation of capital grant	18	(854,063)	(854,063)
Loss on disposal of asset		7,810	-
Gain on revaluation of Investment Property		(1,951,992)	-
Staff benefit obligations charge	12	5,894,913	4,993,484
Adjustment on accrued Interest		-	(251,864)
Impairment of trade receivables		(96,491)	(40,858)
Interest receivable		(1,036,776)	(663,165)
		110,024,941	116,090,693
<i>Changes in working capital</i>			
- Increase in trade and other receivables		(1,591,891)	7,212,660
- (Decrease)/Increase in trade and other payables		(4,997,644)	(7,620,766)
Cash generated from operations		103,435,406	115,682,586
Staff Benefit obligations paid	12	(2,316,124)	(3,636,241)
Interest received		1,036,776	663,165
Net cash inflow from operating activities		102,156,058	112,709,510
Cash flows from investing activities			
Investment in Treasury bills			(5,198,525)
Proceeds from Treasury bills upon maturity		5,202,897	
Purchase of property, plant and equipment	5	(2,736,439)	(3,177,666)
Proceeds from sale of asset		9,701	
Net cash outflow from investing activities		2,476,159	(8,376,191)
Cash flows from financing activities			
Loan Repayment		-	(10,612,046)
Interest paid			(91,590)
Restricted cash as security for credit card		(150,000)	
Amount transferred to the Government of Seychelles		(65,959,894)	(105,234,697)
Net cash outflow from financing activities		(66,109,894)	(115,938,333)
Net increase in cash and cash equivalents		38,522,323	(11,605,014)
Movement in cash and cash equivalents			
At January 1,		114,567,375	126,172,388
Increase		38,522,323	(11,605,014)
At December 31,	9	153,089,697	114,567,375

The notes on pages 8 to 26 form an integral part of these financial statements.
Auditors' report on page 3.

1. GENERAL INFORMATION

The principal activities of the Financial Services Authority are detailed on page 2. Its registered office and principal place of activity is at Bois de Rose Avenue, Roche Caiman Victoria Mahe Republic of Seychelles.

These financial statements will be submitted for consideration and approval at the forthcoming meeting of Board of Directors of the Authority.

2. PRINCIPAL ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Financial Service Authority Act, 2013.

The Authority has adopted International Financial Reporting Standards for the first time for the year ended December 31, 2016 while previously the financial statements were prepared under Generally Accepted Accounting Practice (GAAP).

The financial statements are prepared under the historical cost convention, except that:

- (ii) relevant financial assets are stated at their fair values; and
- (iii) borrowings and relevant financial liabilities are stated at their amortised costs.

Standards, Amendments to published Standards and Interpretations effective in the reporting period**Amended by Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)**

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendment has no impact on the Authority's financial statements.

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

IAS 37, Provisions, Contingent Liabilities and Contingent Assets did not specify which costs to include in estimating the cost of fulfilling a contract for the purpose of assessing whether that contract is onerous. Research conducted by the IFRS Interpretations Committee indicated that differing views on which costs to include could lead to material differences in the financial statements of entities that enter into some types of contracts. The amendment has no impact on the Authority's financial statements.

IFRS 3, Business Combinations specifies how an entity should account for the assets and liabilities it acquires when it obtains control of a business. IFRS 3 requires an entity to refer to the Conceptual Framework for Financial Reporting (Conceptual Framework) to determine what constitutes an asset or a liability. Originally, IFRS 3 required an entity to refer to the version of the Conceptual Framework that existed when IFRS 3 was developed. The purpose of this project was to update IFRS 3 to require an entity to refer instead to a later version issued in March 2018. The Board completed this project in May 2020 by issuing amendments to IFRS 3. The amendments updated the reference to the Conceptual Framework. They also added to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Board added this exception to avoid an unintended consequence of updating the reference. Without the exception, an entity would have recognized some liabilities on the acquisition of a business that it would not recognize in other circumstances.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(a) Basis of preparation (Cont'd)****Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)**

Immediately after the acquisition, the entity would have had to derecognize such liabilities and recognize a gain that did not depict an economic gain. The Board expects this exception to remain in IFRS 3 for as long as the definition of a liability in IAS 37 differs from the definition in the latest version of the Conceptual Framework. The Board plans to consider aligning the definitions as part of a project to make targeted improvements to IAS 37. The amendment has no impact on the Authority's financial statements.

Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards:**IFRS 1, First-time Adoption of International Financial Reporting Standards.**

Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. The amendment has no impact on the Authority's financial statements.

IFRS 9, Financial Instruments

Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment has no impact on the Authority's financial statements.

IAS 41, Agriculture

Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13. The amendment has no impact on the Authority's financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(a) Basis of preparation (Cont'd)****Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)**

At the reporting date of these financial statements, the following were in issue but not yet effective:

IAS 1 — Presentation of Financial Statements
IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors
IAS 12 — Income Taxes
IFRS 16 Leases
IFRS 17 Insurance Contracts

Where relevant, the Authority is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(b) Property, plant and equipment

Property, plant and equipment are reported using the Fair Value model.

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. Repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

A revaluation of the FSA infrastructure was undertaken in December, 2022 with the report being issued in January 2023 by a professional independent assessor. In 2020, the Financial Services Authority (FSA), for the first time FSA elected to use the fair value model to account for owner occupied building. The asset is carried at the revalued amount, being its fair value at the date of revaluation. The increase in value of owner occupied building has been credited to equity and is shown in the statement of accounts under "Revaluation Reserve".

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(b) Property, plant and equipment (Cont'd)**

Depreciation is calculated on the straight line method with reference to the expected useful life of the assets concerned. Depreciation is computed from the month after receipt of goods/assets using the following principal annual rates.

	%
Buildings	4
Gate and fencing	10
Motor vehicles	20
Plant & equipment	10 - 25
Furniture and fittings	10 - 20
Other assets	25

No depreciation has been charged on the value of the freehold property.

Assets are currently being depreciated up to a NIL balance. No depreciation is provided for in the month of disposal.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss.

(c) Investment property

Investment property, held to earn rentals or for capital appreciation or both and not occupied by the Authority are measured and accounted for at fair value.

FSA has adopted the IFRS 13, the Fair value model, for the valuation of its investment property, which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in income statement for the period in which they arise. As per IAS 40, the gain on the revaluation of investment property has been recognised in the P&L, Other Comprehensive Income (OCI). Transfers to or from investment property can be made only when there has been a change in the use of the property. The revaluation exercise is undertaken on a bi-yearly basis and therefore the next exercise will be in December, 2024.

(d) Intangible assets - Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives of 4 years.

Costs associated with developing or maintaining computer software are recognised as an expense as incurred and are included in the statement of profit and loss.

(e) Financial instruments

Financial assets and liabilities are recognised on the Authority's statement of financial position when the Authority has become a party to the contractual provisions of the instrument. The Authority's accounting policies in respect of the main financial instruments are set out below.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(e) Financial instruments (Cont'd)****(i) Trade and other receivables**

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

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the statement of profit or loss.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less.

(iii) Other payables

Other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

(iv) Share capital

Ordinary shares are classified as equity.

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(g) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Authority has a legal enforceable right to set off the recognised amounts and the Authority intends either to settle on a net basis, or to realise the asset and liability simultaneously.

(h) Capital Grants

Grants related to assets from the Government of Seychelles for acquisition of property and equipment received in form of donations is treated as deferred income by crediting capital grant, classified under equity in the statement of financial position.

Depreciation calculated on such assets is released from grants and credited to depreciation charge in the statement of profit or loss until those assets are fully depreciated.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(h) Capital Grants (Cont'd)**

In the event that property and equipment acquired from grants are disposed of before they are fully depreciated, the carrying amount of such asset is reversed to the grant and gain or loss, if any, are recognised to the statement of profit or loss.

(i) Retirement benefit obligations

The Authority provides for payments of compensation to permanent employees for continuous service. The amount provisioned every year is based on the number of years the employee has worked after the last payment date. This type of employee benefits has the characteristics of a defined benefit plan. The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined obligation at the reporting date less fair value of plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

The Authority does not carry out any actuarial valuation since the Authority's management have based themselves on the method as prescribed by the Ministry of Administrative & Power and Circular 9 A of 1993, 15% of gross salary in the case of PSC and on internal contracts of employees and they have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

(j) Provisions

Provisions are recognised when the Authority 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.

