

**SEYCHELLES PENSION FUND**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**SEYCHELLES PENSION FUND**  
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**SEYCHELLES PENSION FUND**  
**BOARD OF TRUSTEES' REPORT**

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The Board of Trustees of the Seychelles Pension Fund is pleased to present its report together with the auditors report and the audited Financial Statements for the year ended December 31, 2019. As per the SPF Act, Section 53, the annual report is presented to the Minister responsible for Finance, the National Assembly and a copy made available on SPF's website.

**BACKGROUND INFORMATION**

Seychelles Pension Scheme commenced its operations under the Seychelles Pension Scheme Act, 1990, CAP 220 with effect from January 1, 1991. In August 2005, the Seychelles Pension Scheme Act, 1990 was repealed and was replaced by Seychelles Pension Fund Act, 2005 under which the scheme became a statutory body and was renamed as Seychelles Pension Fund.

**REGISTERED OFFICE OF SEYCHELLES PENSION FUND**

The registered office of Seychelles Pension Fund is at Caravelle House, second floor, PO Box 576, Victoria, Mahe, Seychelles.

**PRINCIPAL ACTIVITIES**

The principal activity of Seychelles Pension Fund is to collect contributions from members and pay benefits mostly to retiring members. It includes payment of monthly pension to pensioners and the dependents of the deceased members, as well as other benefits under various schemes as per Section 4 of the Act and applicable Regulations.

**RESULTS FOR THE YEAR**

	<u>2019</u>	<u>2018</u>
	SCR	SCR
Surplus for the year before fair value changes	49,462,764	42,415,459
Net changes in fair values of investments	46,499,482	64,335,576
Increase in fair value of unquoted equities - 2014 to 2017	-	41,198,565
Retained surplus brought forward	<u>847,446,668</u>	<u>699,497,068</u>
<b>Retained surplus carried forward</b>	<u><u>943,408,914</u></u>	<u><u>847,446,668</u></u>

**INTEREST ON MEMBERS' FUND**

Interest rate for the period 01.01.2019 to 31.03.2019 was 4.81% and 5.99% for Mandatroy and Voluntary contributions respectively. As at 01.04.2019, new interest rates of 2.72% and 5.99% for mandatory and voluntary contributions respectively were approved as per a new interest policy approved by the Board. This took effect from 01.04.2019 after the approval of the Minister of Finance as per SPF Act. The rates are based on average 91 days treasury bills and average saving rates for the previous year end 2018, as published by Central Bank Of Seychelles. (2018: Mandatory 2.5% and 4.81%, Voluntary 5.99%).

**PLANT AND EQUIPMENT**

Seychelles Pension Fund acquired property and equipment amounting to SCR 1.9m during the year, comprising mainly of equipment (2018: SCR 2.5m).

The Board is of the opinion that the fair value of property and equipment as at December 31, 2019 does not differ materially from their carrying amounts as per the Statement of Net Assets available for benefits at that date.

**INVESTMENT PROPERTIES**

Seychelles Pension Fund has invested substantial amount in properties for rental and capital appreciation purposes. As at December 31, 2019, these totaled SCR 1.53b (2018: SCR1.44b). During the year, additions amount to SCR 107.8m (2018: SCR 35.4m). The net fair value increase on investment properties as at December 31, 2019 amounts to SCR 32.7m (2018: 8.7m).

**SEYCHELLES PENSION FUND  
BOARD OF TRUSTEES' REPORT (CONT'D)**

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**BOARD OF TRUSTEES**

The Board of Trustees since the date of the last report and the date of this report are:

Jacquelin Dugasse- Chairman (From 18th September 2018)	Marie-Claire Marie (From August 2017)
Patrick Payet (From February 2018)	Ravi Valmont (From 1st March 2018)
Cillia Mangroo (From January 2015)	Peter Sinon (From 1st March 2018)
Malika Jivan (From February 2015 to 22nd November 2019)	Elsie Morel (From 1st March 2018)
Antoine Robinson (From February 2015)	Cindy Vidot (From 1st March 2018)
Bernard Adonis (From February 2015)	Brenda Morin (From 1st March 2018 to 22nd November 2019)

**STATEMENT OF BOARD OF TRUSTEES' RESPONSIBILITY**

The Board of Trustees is responsible for the overall management of the affairs of Seychelles Pension Fund and all its investment decisions. The Board also ensures that proper accounts and other books and records in relation thereto are maintained. In preparing these financial statements, the Board has a general responsibility to:

- ensure that the financial statements are on the going concern basis unless it is inappropriate to assume continuance of SPF;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent and;
- disclose and explain any material departures from applicable accounting standards.

The Chief Executive Officer of Seychelles Pension Fund is, as defined in the Seychelles Pension Fund Act, 2005, responsible for the day to day administration, including the collection of contributions, payment of pensions and other benefits, investment of surplus monies and accounting for all monies collected, paid or invested by the Seychelles Pension Fund.


