Financial Statements as at 31st December, 2017

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DIRECTOR :	Mr. Suketu Patel (appointed effective 18th, July 2017)	Chairman
	Dr. Steve Fanny (replaced as Chairman effective 18th July 2017. Appointed as CEO effective 01st December, 2017)	Chairman/CEO - Director
	Ms. Jennifer Morel (replaced effective 01st December, 2017)	CEO - Director
	Ms. Jenifer Sullivan (appointed effective 18th July, 2017)	Director
	Ms. Angelique Antat (appointed effective 18th July, 2017)	Director
	Ms. Irene Croisee (appointed effective 18th July, 2017)	Director
	Mr. David Esparon (appointed effective 18th July, 2017)	Director
	Ms. Marie Cecile Esparon (appointed effective 18th July, 2017)	Director
	Ms. Annie Vidot (appointed effective 18th July, 2017)	Director
	Ms. Tania Potter (appointed effective 18th July, 2017)	Director
	Mr. Mike Lavai (appointed effective 18th July, 2017)	Director
	Mr. Rupert Simeon (replaced effective 18th, July 2017)	Director
	Mr. Ronny Govinden (replaced effective 01st April, 2017)	Director
	Mrs. Georgette Capricieuse (replaced on 18th, July 2017)	Director
	Mr. Ralph Volcere (replaced effective 01st April, 2017)	Director
	Mr. Sujeet Kumar Shrivastava (replaced effective 23rd March, 2017)	Director
	Ms. Angelique Antat (replaced effective February, 2018)	Director
SECRETARY :	Ms. Zenabe Daman (appointed effective 01st December, 2017)	Secretary
	Ms. Audrey Khan (Resigned effective 01st December, 2017)	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

OFFICE OF THE AUDITOR GENERAL

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Please address all correspondence to the Auditor General

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

Opinion

The accompanying financial statements of the Financial Services Authority, set out on pages 4 to 26, which comprise of the statement of financial position, profit or loss and other comprehensive income, changes in equity, cash flows and notes to accounts, have been audited as required by Section 13(4) of the Financial Services Authority Act, 2013. I am satisfied that all information and explanations which, to the best of my knowledge and belief, where necessary for the purpose of the audit have been obtained.

Accordingly, in my opinion,

(a) proper accounting records have been kept by the Authority as far as it appeared from examination of those records; and

(b) the financial statements on pages 4 to 26 present fairly, in all material aspects, the financial position of the Authority as at 31 December 2017 and of its financial performance and its cash flows for the year then ended, in accordance with the applicable International Financial Reporting Standards.

Basis for Opinion

The audit was conducted in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the '*Auditor-General's responsibilities for the audit of financial statements'* section of my report. I am independent of the Authority in accordance with INTOSAI Code of Ethics applicable to its members, together with other ethical requirements that are relevant to the audit of financial statements in Seychelles. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board for the Financial Statements of the Authority

The Board is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Financial Services Authority Act, 2013 and for such internal control as the Board determine, is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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, 2017.

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 has adopted International Financial Reporting Standards (IFRS) for the first time in 2016. Therefore, the year 2017 is the second 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 18th July, 2017 and subsequently a new CEO, Dr. Steve Fanny and a new Deputy CEO, Ms. Zenabe Daman, were appointed on the FSA's senior management team effective 01st December, 2017.

RESULTS

	2017
	SR'000
Profit for the year	99,006
Retained earnings brought forward	84,571
Profit available for distribution	183,577
Transfer to Government of Seychelles (GOS)	(73,387)
Retained earnings carried forward	110,190

DIRECTORS AND DIRECTORS' INTEREST

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

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

Suketu Patel Chairman	**Steve Fanny** Director & CEO	**Jenifer Sullivan** Director	**Irene Croisee** Director
David Esparon Director	M. Laval **Mike Laval** Director	**Annie Vidot** Director	**Tania Potter** Director
Esparon **Marie Cecile Esparon** Director	**Cindy Vidot** Director		

Dated: 16/04/2018

Mahé, Republic of Seychelles

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 cease operations, or has no realistic alternative to do so.