(k) Foreign currencies*Functional and presentation currency*

Items included in the financial statements are measured in the currency of the primary economic environment in which the Authority operates. The financial statements are presented in Seychelles Rupees (SR) which is the Authority's 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 the fair value was determined.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(l) Revenue recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is recognised according to the following criteria:

(i) Services revenue

Revenue from services are recognised in the year in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

(ii) Rental income

Rental income is recognised on an accrual basis with the substance of the relevant rental agreements with the tenants.

(iii) Interest income

Interest income is recognised on an accrual basis with the substance of the relevant loan agreements with the staff.

(m) Business tax

The Authority is exempt from tax as per paragraph 1 of the Second Schedule to Business Tax Act, 2009.

3. FINANCIAL RISK MANAGEMENT**3.1 Financial Risk Factors**

The Authority's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest risk), credit risk and liquidity risk.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect of it's financial performance.

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Market risk**(i) Currency risk**

The Authority is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollars. Foreign exchange risk arises from commercial transactions and assets denominated in currencies other than the functional currency.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

At December 31, 2022, if the Seychelles Rupee had weakened/strengthened by 5% against US Dollar with all variables held constant, the impact on results for the year would have been SR1.16m (2021: SR 34.3m) higher/lower, mainly as a result of foreign exchange losses/gains on translation of foreign currency monetary assets and liabilities as depicted in the table below:

	2022	2021
	SR	SR
Bank balances	145,271,653	77,584,154
Trade & other receivables	6,469,611	5,445,710
Borrowings		
Other payables	(28,333,070)	(36,037,094)
	<u>123,408,194</u>	<u>46,992,770</u>

Management has proper policies in place to ensure that foreign exchange risk is minimised.

(ii) Cash flow and fair value interest rate risk

The Authority's income and operating cash flows are exposed to interest rate risk as it sometimes borrows at variable rates.

(b) Credit risk

The Authority's credit risk is primarily attributable to its trade receivables. The Authority does not have a significant concentration of credit risk, with exposure spread over a large number of customers. In addition, the Authority has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

The table below shows the concentration of trade receivables by number of counterparties at the end of the reporting period.

	2022	2021
	%	%
5 major counterparties	50	34
Others (diversified risks)	50	66
	<u>100</u>	<u>100</u>

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Furthermore, management monitors rolling forecasts of the Authority's liquidity reserve on the basis of expected cash flows.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

3. FINANCIAL RISK MANAGEMENT (CONT'D)**3.1 Financial Risk Factors (Cont'd)****(c) Liquidity risk (Cont'd)**

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

	Less than 1 year SR'000	Between 1 and 2 years SR'000	Between 2 and 5 years SR'000	Over 5 years SR'000	Total SR'000
At December 31, 2022					
Bank Borrowings					
Other payables	<u>54,269</u>				<u>54,269</u>
At December 31, 2021					
Bank Borrowings					0
Other payables	<u>39,267</u>			-	<u>39,267</u>

3.2 Fair Value Estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Authority for similar financial instruments.

3.3 Capital Risk Management

The Authority's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Authority sets the amount of capital in proportion to risk. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Authority may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Authority monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt less cash and cash equivalents. Adjusted capital comprises all components of equity.

During 2022, the Authority's strategy, which was unchanged from 2021, was to maintain the debt-to-adjusted capital ratio at a reasonable level in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratio was as follows:

	2022 SR'000	2021 SR'000
Total debt	54,269	39,267
Less: Cash and cash equivalents	(153,090)	(114,496)
Net debt	<u>(98,820)</u>	<u>(75,229)</u>
Total capital	404,978	364,611
Net debt	(98,820)	(114,496)
Total capital plus debt	<u>306,158</u>	<u>250,115</u>
Gearing ratio	<u>(32.28)</u>	<u>(30.08)</u>

4. 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 Authority 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 below.

(a) Functional currency

The choice of the functional currency of the Authority has been based on factors such as the primary economic environment in which the entity operates, the currency that mainly influences sales prices for goods and services, cost of providing goods and services and labour costs. The functional currency has been assumed by the Directors to be the Seychelles Rupee.

(b) Retirement benefit obligations

The cost of defined benefit pension plans has been determined using the method as per the Seychelles Employment Act and the Directors have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

(c) Useful lives and residual values

Determining the carrying amounts of property and equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The Directors have used historical information relating to the Authority and the relevant industry in which it operates in order to best determine the useful lives and residual values of property and equipment.