The Board and the Chief Executive Officer also have the general responsibility for taking reasonable steps to safeguard the assets of Seychelles Pension Fund (SPF) and detect fraud and other irregularities.


The Board and the Chief Executive Officer consider they have met their aforesaid responsibilities.

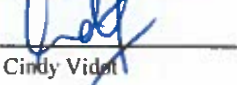
**AUDITORS**

The Auditor General of Seychelles is mandated to carry out the audit of the Seychelles Pension Fund under Section 53(2) of the Seychelles Pension Fund Act, 2005. They have outsourced the services to Pool and Patel for the year 2019.

**TRUSTEES**

  
\_\_\_\_\_  
Jacquelin Dugasse

  
\_\_\_\_\_  
Marie-Claire Marie

  
\_\_\_\_\_  
Cindy Vidot

  
\_\_\_\_\_  
Patrick Payet

  
\_\_\_\_\_  
Peter Sinon

  
\_\_\_\_\_  
Cillia Mangroo

  
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Ravi Valmont

  
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Bernard Adonis

  
\_\_\_\_\_  
Antoine Robinson

  
\_\_\_\_\_  
Elsie Morel

Date: 19/03/2020



## Office of the Auditor General

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Victoria, Republic of Seychelles

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Please address all correspondence to the Auditor General

## OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE SEYCHELLES PENSION FUND

### Opinion

The accompanying financial statements of the Seychelles Pension Fund, set out on pages 7 to 42, which comprise of the statement of assets available for benefits as at 31 December 2019, the statement of income and expenditure of members' account, statement of income and expenditure on investments, and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, have been audited on my behalf by Pool and Patel auditors, appointed under section 19 of the Auditor General Act, 2010 read with Section 53(2) of the Seychelles Pension Fund Act, 2005 as amended. As per the agreement with the auditors, they have reported to me the results of their audit and on the basis of their report, I am satisfied that all information and explanations which, to the best of my knowledge and belief, where necessary for the purpose of the audit have been obtained.

Accordingly, in my opinion,

- (a) proper accounting records have been kept by the Fund as far as it appeared from examination of those records; and
- (b) the financial statements on pages 7 to 42 present fairly, in all material aspects, the financial position of the Fund as at 31 December 2019 and of its financial performance and its cash flows for the year then ended, in accordance with the applicable International Financial Reporting Standards and comply with the Seychelles Pension Fund Act, 2005 as amended.

### 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 Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), 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 of Trustees for the Financial Statements of the Fund**

The Board of Trustees 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 Seychelles Pension Fund Act, 2005 as amended and for such internal control as the Board of Trustees determine, is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees is responsible for assessing the Fund'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 of Trustees either intends to liquidate the Fund 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 Seychelles Pension Fund Act, 2005 as amended. 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 of Trustees' internal control;

- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees;
- concludes on the appropriateness of the Board of Trustees' 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 fund'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 fund 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 of Trustees 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

20 March 2020  
Victoria, Seychelles

## INDEPENDENT AUDITOR'S REPORT

### SEYCHELLES PENSION FUND

#### Opinion

We have audited the financial statements of Seychelles Pension Fund set on pages 7 to 42, which comprise the statement of net assets available for benefits as at December 31, 2019, the statement of income and expenditure on investment, the Fund account statement and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management in compliance with International Financial Reporting Standards.

This report is made solely for the Auditor General in accordance with the Seychelles Pension Fund Act, 2005. Our audit work has been undertaken so that we might state to the Auditor General those matters which we are required to state to him in accordance with our contract and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Auditor General for our audit work, for this report or the opinion we have formed.

In our opinion, the accompanying financial statements of Seychelles Pension Fund set out on pages 7 to 42 present fairly, in all material respects, the financial position of the Fund as at 31 December, 2019, and its financial performance and its cash flows for the year then ended partly in accordance with the reporting provision of the Seychelles Pension Fund Act, 2005 and the International Financial Reporting Standards.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Seychelles, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS) and requirements of the Seychelles Pension Fund Act, 2005, and for such internal control as management 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, management is responsible for assessing the Fund'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 management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Trustees are responsible for overseeing the Fund's financial reporting process.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.