Responsibilities of the Auditor General

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 with 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 scepticism throughout the audit. The auditor also:

- Identifies and assesses that risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the opinion. The risk of not detecting material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission or misrepresentation, or the override of internal control;
- obtains an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board 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 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 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;
- 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 are identified during the audit.

Gamini Herath
Auditor General

19 April 2018
Victoria, Seychelles

STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2017

	Notes	December 31, 2017	December 31, 2016
		SR	SR
ASSETS			
Non-current assets			
Property, plant and equipment	5	**18,761,952**	18,878,134
Investment property	6	**127,591,119**	120,941,819
Intangible asset	7	**19,334**	33,422
Long term receivables	8(f)	**8,049,945**	4,922,583
		154,422,350	144,775,958
Current assets			
Trade and other receivables	8	**7,979,963**	6,745,581
Cash and cash equivalents	9	**71,436,865**	67,422,700
		79,416,828	74,168,281
Total assets		**233,839,179**	218,944,239
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	10	**8,715,700**	8,715,700
Capital grant	11	**5,124,379**	5,978,442
Retained earnings		**110,190,092**	84,570,964
		124,030,171	99,265,106
LIABILITIES			
Non-current liabilities			
Borrowings	12	**47,747,147**	63,412,924
Accrued Interest on Borrowings		**2,963,769**	
Retirement benefit obligations	13	**5,553,646**	5,587,269
		56,264,562	69,000,193
Current liabilities			
Borrowings	12	**20,496,260**	19,326,247
Other payables	14	**33,048,186**	31,352,693
		53,544,446	50,678,940
Total liabilities		**109,809,008**	119,679,133
Total equity and liabilities		**233,839,179**	218,944,239

These financial statements have been approved for issue by the Board of Directors on:

Suketu Patel Chairman	**Steve Fanny** Director & CEO	**Jenifer Sullivan** Director	**Irene Croisee** Director	**David Esparon** Director
Tania Potter Director	M. Laval **Mike Laval** Director	**Annie Vidot** Director	**Cindy Vidot** Director	Esparon **Marie Cecile Esparon** 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, 2017

	Notes	2017	2016
		SR	SR
Revenue	2(l)/15	159,665,452	150,525,147
Staff costs	16	(33,112,459)	(29,541,570)
Administrative expenses	17	(19,301,970)	(21,884,136)
Educational dissemination	18	(2,407,846)	(1,075,295)
Other operating costs	19	(6,442,853)	(1,901,963)
Finance income - Interest on staff loans		416,072	337,370
Marketing Grant to SIB		(421,708)	(255,144)
Other income	20	2,267,461	5,268,492
Foreign exchange (losses)/gains		(1,655,742)	(1,781,296)
Profit and total comprehensive income for the year		99,006,407	99,691,605

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, 2017

	Note	Stated capital	Capital grant	Retained earnings	Total
		SR	SR	SR	SR
At January 1, 2017		8,715,700	5,978,442	84,570,964	99,265,106
Total comprehensive income for the year			-	99,006,407	99,006,407
Amortisation of grant	19	-	(854,063)	-	(854,063)
Transfer to the GOS		-	-	(73,387,279)	(73,387,279)
					-
At December 31, 2017		8,715,700	5,124,379	110,190,092	124,030,171

	Note	Stated capital	Capital Grants	Retained earnings	Total
			SR		
At January 1, 2016		8,715,700	6,832,505	54,481,858	70,030,063
Total comprehensive income for the year		-	-	99,691,605	99,691,605
Amortisation of grant	19	-	(854,063)	-	(854,063)
Transfer to the GOS		-	-	(75,217,002)	(75,217,002)
Capitalisation of Cumulative Borrowing Costs		-	-	5,614,503	5,614,503
At December 31, 2016		8,715,700	5,978,442	84,570,964	99,265,106