(d) Depreciation policies

Property and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Authority would currently obtain from the disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

(e) Impairment of other assets

Property and equipment are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**(f) Limitation of sensitivity analysis**

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

Sensitivity analysis does not take into consideration that the Authority's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Authority's views of possible near-term market changes that cannot be predicted with any certainty.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

5. PROPERTY, PLANT AND EQUIPMENT

(a) DECEMBER 31, 2022

COST	Land &	Gates	Motor	Plant &	Furniture	Other	Work-in	Total
	Buildings	& fences	vehicles	equipment	& fixtures	assets	progress	SR
	SR	SR	SR	SR	SR	SR	SR	SR
At January 1, 2022	33,426,914	637,788	3,255,468	SR15,082,836	6,112,912	4,958,849	13,515,897	76,990,664
Additions	426,645	-	-	959,886.20	339,661	974,139	36,108	2,736,439
Disposal	-	-	-	(475,487.58)	(234,257)	(125,504)	-	(835,249)
Write offs	-	-	-	-	-	-	-	-
Transfers/Adjustments	4,983,850	-	-	0	-	(2,109)	(84,000)	4,897,741
At DECEMBER 31, 2022	38,837,409	637,788	3,255,468	15,567,235	6,218,316	5,805,375	13,468,005	83,789,592
ACCUMULATED DEPRECIATION								
At January 1, 2022	-	637,788	2,912,833	11,087,919	5,337,556	2,490,899	-	22,466,996
Charge for the year	-	-	221,999	1,199,876	295,194	879,050	-	2,596,118
Disposal	-	-	-	(472,751)	(229,175)	(117,926)	-	(819,853)
Write offs	-	-	-	-	-	-	-	-
At DECEMBER 31, 2022	-	637,788	3,134,832	11,815,044	5,403,575	3,252,023	-	24,243,261
NET BOOK VALUE								
At DECEMBER 31, 2022	38,837,409	-	120,636	3,752,188	814,741	2,553,352	13,468,005	59,546,331

(b) In early 2017, Parcel Number: V17891 was cancelled and sub-divided into two parcels (V19847 and V19848) where parcel V19847 (with a total area of 2557 m²) was transferred to the Government for onward leasing to PUC at at transfer price of SCR1. The sub division of the land commenced in 2016 and was finalised on 24.02.2017. No adjustment was effected for the reduction in cost in the accounts.

(c) A revaluation of the FSA infrastructure was undertaken in December, 2022 with the report being issued in January 2023 by a professional independent assessor. In 2020, the Financial Services Authority (FSA), for the first time FSA elected to use the fair value model to account for owner occupied building. The asset is carried at the revalued amount, being its fair value at the date of revaluation. The increase in value of owner occupied building has been credited to equity and is shown in the statement of accounts under "Revaluation Reserve".

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

5. PROPERTY, PLANT AND EQUIPMENT

(a) DECEMBER 31, 2021

	Land &	Gates	Motor	Plant &	Furniture	Other	Work-in	Total
	Buildings	& fences	vehicles	equipment	& fixtures	assets	progress	SR
	SR	SR	SR	SR	SR	SR	SR	SR
COST								
At January 1, 2021	33,426,914	637,788	3,255,468	13,660,096	5,873,946	2,753,598	15,257,836	74,865,645
Additions	-	-	-	1,422,740	238,966	1,006,518	509,442	3,177,666
Disposal	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	1,198,734	(1,198,734)	-
At DECEMBER 31, 2021	33,426,914	637,788	3,255,468	15,082,836	6,112,912	4,958,849	14,568,544	78,043,311
Prior period adjustment	-	-	-	-	-	-	(1,052,647)	(1,052,647)
At DECEMBER 31, 2021 restated	33,426,914	637,788	3,255,468	15,082,836	6,112,912	4,958,849	13,515,897	76,990,664
ACCUMULATED DEPRECIATION								
At January 1, 2021	-	637,788	2,558,166	9,611,874	5,068,257	2,118,186	-	19,994,270
Charge for the year	-	-	354,667	1,476,045	269,300	372,714	-	2,472,726
Disposal	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
At DECEMBER 31, 2021	-	637,788	2,912,833	11,087,919	5,337,556	2,490,899	-	22,466,996
NET BOOK VALUE								
At DECEMBER 31, 2021	33,426,914	-	342,634	3,994,917	775,356	2,467,950	13,515,897	54,573,668