## INDEPENDENT AUDITOR'S REPORT

### SEYCHELLES PENSION FUND (Continued)

#### Auditor's responsibilities for the audit of the financial statements (Continued)


As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


  
POOL & PATEL  
CHARTERED ACCOUNTANTS  
19 March 2020

**SEYCHELLES PENSION FUND**  
**STATEMENT OF ASSETS AVAILABLE FOR BENEFITS - 31st DECEMBER 2019**

	Notes	2019	2018
		SCR	SCR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	31,391,046	35,753,062
Investment properties	7	1,528,634,904	1,441,036,578
Right to use on leasehold land	8	42,654,639	43,170,103
Investment in subsidiary	9	44,426,026	44,426,026
Investment in associates- Seybrew	10	248,595,450	258,539,268
Investment in associates- Al Salam Bank	10	22,403,666	21,836,581
Investment in associates- Cable & Wireless	10	330,404,100	-
Investment in financial assets	13	412,392,968	336,284,925
Loan to PMC	15	108,036,059	123,970,625
		<b>2,768,938,859</b>	<b>2,305,017,168</b>
<b>Current assets</b>			
Investment in financial assets	13	516,928,203	604,782,670
Receivables and prepayments	14	73,327,280	81,080,344
Assets held for sale	11	55,481,321	-
Loan to PMC	15	15,934,566	14,786,813
Cash and cash equivalents	12	106,359,146	97,597,640
		<b>768,030,516</b>	<b>798,247,466</b>
<b>Total assets</b>		<b>3,536,969,375</b>	<b>3,103,264,635</b>
<b>Current liability</b>			
Other payables	16	232,465,077	21,685,241
<b>Non-current liability</b>			
Retirement benefit obligations	17	7,238,580	6,231,559
Deferred Property Lease	18	6,635,395	6,744,074
<b>Net assets available for benefits</b>	19	<b>3,290,630,324</b>	<b>3,068,603,761</b>
<b>Made up as follows:</b>			
Member's fund	20	1,645,446,896	1,521,918,474
Other fund	21	533,279,754	533,279,754
Reserve funds	22	14,568,591	14,568,591
Other reserves	23	153,926,169	151,390,274
Retained earnings		943,408,914	847,446,668
		<b>3,290,630,324</b>	<b>3,068,603,761</b>

These Financial Statements have been approved for issue by the Board of Trustees on 19th March 2020

  
 Jacques-Jim Dugasse  
 Chairperson

  
 Lekha Nair  
 Chief Executive Officer

The notes on pages 11 to 42 form an integral part of these financial statements.  
 Auditor's Report are on pages 3 to 6

**SEYCHELLES PENSION FUND**  
**INCOME AND EXPENDITURE OF MEMBERS ACCOUNT - YEAR ENDED 31st DECEMBER 2019**

	Notes	2019	2018
<b>Contribution Income</b>		<b>SCR</b>	<b>SCR</b>
<b>Compulsory contributions:</b>			
- by employees		199,312,997	184,690,529
- by employers		196,031,445	147,694,145
<b>Voluntary contributions:</b>			
- by employees		21,072,271	14,254,039
- by employers		7,036,488	4,167,743
		<b>423,453,201</b>	<b>350,806,456</b>
<b>Investment income</b>			
Interest received by members	26	47,434,547	38,405,594
Net surplus for the year from investments		49,462,764	42,415,459
Revaluation of property to reserve	7	2,535,894	
Net fair value changes - Page 9		46,499,482	105,534,141
		<b>145,932,687</b>	<b>186,355,194</b>
<b>Total contribution and investment income</b>		<b>569,385,888</b>	<b>537,161,650</b>
<b>Benefits Paid</b>			
- Normal Retirement		257,883,358	216,476,494
- Voluntary retirement refund upon retirement		3,712,600	4,780,481
- Death before Normal Retirement		2,870,125	1,460,202
- Permanent Incapacity		45,468,748	38,995,942
- Pre-Migration Retirement		713,268	1,119,454
- Death after Normal Retirement		11,060	16,815
- Surviving Spouse Pension		11,188,849	9,645,674
- Children Pension		4,018,126	3,768,460
- Post-Retirement Surviving Spouse		9,784,281	7,791,920
- Post-Retirement Children Pension		1,078,091	627,631
- Voluntary retirement contribution refund at 55 yrs onwards		9,050,318	-
- Refund of overpaid contributions		506,153	330,475
- Adjustments (reconciling)		1,074,346	547,068
<b>Total Benefits paid</b>		<b>347,359,325</b>	<b>285,560,616</b>
<b>Excess contribution over benefits paid</b>		<b>76,093,876</b>	<b>65,245,840</b>
Adjustment: Prior year deferred lease	18	-	6,852,754
Adjustment- Salaries and amortisation (restated)		-	1,411,169
<b>Overall surplus for the year- net increase in assets available for benefits</b>		<b>222,026,563</b>	<b>259,864,957</b>
<b>Balance at January 1,</b>		<b>3,068,603,761</b>	<b>2,808,738,805</b>
<b>Balance as at December 31,</b>		<b>3,290,630,324</b>	<b>3,068,603,761</b>

The notes on pages 11 to 42 form an integral part of these financial statements.  
Auditor's Report are on pages 3 to 6