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, 2017

	Notes	2017	2016
		SR	SR
Cash generated from operations			
Profit for the year		99,006,407	99,691,605
Adjustments for			
Depreciation on property, plant and equipment	5	1,521,250	1,498,414
Depreciation of investment property	6	5,761,578	1,224,382
Amortisation of intangible asset	7	14,088	14,088
Assets written off	5	-	(60,923)
Profit on disposal of asset	20	-	19,142
Amortisation of capital grant	19	(854,063)	(854,063)
Retirement benefit obligations charge	13	2,148,817	2,769,271
Interest receivable		(416,072)	(337,370)
		107,182,005	103,964,546
Changes in working capital			
- Increase in trade and other receivables		(4,361,744)	(2,637,896)
- (Decrease)/Increase in trade and other payables		(139,498)	7,374,835
Cash generated from operations		102,680,763	108,701,485
Retirement obligations paid	13	(2,182,440)	(1,316,333)
Interest received		416,072	337,370
Net cash inflow from operating activities		100,914,395	107,722,522
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,983,803)	(15,268,230)
Purchase of intangible assets		-	(18,400)
Proceeds from sale of asset		-	150,000
Net cash outflow from investing activities		(4,983,803)	(15,136,630)
Cash flows from financing activities			
Borrowing received	12	2,278,186	13,368,624
Loan Repayment		(16,773,950)	(14,807,938)
Interest paid		(4,658,031)	(4,866,148)
Amount transferred to the Government of Seychelles		(72,762,631)	(85,524,592)
Net cash outflow from financing activities		(91,916,427)	(91,830,054)
Net increase in cash and cash equivalents		4,014,165	755,838
Movement in cash and cash equivalents			
At January 1,		67,422,700	66,666,862
Increase		4,014,165	755,838
At December 31,	9	71,436,865	67,422,700

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, Mahé, 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 Services 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

Amendments to IAS 7 require additional disclosures. IAS 7 Statement of Cash Flows has been amended to improve presentation and disclosure in financial statements.The Amendments require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgement when determining the exact form and content of the disclosures needed to satisfy this requirement. The amendment suggests a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: 1. changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and 2. a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified. *The amendment has no impact on the Authority's financial statements.*

Amendment to IAS 12 - recognition of deferred tax assets for unrealised losses. The amendment to IAS 12, will be applicable for companies preparing their accounts under IFRS. IAS 12 sets out the basis for the recognition and measurement of current or deferred tax liabilities or assets and this amendment clarifies the position regarding unrealised losses on debt instruments measured at fair value and in particular, the recognition of deferred tax assets on such items. Such deferred tax assets are likely to occur where a there is a decrease in the fair value of the debt instrument, but no tax deduction is able to be taken for the fall in value until the asset is realised. Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type. *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)

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41). IAS 41 now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. *The amendment has no impact on the Authority's financial statements.*

Annual Improvements to IFRSs 2014-2016 cycle

IFRS 1 is amended to delete the short-term exemptions in paragraphs E3-E7 of IFRS 1, because they have now served their intended purpose. *The amendment has no impact on the Authority's financial statements.*

IFRS 12 is amended to clarify that the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. *The amendment has no impact on the Authority's financial statements.*

IAS 28 is amended to clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. *The amendment has no impact on the Authority's financial statements.*

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2017 or later periods, but which the Authority has not early adopted.

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:

IFRS 9 Financial Instruments
IFRS 15 Revenue from Contract with Customers
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 16 Leases
IFRS 17 Insurance Contracts
Clarifications to IFRS 15 Revenue from Contracts with Customers
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
Annual Improvements to IFRSs 2015-2017 Cycle
IFRIC 22 Foreign Currency Transactions and Advance Consideration
Transfers of Investment Property (Amendments to IAS 40)

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 stated at historical cost less accumulated depreciation and any impairment in value. Historical cost consists of purchase cost, together with any incidental expenses of acquisition and installation.

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.

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

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment (Cont'd)

Depreciation is calculated on the straight line method to write off the cost of the assets, to their residual values over their estimated useful life as follows:

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

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 initially at cost, including transaction costs.