(b)

In early 2017, Parcel Number. V17891 was cancelled and sub-divided into two parcels (V19847 and V19848) where parcel V19847 (with a total area of 2557 m²) was transferred to the Government for onward leasing to PUC at at transfer price of SCR1. The sub division of the land commenced in 2016 and was finalised on 24.02.2017. No adjustment was effected for the reduction in cost in the accounts.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) Work in-progress comprised construction of new warehouses:

	2022	2021
	SR	SR
Consultancy/ structural engineer fees	16,000	1,052,647
Prior period item - Write-off of consultancy costs - proposed new building As restated 31.12.2021		(1,052,647)
Planning and other fees		-
IT Work In Progress	13,431,897	13,515,897
Improvement to Infrastructure	20,108	-
	<u>13,468,005</u>	<u>13,515,897</u>

Prior period adjustment relates to discontinued services with Hoolooman Consultancy services for consultancy services relating to the construction of the new FSA Building.

6. INVESTMENT PROPERTY

	2022	2021
	SR	SR
Cost		
At January 1,	240,314,059	240,314,059
Adjustment from previous year	-	-
Additions		-
Revaluation surplus	1,951,992	-
At December 31,	<u>242,266,051</u>	<u>240,314,059</u>
Accumulated depreciation		
At January 1,	-	-
Charge for the year	-	-
At December 31,	<u>-</u>	<u>-</u>
Net Book Value	<u>242,266,051</u>	<u>240,314,059</u>

(a) A revaluation of the FSA infrastructure was undertaken in January 2023 by a professional independent assessor. Investment properties have been revalued as follows:

	Value in Current State	2021
	(SR)	(SR)
Ware house A on Parcel Number V17888	33,375,636	32,718,215
Ware house B on Parcel Number V17889	46,355,050	45,441,965
Ware house C on Parcel Number V17890	36,185,964	36,185,964
Ware house K on Parcel Number V17885	63,174,700	61,831,398
Ware house J on Parcel Number V17893	63,174,700	61,831,398
Utility Block on Parcel Number V17893		2,305,119
	<u>242,266,050</u>	<u>240,314,059</u>

(b)

The Financial Services Authority is currently occupying units A1, A2 and A3 for a total area of 840m2 within the Warehouse A.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

7. TRADE AND OTHER RECEIVABLES

	2022	2021
	SR	SR
Trade receivables	6,906,386	6,249,063
Prepayments	1,235,391	1,311,397
Loans and receivables (note (f))	12,456,535	11,659,307
Other receivables	614,249	400,902
	21,212,561	19,620,670
Provision for credit impairment (note (c) and (d))	(171,235)	(267,725)
	<u>21,041,326</u>	<u>19,352,944</u>
Disclosed as follows:		
	2022	2021
	SR	SR
Within one year	12,477,916	11,338,288
After more than one year (note (f))	8,563,410	8,014,656
	<u>21,041,326</u>	<u>19,352,944</u>

(a) The carrying amount of trade and other receivables approximate their fair values.

(b) As at December 31, 2022, trade receivables that were past due but not impaired amounted to SR 1,564,599 (2021: SR2,730,412). These receivables were aged above 90 days.

(c) As at December 31, 2022, trade receivables amounting to SR 171,235 were impaired (2021: SR 267,725). These relate to a number of independent customers who are in unexpectedly difficult economic situations. These receivables were aged above 90 days.

(d) The movement in the provision for credit impairment is as follows:

	2022	2021
	SR	SR
At January 1,	267,725	308,583
(Reversal)/ Charge to the statement of profit or loss (note 16)	(96,491)	(40,858)
At December 31,	<u>171,235</u>	<u>267,725</u>

(e) The carrying amount of the Authority's trade and other receivables are denominated in the following currencies:

	2022	2021
	SR	SR
US Dollar	6,469,611	5,445,710
Seychelles rupee	14,571,716	13,907,235
	<u>21,041,326</u>	<u>19,352,944</u>

(f) Loans and receivables comprise staff loans and are analysed as follows:

	2022	2021
	SR	SR
Within one year	3,893,125	3,644,651
After more than one year	8,563,410	8,014,656
	<u>12,456,535</u>	<u>11,659,307</u>

(g) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Authority does not hold any other collaterals as securities, except for pledges on vehicles as security for Vehicle Loans