**SEYCHELLES PENSION FUND**  
**INCOME AND EXPENDITURE ON INVESTMENTS - YEAR ENDED 31st DECEMBER 2019**

	Notes	2019	2018
		SCR	SCR
<b>INCOME</b>			
Interest income	24	50,720,458	44,101,740
Investment/ Dividend income	25	20,541,298	14,043,439
Rental income	7c	118,023,582	114,510,673
Other income- Surcharges		810,642	1,225,160
Change in provision for bad debts	14	-	1,041,128
Amortisation of deferred Government Grant	18	108,680	108,680
		<b>190,204,659</b>	<b>175,030,818</b>
<b>EXPENDITURE</b>			
Interest credited to members	26	47,434,547	38,405,594
Administrative expenses	27	47,741,010	44,466,598
Investment fees		362,721	347,554
Events and marketing		3,712,018	3,095,316
Property management expenses	7c	30,637,148	37,068,039
Depreciation of property and equipment	6	6,296,444	6,143,447
Amortisation of right to use	8	515,464	515,464
Loss on disposal of Property, Plant and Equipment		-	154,930
Auditors remuneration		460,000	460,000
Other professional fees	28	4,485,530	1,195,595
		<b>141,644,881</b>	<b>131,852,537</b>
<b>Surplus</b>		<b>48,559,778</b>	<b>43,178,281</b>
Gain/(Loss) on exchange differences		902,986	(762,822)
<b>Surplus for the year before fair value changes</b>		<b>49,462,764</b>	<b>42,415,459</b>
Increase/(Decrease) in fair value of quoted equities	13c	3,637,681	(1,507,759)
Increase in fair value of investment properties	7a	32,713,251	8,681,320
(Decrease) /Increase in fair value of associates (Scybrew)	10 (i)	(9,943,818)	43,546,779
Increase in fair value of associates (Al Salam BAnk)	10 (ii)	567,086	-
<b>Total fair value changes</b>		<b>26,974,201</b>	<b>50,720,341</b>
<b>Other comprehensive income</b>			
Increase in fair value of unquoted equities	13c	19,525,282	13,401,447
Increase in fair value of unquoted equities - 2014 to 2017	13c	-	41,198,565
Increase in fair value of PPE	6	-	213,789
<b>Total other comprehensive income</b>		<b>19,525,282</b>	<b>54,813,801</b>
<b>Net changes in fair values of investment</b>		<b>46,499,482</b>	<b>105,534,141</b>
<b>Surplus for the year after fair value changes and other comprehensive income</b>		<b>95,962,246</b>	<b>147,949,600</b>
<b>Total comprehensive income brought forward</b>		<b>847,446,668</b>	<b>699,497,068</b>
<b>Surplus carried forward</b>		<b>943,408,914</b>	<b>847,446,668</b>

The notes on pages 11 to 42 form an integral part of these financial statements.  
Auditor's Report are on pages 3 to 6

SEYCHELLES PENSION FUND  
STATEMENTS OF CASH FLOWS - YEAR ENDED 31st DECEMBER 2019

	Notes	2019	2018
		SCR	SCR
<b>Cash generated from operations</b>			
Net increase in assets available for benefits		222,026,563	259,864,957
<b>Net cash generated from operations</b>		<b>222,026,563</b>	<b>259,864,957</b>
<i>Adjustments for:</i>			
Depreciation of property and equipment	6	6,296,444	6,143,447
Amortisation of right to use	8	515,464	515,464
Amortisation on deferred Government Grant	18	(108,680)	(108,680)
(Profit)/loss on disposal of plant and equipment		-	154,930
Change in retirement benefit obligations	17	1,007,021	1,490,531
Change in provision for bad debts	14	-	(592,370)
Fair value gains on investment properties	7	(32,713,251)	(8,681,320)
Fair value gains transferred to reserve	7	(2,535,894)	-
Fair value gains on PPE	6	-	(213,789)
Fair value gain on unquoted equities	13	(19,525,282)	(54,600,012)
Fair value gain on quoted equities	13	(3,637,681)	1,507,759
Fair value gains on associates	10	9,376,732	(43,951,239)
Interest receivable	24	(50,720,458)	(44,101,740)
Dividend income	25	(20,541,298)	(14,043,439)
		<b>109,439,680</b>	<b>103,384,500</b>
<i>Changes in working capital:</i>			
- Decrease/(Increase) in receivables and prepayments		7,753,061	(301,788)
- (Decrease)/Increase in payables and accruals		210,779,836	4,008,573
<b>Net cash inflow from operations</b>		<b>327,972,577</b>	<b>107,091,285</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	6	(1,934,428)	(2,471,399)
Purchase of investment properties	7	(107,830,502)	(35,992,402)
Purchase of Shares- Cable & Wireless	10 (iii)	(330,404,100)	-
Loan disbursed to PMC	15	-	(150,000,000)
Repayment of loans by PMC	15	25,182,785	18,611,654
Purchase of financial assets	13 (d)	(566,766,528)	(581,921,516)
Proceeds from redemption of financial assets	13 (d)	601,675,917	471,357,438
Interest received (net of interest received on PMC loan)	24	40,324,486	36,732,648
Dividend received	25	20,541,298	14,043,439
<b>Net cash outflow from investing activities</b>		<b>(319,211,072)</b>	<b>(229,640,138)</b>
Net increase/(decrease) in cash and cash equivalents		8,761,505	(122,548,853)
Cash and cash equivalents at January 1,		97,597,641	220,146,494
Cash and cash equivalents at December 31,	12	<b>106,359,146</b>	<b>97,597,641</b>