Investment property is measured in accordance with requirements set out for that model in IAS 16. Transfers to or from investment property can be made only when there has been a change in the use of the property.

An entity that elects the cost model, should measure all its investment property at cost less accumulated depreciation and any accumulated impairment losses.

Investment property is depreciated on a straight-line at 4% p.a. over the economic useful life of 25 years.

(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 Autnority'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, 2017, 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 **SR1.60m** (2016: SR 1.89m) 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:

	2017	2016
	SR	SR
Bank balances	**53,669,561**	**58,703,367**
Trade & other receivables	**4,812,971**	**2,924,743**
Borrowings	**(68,243,407)**	**(82,739,171)**
Other payables	**(22,157,528)**	**(16,639,738)**
	(31,918,402)	**(37,750,799)**

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.

At December 31, 2017, if interest rates on floating rate borrowings had been ±1% higher/(lower) with all other variables held constant, results for the year would have been higher/(lower) by **SR 727k** (2016: SR 885k) due to impact on interest expense on borrowings.

(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.

	2017	2016
	%	%
5 major counterparties	**34**	44
Others (diversified risks)	**66**	56
	100	100

(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.

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	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	SR'000	SR'000	SR'000	SR'000	SR'000
At December 31, 2017					
Bank Borrowings	**20,496**	**21,620**	**26,127**	-	**68,243**
Other payables	**33,048**	**2,061**	**903**	-	**36,012**
At December 31, 2016					
Bank Borrowings	19,326	20,461	42,952	-	82,739
Other payables	31,353	-	-	-	31,353

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 2017, the Authority's strategy, which was unchanged from 2016, 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:

	2017	2016
	SR'000	SR'000
Total debt	**68,243**	82,739
Less: Cash and cash equivalents	**(71,437)**	(67,423)
Net equity	**(3,194)**	15,316
Total capital	**124,030**	99,265
Net debt	**(3,194)**	15,316
Total capital plus debt	**120,836**	114,581
Gearing ratio	**(2.64)**	13.37

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.

5. PROPERTY, PLANT AND EQUIPMENT

(a) December 31, 2017

	Land & Buildings	Gates & fences	Motor vehicles	Plant & equipment	Furniture & fixtures	Other assets	Work-in progress	Total
	SR	SR	SR	SR	SR	SR	SR	SR
COST								
At January 1, 2017	18,608,182	637,788	2,392,475	7,217,142	4,632,807	1,697,312	2,964,980	38,150,686
Additions	-	-	495,000	418,843	304,110	87,091	100,024	1,405,068
Disposal	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-		-
Transfers/Adjustments								-
At December 31, 2017	**18,608,182**	**637,788**	**2,887,475**	**7,635,985**	**4,936,917**	**1,784,403**	**3,065,004**	**39,555,754**
ACCUMULATED DEPRECIATION								
At January 1, 2017	5,770,388	637,788	1,500,417	5,993,632	4,109,848	1,260,479	-	19,272,552
Charge for the year	394,825	-	308,498	401,431	213,028	203,467	-	1,521,250
Disposal	-	-		-	-	-	-	-
Write offs	-	-	-				-	-
At December 31, 2017	**6,165,213**	**637,788**	**1,808,915**	**6,395,063**	**4,322,876**	**1,463,946**	**-**	**20,793,802**
NET BOOK VALUE								
At December 31, 2017	12,442,969	-	1,078,560	1,240,923	614,041	320,457	3,065,004	18,761,952

(a) 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 m^2) 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.