(h) The other classes within trade and other receivables do not contain impaired assets and except for pledges in vehicles as security for staff loans, the Authority does not hold any other collateral as security.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

8. INVESTMENT IN TREASURY BILLS	2022	2021
	SR	SR
365 Days Treasury Bills - 1%	-	247,735.21
365 Days Treasury Bills - 0.99%	-	4,955,161.67
	<u> </u>	<u> </u>
		<u>5,202,897.00</u>

(a)

The Treasury Bills investment from 2021 reached its maturity period in November 2022. The Board Of Directors and the FSA management agreed not to re-invest the funds due to low interest rate. The interest and principal amount was re-credited to the FSA Nouvobanq SCR Current account

9. CASH AND CASH EQUIVALENTS	2022	2021
	SR	SR
Cash in hand	-	-
Cash at banks	153,089,697	114,567,375
Restricted cash	150,000	-
	<u> </u>	<u> </u>
	<u>153,239,697</u>	<u>114,567,375</u>

(a) The total amount in cash at banks include a total of US\$5million (equivalent SCR.71,771,375) invested in a 2.8% interest bearing 90days Fixed Deposit account with the Nouvobanq bank.

(b)

Restricted cash relates to cash margin held as collateral by Nouvobanq for the VISA corporate card

10. STATED CAPITAL

Government contributed assets (notes (a) & 5(b))

(a) This represents the value of land transferred to the Authority by the Government of Seychelles in 1999.

11. CAPITAL GRANT

Capital grant was received from the Government of Seychelles for purchase of assets in 1999. Capital grant is amortised over the useful lives of the assets to which they relate.

12. STAFF BENEFIT OBLIGATIONS

	2022	2021
	SR	SR
At January 1,	13,266,961	11,909,719
Charge for the year (note 15)	5,894,913	4,993,484
Payments during the year	(2,316,124)	(3,636,241)
At December 31,	<u> </u>	<u> </u>
	<u>16,845,751</u>	<u>13,266,961</u>

(a) Retirement benefit obligations have not been computed in compliance with the requirements of IAS 19 since the Directors have estimated that the provisions as above, which have been based on the Ministry of Administrative & Power, Circular 9A of 1993 and 15% of gross salary in the case of PSC and internal contract of employees are reasonable and would not materially differ had these been computed on an actuarial basis as mandated by IAS 19.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

13. OTHER PAYABLES	2022	2021
	SR	SR
Amount payable to the Government of Seychelles (note 13(a) and 22)	20,000,000	-
Advance payments - fees	9,640,976	15,248,044
Deposits-rent	9,249,027	8,896,365
Corporate Tax	-	1,000,744
Accrued Expenses	731,244	1,299,540
Other payables	14,648,024	12,822,221
	<u>54,269,271</u>	<u>39,266,915</u>
Disclosed as follows:		
	2022	2021
	SR	SR
Within one year	<u>54,269,271</u>	<u>39,266,915</u>
	<u>54,269,271</u>	<u>39,266,915</u>
(a) The amount payable to the GOS represents the surplus for the year which is transferred on a quarterly basis as per section 12(3) of the Financial Services Authority Act 2013.		
(b) The carrying amount of other payables are denominated in the following currencies:		
	2022	2021
	€R	€R
US Dollar	28,333,070	35,915,922
Seychelles rupee	17,252,032	3,229,822
	<u>45,585,103</u>	<u>39,266,915</u>
14. REVENUE	2022	2021
	SR	SR
(a) Corporate and SITZ Fees		
IBC registration fees	7,491,293	15,465,839
IBC annual licence fees	89,156,950	119,860,115
Other licence fees	6,639,844	9,066,218
Funds and securities fees	9,438,511	8,837,489
Insurance fees	1,815,064	2,117,431
Gambling Fees	8,739,750	9,272,379
Other services	26,110,404	28,894,578
	<u>149,391,816</u>	<u>193,514,049</u>
(b) Rental income		
Investment property	47,644,154	30,088,529
Outdoor space	457,973	43,890
	<u>48,102,127</u>	<u>30,132,419</u>
	<u>197,493,943</u>	<u>223,646,468</u>
15. STAFF COST	2022	2021
	SR	SR
Salaries & wages	51,452,220	38,183,793
Directors' emoluments (note 22)	305,066	298,693
SITZ Employment Council/FSA Appeals Board	389,480	384,689
Gratuity and compensation paid	5,894,913	5,105,012
Pension Scheme Contribution	1,982,648	1,127,753
	<u>60,024,328</u>	<u>45,099,939</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