The notes on pages 11 to 42 form an integral part of these financial statements.  
Auditor's Report are on pages 3 to 6

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2019**

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**1. General Information**

Seychelles Pension Fund (SPF) was established under the Seychelles Pension Fund Act, 2005. SPF is domiciled in the Republic of Seychelles and the address of its registered office is P.O Box 576, Caravelle House, Victoria, Mahe Seychelles.

Investments made by Seychelles Pension Fund as required under Section 50 of the Seychelles Pension Fund Act, 2005 are disclosed in the notes to the financial statements.

These financial statements will be presented to the Minister of Finance, laid before the National Assembly and made available under SPF's website in accordance with Section 53 of the SPF Act, 2005.

**2. Funding policy**

The overriding principle of the SPF's Funding policy is that contributions are increased in a steady and phased manner as recommended by SPF's Actuary and excess funds invested to yield maximum returns on the assets matching SPF's liabilities. In other words, funds which are not required for current benefit payments and administration expenses are invested to provide returns to assist in sustaining the SPF in the medium to long-term. As at 31.12.2019, SPF had 64% of its members below the age of 45 which means that SPF can invest 64% of its funds, as it only needs to meet the long term liabilities of these members much after 15 years.

**3. Valuation of Seychelles Pension Fund**

Under Section 55 of the SPF Act 2005, the Board of Trustees is required to make an actuarial evaluation of its assets and liabilities every 3 years. The last actuarial review was done for the period 2016 to 2018. The details of the actuary evaluation are disclosed in Note 19.

A new Actuary was appointed in 2018 after the former Actuary retired and BBL World Actuaries from Quebec, Canada was selected.

The Actuarial Report for the year ended 31 December 2018 including the details of significant actuarial assumptions and projections as well as, the actuarial present value of promised retirement benefits and the present value of SPF from BBL World Actuaries Quebec, Canada has been reviewed and its salient recommendations are summarised in Chapter 6 of the Actuarial Report.

**Type of pension system**

SPF operates a Pay-As-You-Go pension plan, which is a solidarity between generations. This means that the working generation of today pays for retirees of today and the next generation pays for tomorrow's retirees. The pension plan is a Defined Benefits one where pensions are paid as per a pre-determined formula.

**4. 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 year's presented unless otherwise stated.

The financial statements are presented in Seychelles Rupees (SCR) and all values have not been rounded up except when otherwise indicated.

**(a) Basis of preparation**

The Financial Statements of SPF comply with the "Public Enterprise Monitoring Commission Act, 2013" and have been prepared in accordance with International Financial Reporting Standards (IFRS). The Financial Statements have been prepared under the historical cost concept, except as disclosed in the accounting policies below.

SPF adopted the IFRS 10 consolidation exemption with regards to 'investment entities' with a date of initial application of 1 January 2017. SPF believes that a class of entity (an investment entity) uses a different business model to most other entities. It manages all of its investments on a fair value basis, whether they are simple investments, associates or

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2019**

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controlled. It provides fair value information to its users, and that fair value information is more useful for decision-making than consolidated information.

**(a) Basis of preparation (continued)**

SPF further noted that preparing consolidated financial statements for such entities could hinder users' ability to assess their financial position and results; this is because consolidated financial statements emphasise the financial position, operations and cash flow of their investees, rather than those of the entities themselves.

IFRS 10 requires an entity that is a parent to present consolidated financial statements. The amendment provides a limited scope exception to parents that are 'investment entities'. If the entity is an investment entity under the standard, it is exempt from consolidating underlying investees that it controls; instead, it is required to account for these subsidiaries at fair value through profit or loss under IFRS 9, 'Financial instruments'.

The standard defines an investment entity as, "an entity that:

- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

For an entity to qualify as an investment entity it must meet the above definition. The entity must also consider the following typical characteristics of an investment entity:

- holding more than one investment;
- having more than one investor;
- having investors that are not the entity's related parties; and
- Having ownership interests in the form of equity or similar interests.