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

(b) December 31, 2016

	Land & Buildings	Gates & fences	Motor vehicles	Plant & equipment	Furniture & fixtures	Other assets	Work-in progress	Total
	SR	SR	SR	SR	SR	SR	SR	SR
COST								
At January 1, 2016								
- As previously stated	48,616,278	637,788	2,492,650	7,122,096	4,706,108	1,446,243	87,759,932	152,781,095
- Effect of adopting IAS 40 (note 6)	(30,423,952)	-	-	-	-	-	-	(30,423,952)
- Effect of adopting IAS 38 (note 7)	-	-	-	(569,067)	-	-	-	(569,067)
As re-stated	**18,192,326**	**637,788**	**2,492,650**	**6,553,029**	**4,706,108**	**1,446,243**	**87,759,932**	**121,788,076**
Additions	-	-	**663,342**	**669,664**	**123,155**	**255,864**	**13,556,205**	**15,268,230**
Disposals			**(763,517)**	-	-	-	-	**(763,517)**
Write offs	-	-	-	**(5,551)**	**(196,456)**	**(4,795)**	-	**(206,802)**
Transfer/Adjustments	**415,856**					-	**(98,351,157)**	**(97,935,301)**
At December 31, 2016	**18,608,182**	**637,788**	**2,392,475**	**7,217,142**	**4,632,807**	**1,697,312**	**2,964,980**	**38,150,686**
ACCUMULATED DEPRECIATION								
At January 1, 2016								
- As previously stated	21,067,429	633,911	1,869,181	6,143,689	4,102,616	1,027,177	-	34,844,003
- Effect of adopting IAS 40 (note 6)	(15,667,807)	-	-	-	-	-	-	(15,667,807)
- Effect of adopting IAS 38 (note 7)	-	-	-	(539,958)	-	-	-	(539,958)
As re-stated	**5,399,622**	**633,911**	**1,869,181**	**5,603,731**	**4,102,616**	**1,027,177**	-	**18,636,238**
Charge for the year	**370,766**	**3,877**	**305,676**	**395,452**	**184,546**	**238,097**	-	**1,498,414**
Disposals	-	-	**(674,440)**	-	-	-	-	**(674,440)**
Write offs	-	-	-	**(5,551)**	**(177,314)**	**(4,795)**	-	**(187,660)**
At December 31, 2016	**5,770,388**	**637,788**	**1,500,417**	**5,993,632**	**4,109,848**	**1,260,479**	-	**19,272,552**
NET BOOK VALUE								
At December 31, 2016	**12,837,794**	-	**892,058**	**1,223,510**	**522,959**	**436,833**	**2,964,980**	**18,878,134**

(c) Depreciation for the year has been fully charged to other operating costs.

(d) Included in land and buildings is land amounting to SR 8,715,700 a contribution from Government of Seychelles as Stated Capital. (Refer to note 10).

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

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

	2017	2016
	SR	SR
Consultancy/ structural engineer fees	270,700	188,200
Planning and other fees	17,524	-
IT Work In Progress	1,817,214	1,817,214
Improvement to infrastructure	959,566	959,566
	3,065,004	2,964,980

6. INVESTMENT PROPERTY

	2017	2016
Cost	SR	SR
At January 1,	137,834,008	30,423,952
Additions	12,410,878	107,410,056
At December 31,	150,244,886	137,834,008
Accumulated depreciation		
At January 1,	16,892,189	15,667,807
Charge for the year	5,761,578	1,224,382
At December 31,	22,653,767	16,892,189
Net Book Value	127,591,119	120,941,819

(a) A revaluation of the FSA infrastructure was undertaken in January 2017 by a professional independent assessor. Investment properties have been revalued as follows:

	Value in Current State (SR)
Ware house A on Parcel Number V17888	32,588,380
Ware house B on Parcel Number V17889	32,588,380
Ware house C on Parcel Number V17890	25,888,380
Ware house K on Parcel Number V17885	45,144,300
Ware house J on Parcel Number V17893	45,144,300
	181,353,740

(b) The Financial Services Authority is currently occupying units A1 and A2 for a total area of 480m2 within the Warehouse A

7. INTANGIBLE ASSETS

Computer Software

	2017	2016
Cost	SR	SR
At January 1,	587,468	569,067
Additions		18,401
At December 31,	587,468	587,468
Amortisation		
At January 1,	554,046	539,958
Charge for the year	14,088	14,088
At December 31,	568,134	554,046
Net Book Value	19,334	33,423