16. ADMINISTRATIVE EXPENSES	2022	2021
	SR	SR
Administration costs	4,323,328	5,164,736
Rental Costs	5,855,502	6,037,378
Communication costs	2,344,670	2,867,094
Transport and travelling costs	3,955,375	1,214,996
Maintenance and repairs	1,172,849	1,222,324
Training	3,639,269	1,366,890
Legal fees	1,317,600	349,950
Audit and Accountancy fees	100,000	100,000
Professional fees	5,319,500	9,201,256
Bank charges	60,551	76,984
(Reversal)/ charge for provision for credit impairment (note 7(d))	(96,491)	(40,858)
Bad Debts Written Off		
General expenses	3,518,139	4,019,007
	<u>31,510,293</u>	<u>31,579,758</u>
17. EDUCATIONAL DISSEMINATION	2022	2021
	SR	SR
Information dissemination	102,548	436,087
Advertisement	129,444	276,843
	<u>231,992</u>	<u>712,930</u>
18. OTHER OPERATING COSTS	2022	2021
	SR	SR
Depreciation		
- Property, plant and equipment (note 5)	2,596,118	2,472,726
Assets written off (note 5(a))	15,395	-
Amortisation of capital grant	(854,063)	(854,063)
	<u>1,757,449</u>	<u>1,618,663</u>
19. OTHER INCOME	2022	2021
	SR	SR
Sundry income	130,801	4,443
	<u>130,801</u>	<u>4,443</u>
20. COMMITMENTS		
(a) Capital commitments		

As at December 31, 2022 full cost of the project in relation to FSA building is yet to be determined. However the authority is expected to incur approximately to SR24.113 million in the year 2023 which include consultancy cost and commencement of project. (2021:Nil).

The FSA currently has capital commitments for the completion of the NetEDGE software, however to date the costing relating to it has not yet been established.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

20 COMMITMENTS (CONT'D)

(b) Operating lease commitments - where the Authority is the lessor

The Authority leases land under non-cancellable operating lease agreements and buildings under cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewable rights.

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

	2022	2021
	SR	SR
Not later than one year	267,893	275,349
Later than one year and not later than five years	1,071,570	1,101,398
	<u>1,339,463</u>	<u>1,376,747</u>

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

	2022	2021
	SR	SR
Not later than one year	47,262,711	42,317,164
Later than one year and not later than five years	108,184,901	96,683,105
	<u>155,447,612</u>	<u>139,000,269</u>

21. CONTINGENT LIABILITIES

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

22. RELATED PARTY TRANSACTIONS

Directors' emoluments (note 15)

	2022	2021
	SR	SR
PATRICK ALLAIN PAYET	49,920.00	
ROBERT STRAVENS	33,279.96	
SAMANTA ESPARON	33,279.96	
RICHARD RAMPAL	33,279.96	
SEYLINA JOYMON	33,279.96	
PHILLIP ARMAND MOUSTACHE	33,279.96	
WENDY PIERRE	33,279.96	
ANNE ROSETTE	27,733.30	
MUHAMMAD DANYAL SALEY	27,733.30	
	<u>305,066.36</u>	<u>298,693.06</u>
Holding entity		
- Surplus payable (note 13)	<u>85,959,894</u>	<u>92,565,871</u>

(a) Transactions with related parties are made at normal market prices.

(b) Outstanding balances payable by management personnel relating to vehicles loans are secured and bear interest. Other outstanding balances at the end of the reporting period are unsecured and interest-free. There has been no guarantees provided or received for any related party payables or receivables. For the year ended December 31, 2022, the Authority had not recorded any impairment of receivables relating to amounts owed by related parties (2021: Nil). This assessment is undertaken at the end of each financial year through examining the financial position of the related party and the market in which the latter operates.

(c) Key management personnel

	2022	2021
	SR	SR
Salaries and other benefits	23,233,566	15,182,403
Employer Pension costs	767,054	454,418
Accrued Benefits	2,567,340	2,277,360
	<u>26,567,960</u>	<u>17,914,182</u>

The above key management personnel includes the salaries and accrued benefits of the CEO, Deputy CEO, Directors and Managers of the FSA