As it stands the very purpose of a pension fund is to accumulate contributions from both employers and employees and to invest these funds for investment returns (both capital appreciation and investment income) and to distribute these returns once its members reach the age requirements in annuity until death.

The Board has found that the SPF complies with all the definitions of an investment entity and possesses all the characteristics of an investment entity; namely:

- SPF holds various financial asset investments;
- SPF investors include all Seychellois-employed residents;
- while SPF may have a few members who are related to SPF, this is purely incidental since SPF supports, by definition, all Seychellois residents and this does not affect compliance with this characteristic;
- The members have ownership interests in SPF represented by the Member's fund displayed in equity under the Statement of Financial Position.

**(b) Going concern**

The Board of Trustees have made an assessment of SPF's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board of Trustees are not aware of any material uncertainties that may cast significant doubt upon SPF's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of SPF. Therefore, the financial statements continue to be prepared on the going concern basis.

**(c) Comparative information**

The previous year figures and phrases have been reclassified whenever necessary to conform to current year presentation.

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2019**

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**(d) Changes in significant accounting policies**

SPF initially applied IFRS 16 "Leases" from 1 January 2019 using the modified retrospective approach, under which the comparative amounts are not restated, additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

The adoption of IFRS 16 do not have any significant effect on the SPF's financial statements.

**(e) Financial Instruments**

*i. Classification of financial assets and financial liabilities*

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

*Financial Assets: Classification, subsequent measurement and gains and losses*

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity instrument; or Fair Value through Profit and Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless SPF changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, SPF may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, SPF may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

*Financial assets: Business model assessment*

SPF makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;



## SEYCHELLES PENSION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2019

- how the risks that affect performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de- recognition are not considered as sales for this purpose, consistent with SPF's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

#### *Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest*

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, SPF considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, SPF considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- Terms that limit SPF's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

#### *Financial assets: Subsequent measurement and gains and losses*

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
<b>Debt investments at FVOCI</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised other comprehensive income. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2019**

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The application of these policies are explained below.

The fixed deposits and treasury bonds are held by SPF in a separate portfolio to provide interest income. SPF considers that these instruments are held within a business model whose objective is achieved by holding financial assets to collect their contractual cash flows (rather than to sell the assets prior to their contractual maturity to realise changes in fair value). The instruments mature in one to seven years and the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets have therefore been classified as financial assets at amortised cost under IFRS 9.

The equity securities represent investments that SPF both intends to hold for long-term dividends and those managed on a fair value basis. SPF has decided to not elect the FVOCI classification option for equity instruments not held for trading, therefore the entire equity portfolio of SPF have been classified as financial assets at FVTPL under IFRS 9.

Trade and other receivables and Cash and cash equivalents are classified at amortised cost under IFRS 9.

**Financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

*ii. Recognition and Initial measurement*

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when SPF becomes a party to contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transactions costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is measured at the transaction price.

*iii. Derecognition*

*Financial assets*

SPF derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transactions which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which SPF neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

*Financial liabilities*

SPF derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. SPF also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

*iv. Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, SPF currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2019**

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*v. Impairment of financial assets*

The impairment for financial assets are derived based on an 'expected credit loss' (ECL) model and applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments.

SPF recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- Contract assets (as defined in IFRS 15).

SPF measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, SPF considers reasonable and supportable information that is relevant and available without undue effort or cost. This includes both quantitative and qualitative information and analysis, based on SPF's historical experience and informed credit assessment and including forward-looking information. SPF assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

SPF considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to SPF in full, without recourse by SPF to action such as realising security (if any is held); or deposit withheld or
- The financial asset is more than 90 days past due.

SPF considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or shorter if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which SPF is exposed to credit risk.

*Measurement of ECLs*

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that SPF expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

SPF uses an internally developed model for the measurement of ECL with simplified approach.

*Credit-impaired financial assets*

At each reporting date, SPF assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred.

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2019**

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Evidence that a financial asset is credit-impaired includes the following observable date:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by SPF on terms that SPF would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

*Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

*(e) Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when SPF determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with SPF's procedures for recovery of amounts due.

**(f) Property and equipment**

Land and building, held for use in the production or supply of goods or for administrative purposes, are stated at their fair value, based on annual valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to SPF and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation are credited to revaluation surplus in the statements of net assets available for benefits. Decreases that offset previous increases of the same asset are charged against revaluation surplus in the statements of net assets available for benefits directly; all other decreases are charged to the income and expenditure accounts.

Depreciation is calculated on the straight-line method to write off their cost to their residual values over their estimated useful lives as follows;

	Years
Buildings	50
Improvement	15
Equipment	5
Furniture & Fittings	10
Motor Vehicle	5

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 asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2019**

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Gains and losses on disposals of property and equipment are determined by comparing proceeds with carrying amount and are included in the Income and Expenditure Account. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

**(g) Investment properties**

Properties held to earn rent/or for capital appreciation or both are classified as investment properties. Investment properties are carried at fair value, representing open-market value determined annually by external valuers. Changes in fair values are recognized in the Income and Expenditure Account and subsequently in net assets available for benefits.