8. TRADE AND OTHER RECEIVABLES

	2017	2016
	SR	SR
Trade receivables	4,799,030	3,643,074
Prepayments	1,238,169	1,205,351
Loans and receivables (note (f))	10,088,840	6,368,832
Other receivables	376,010	906,238
	16,502,049	12,123,495
Provision for credit impairment (note (c) and (d))	(472,141)	(455,331)
	16,029,908	11,668,164

Disclosed as follows:

	2017	2016
	SR	SR
Within one year	7,979,963	6,745,581
After more than one year (note (f)	8,049,945	4,922,583
	16,029,908	11,668,164

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

(b) As at December 31, 2017, trade receivables that were past due but not impaired amounted to **SR1,739,960** (2016: SR 2,195,574). Except for one customer, these relate to a number of independent customers for whom there is no recent history of default. These receivables were aged above 90 days.

(c) As at December 31, 2017, trade receivables amounting to **SR 472,141** were impaired (2016: SR 455,331). 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:

	2017	2016
	SR	SR
At January 1,	455,331	153,868
(Reversal)/ Charge to the statement of profit or loss (note 17)	16,810	301,463
At December 31,	472,141	455,331

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

	2017	2016
	SR	SR
US Dollar	4,812,971	2,924,743
Seychelles rupee	11,216,937	8,743,422
	16,029,908	11,668,164

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

	2017	2016
	SR	SR
Within one year	2,038,895	1,446,249
After more than one year	8,049,945	4,922,583
	10,088,840	6,368,832

(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.

9. CASH AND CASH EQUIVALENTS

	2017	2016
	SR	SR
Cash in hand	78,582	433,013
Cash at banks	71,358,283	66,989,687
	71,436,865	67,422,700

10. STATED CAPITAL

	2017 & 2016
	SR
Government contributed assets (notes (a) & 5(d))	8,715,700

(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. BORROWINGS

	2017	2016
	SR	SR
Bank borrowing		
Non-current	47,747,147	63,412,924
Current	20,496,260	19,326,247
	68,243,407	82,739,171

The movement is as follows:

	2017	2016
	SR	SR
At January 1,	82,739,171	84,178,485
Received during the year	2,278,186	13,368,624
Paid during the year	(16,773,950)	(14,807,938)
At December 31,	68,243,407	82,739,171

(a) Bank borrowing is from Nouvobanq and amounted to USD 7.5 million to finance the construction of new warehouses of the Authority. The first disbursement was effected in March 2014 and repayment commenced in March 2016 by monthly instalments of USD 142,740 and is to be completed by February 2021. The borrowing is secured by a first line fixed and floating charge over the Authority's assets and bears interest at 5.35% per annum.

(c) Borrowing is denominated in US Dollar and its maturity profile is detailed under note 3 (c) and the carrying amount of borrowing approximates its amortised cost. .

(d) The interest accrued on borrowings has been capitalised to Investment Property.

13. RETIREMENT BENEFIT OBLIGATIONS

	2017	2016
	SR	SR
At January 1,	5,587,269	4,134,331
Charge for the year (note 16)	2,148,817	2,769,271
Payments during the year	(2,182,440)	(1,316,333)
At December 31,	5,553,646	5,587,269

(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.

14. OTHER PAYABLES

	2017	2016
	SR	SR
Amount payable to the Government of Seychelles (note 14(a) and 23)	10,543,454	9,918,806
Advance payments -fees	8,470,716	13,063,966
Deposits-rent	4,298,777	1,839,931
Corporate Tax	791,704	682,869
Accrued Interest on Overdraft	6,149,107	
Accrued Expenses	136,269	1,724,929
Retention money	-	1,974,996
Other payables	5,621,928	2,147,196
	36,011,955	31,352,693

Disclosed as follows:

	2017	2016
	SR	SR
Within one year	33,048,186	31,352,693
After more than one year (accrued interest)	2,963,769	-
	36,011,955	31,352,693

(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:

	2017	2016
	SR	SR
US Dollar	22,157,528	16,639,738
Seychelles rupee	13,854,428	14,712,955
	36,011,955	31,352,693