Investment properties are transferred from property and equipment when they cease to meet the recognition criteria.

**(h) Investment in subsidiary**

*Consolidation*

The subsidiaries of SPF are not consolidated due to the application of the IFRS 10 consolidation exemption for 'investment entities'.

*Separate financial statements*

Subsidiaries are measured and accounted for at fair value in accordance with the requirements of 'investment entities'. Fair value gains or losses on subsidiaries are recognised on a separate line on the income statement under profit or loss.

**(i) Investment in associates**

*Separate Financial Statements*

In the separate financial statements of the investor, SPF elected to measure investments in associates at fair value through profit or loss in accordance with IFRS 9 with the exemption taken from applying the equity method based on IAS 28.

**(j) Contributions receivable**

Contributions receivable are recognized when due which is 21<sup>st</sup> of the second month. Contributions receivable are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

The nominal value of contributions receivable is assumed to approximate its fair value.

**(k) Benefits payable**

Benefits payable are stated at their nominal value.

The nominal value of benefits payable is assumed to approximate its fair value.

**(l) Receivables**

Receivables and prepayments are recognized 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 in accordance with Note C (v).

The carrying amounts of receivables are assumed to approximate their fair values.

**(m) Cash and cash equivalents**

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

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2019**

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**(n) Foreign currencies**

**Functional and presentation currency**

Items included in the financial statements are measured using Seychelles Rupee (SCR), the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of SPF are presented in Seychelles Rupee, which is SPF's functional and presentation currency.

**Transaction and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other (losses)/gains net'.

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 foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation difference on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

**(o) Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**(p) Leases**

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede the following lease Standard and Interpretations upon its effective date:

- IAS 17 Leases;
- IFRIC 4 Determining whether an Arrangement contains a Lease;
- SIC-15 Operating Leases – Incentives; and
- SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Identification of a lease IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. Control is considered to exist if the customer has:

- a) the right to obtain substantially all of the economic benefits from the use of an identified asset; and
- b) the right to direct the use of that asset.

***Leases as lessee***

IFRS 16 introduces significant changes to lessee accounting: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2019**

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accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date discounted using the incremental borrowing rate at the date of transition. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

If a lessee elects not to apply the general requirements of IFRS 16 to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets, the lessee should recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, similar to the current accounting for operating leases.

***Leases as lessor***

Lessor accounting in contrast to lessee accounting, the IFRS 16 lessor accounting requirements remain largely unchanged from IAS 17, which continue to require a lessor to classify a lease either as an operating lease or a finance lease.

The Company leases out its investment property. The Company has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Lease rental charges are charged to the Income and Expenditure Account on a straight-line-basis over the period of lease. The amount paid at inception by SPF to acquire lease interest on land has been capitalized as a cost to the right of use assets and depreciated over the lease term.

**(q) Interest and dividend income**

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which SPF's right to receive payment is established.

The 'effective interest method' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, the interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**(r) Retirement benefit obligations**

***Defined benefit plan – Employees of Seychelles Pension Fund***

As per the Employment Act of Seychelles, compensation obligation is only paid to employees leaving after five years of continued service. The entitlement is usually conditional on the employee remaining in service up to existing and the completion of a minimum service period. In Seychelles, this is conditional on the employee remaining in employment for at least five years.

The obligation is calculated using a projected unit credit method, adjusted for a probability that the employee will remain in service up to 5 years. The management computed the obligation and did not utilise any external, independent actuaries. The obligation is calculated, along with unrecognised gains and losses which are recognised in the Income and Expenditure when incurred. Obligations are derecognised upon settlement or curtailment of the obligation.

**(s) Tax**

In accordance with paragraph 69 of the Seychelles Pension Act, 2005, SPF is exempt from stamp duty, business tax, trade tax, goods and services tax and all other taxes, fees and duties on its assets, documents, instruments, profits, operations and properties.

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2019**

**(t) Accruals**

Accruals are recognised when SPF has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle the obligation.

**(u) New standards or amendments for 2019 and forthcoming requirements**

Effective date	New standards or amendments	Impact to SPF
01st January 2019	IFRS 16 Leases	No impact
01st January 2019	IFRIC 23 Uncertainty over Income Tax Treatments	No impact
01st January 2019	Prepayment Features with Negative Compensation (Amendments to IFRS 9)	No impact
01st January 2019	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	No impact
01st January 2019	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	No impact
01st January 2019	Annual Improvements to IFRSs 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)	No impact
01st January 2020	Amendments to References to Conceptual Framework in IFRS Standards	SPF is still assessing the impact
01st January 2020	Definition of a Business (Amendments to IFRS 3)	SPF is still assessing the impact
01st January 2020	Definition of Material (Amendments to IAS 1 and IAS 8)	SPF is still assessing the impact
01st January 2021	IFRS 17 Insurance Contracts	SPF is still assessing the impact

**5. Critical accounting estimates and judgements**

Estimates and judgements 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.