15. REVENUE

	2017	2016
	SR	SR
(a) Corporate and SITZ Fees		
IBC registration fees	14,150,176	17,441,042
IBC annual licence fees	81,734,947	79,461,415
Other licence fees	7,208,862	6,162,899
Funds and securities fees	1,447,455	1,071,427
Insurance fees	1,214,392	1,032,071
Gambling Fees	4,642,814	3,891,179
Other services	25,962,658	27,668,222
	136,361,304	136,728,255
(b) Rental income		
Investment property	23,011,067	13,264,161
Outdoor space	293,081	532,731
	23,304,148	13,796,892
	159,665,452	150,525,147

16. STAFF COST

	2017	2016
	SR	SR
Salaries & wages	25,817,686	22,117,755
Employee benefits and related expenses	3,834,869	3,387,073
Directors' emoluments (note 23)	392,857	532,164
SITZ Employment Council/FSA Appeals Board	393,284	289,519
Gratuity and compensation paid (note 13)	2,148,817	2,769,271
Retirement benefit obligations	524,946	445,788
	33,112,459	29,541,570

17. ADMINISTRATIVE EXPENSES

	2017	2016
	SR	SR
Administration costs	3,490,709	3,573,151
Rental Costs	5,357,344	4,266,210
Communication costs	2,121,737	1,996,683
Transport and travelling costs	726,595	577,046
Maintenance and repairs	1,198,638	1,486,266
Training	1,175,301	604,592
Legal fees	292,000	312,000
Audit and Accountancy fees	88,000	139,750
Professional fees	2,729,880	7,031,200
Bank charges	51,853	46,504
(Reversal)/ charge for provision for credit impairment (note 8(d))	16,810	301,463
General expenses	2,053,103	1,549,271
	19,301,970	21,884,135

18. EDUCATIONAL DISSEMINATION

	2017	2016
	SR	SR
Information dissemination	2,008,313	1,055,567
Advertisement	399,533	19,728
	2,407,846	1,075,295

19. OTHER OPERATING COSTS

	2017	2016
	SR	SR
Depreciation		
- Property, plant and equipment (note 5)	1,521,250	1,498,414
- Investment Property (note 6)	5,761,578	1,224,382
Amortisation (note 7)	14,088	14,088
Assets written off (note 5(a))	-	19,142
Amortisation of capital grant	(854,063)	(854,063)
	6,442,853	1,901,963

20. OTHER INCOME

	2017	2016
	SR	SR
Grants Received from International Institution	2,118,564	5,166,387
Profit on sale of asset	-	60,923
Sundry income	148,897	41,181
	2,267,461	5,268,492

Grant received from International Institution is in relation to the development of the risk based supervision framework for the regulation of pension. The corresponding expenditure is recorded under professional fees.

21. COMMITMENTS

(a) Capital commitments

Capital commitments as at December 31, 2017 amounted to **SR NIL** (2016: 2.76 millions).

21. COMMITMENTS (CONT'D)

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

The Authority leases land and buildings under non-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:

	2017	2016
	SR	SR
Not later than one year	29,467,064	22,636,462
Later that one year and not later than five years	77,468,647	80,978,908
	106,935,711	103,615,370

The contracts with most of the tenants are renewable on a yearly basis.

22. CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2017 (2016: Nil).

23. RELATED PARTY TRANSACTIONS

	2017	2016
	SR	SR
Directors		
- Remuneration (including Fees for the HR & Audit Committees) (note 16)	392,857	532,164
Holding Entity		
- Surplus payable (note 14)	73,387,279	75,217,002

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

(b) There has been no guarantees provided or received for any related party payables or receivables. For the year ended December 31, 2017, the Authority had not recorded any impairment of receivables relating to amounts owed by related parties (2016: 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**

	2017	2016
	SR	SR
Salaries and other benefits	6,250,735	4,641,271
Accrued Benefits	927,470	677,561
Employer Pension costs	124,949	92,825
	7,303,154	5,411,657