**Critical accounting estimates and assumptions**

SPF 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 significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next year are discussed below.

**(a) Classification of financial assets**

SPF follows the guidance of International Financial Reporting Standard (IFRS) 9 – “Financial instruments” on classifying non-derivative financial assets in accordance with SPF’s business model and cash flow test. This classification requires significant judgement. In making this judgement, SPF evaluates its intention and ability to hold such investments to collect contractual cash flows or to achieve an objective by both collecting contractual cash flows and selling financial assets.

**(b) Impairment of financial assets**

SPF follows the guidance of IFRS 9 ‘expected credit losses’ method to determine whether its financial assets requires impairment. Expected credit losses are calculated by identifying scenarios in which a loan or receivable defaults; estimating the cash shortfall that would be incurred in each scenario if a default were to happen; multiplying that loss by the probability of the default happening; and summing the results of all such possible default events. This process requires significant judgement. In making this judgement, SPF considers all facts and circumstances that are available at the reporting date.



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**(c) Impairment of other assets**

At each balance sheet date, management reviews and assesses the carrying amounts of the other assets and where relevant writes them down to their recoverable amounts based on the best estimates.

**(d) Retirement benefit obligation**

The cost of compensation has been determined using the method as per the Seychelles Employment Act and have been estimated which will not be materially different had it been computed by an external Actuary.

**(e) Limitations 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 SPF's asset and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent SPF's views of possible near-term market changes that cannot be predicted with any certainty.

**(f) Contributions receivable**

As per SPF Act 2005, contributions are due on the 21<sup>st</sup> day of the following month. At year end, contributions for the month of December are due to be paid in January the following year which is not in the financial year. Therefore an estimate is made based on the actual contribution received of the preceding months.

**(g) Fair Value Estimation**

The fair value of financial instruments traded in active markets is based on quoted market prices. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. SPF uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. SPF uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

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following table shows the carrying amounts and fair values of financial assets; including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value:

31 December 2019 In thousands of rupees	Note	Carrying amount			Fair value			
		Mandatorily at FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>								
Equity securities	13	239,017	-	239,017	12,313	-	226,704	239,017

<b>Financial assets not measured at fair value</b>								
Fixed deposits	13	-	356,842	356,842	-	-	-	356,842
Treasury bonds	13	-	345,208	345,208	-	-	-	345,208
Cash and cash equivalents	12	-	97,598	97,598	-	-	-	97,598
Trade and other receivables	14	-	85,662	85,662	-	-	-	85,662
			<b>885,310</b>	<b>885,310</b>				

31 December 2018 In thousands of rupees	Note	Carrying amount			Fair value			
		Mandatorily at FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>								
Equity securities	13	147,619	-	147,619	12,478	-	135,141	147,619

<b>Financial assets not measured at fair value</b>								
Fixed deposits	13	-	289,283	289,283	-	-	-	289,283
Treasury bonds	13	-	340,509	340,509	-	-	-	340,509
Cash and cash equivalents	12	-	220,146	220,146	-	-	-	220,146
Trade and other receivables	14	-	85,187	85,187	-	-	-	85,187
			<b>935,125</b>	<b>935,125</b>				

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**(h) FINANCIAL RISK MANAGEMENT**

SPF's activities expose it to a variety of financial and non-financial risks. In 2018, a Risk Register was compiled by SPF to record and measure all risks. A description of the significant risk factors is given below together with the risk management policies applicable.

**(i) Investment risk**

There are some directly linked to the investments of SPF. Sustained poor performance would lead to insufficient returns that are currently topping up the surplus of excess contribution over pension payments. SPF prefers a prudent approach to asset management that is likely to generate moderate, regular returns. The primary control measure is the regular appraisal of SPF's assets and investment strategy by the Board of Trustees upon the advice of the Actuary and other external advisors as appropriate.

The following types of investment risk can be justified:

**Interest rate risk**

The risk that falling interest rates will reduce investment income on the assets or lead to falling values of fixed income instruments.

SPF finances its operations through operating cash flows which are principally denominated in Seychelles Rupee.

Several specific risk measures may be cited:

- SPF's primary interest rate risk relates to interest-bearing investments. The information on maturity dates and effective interest rates of financial assets are disclosed under Note 11.
- SPF does not borrow, so the cost of borrowing is nil and unaffected by rate rises.
- There is a loan portfolio of loans to PMC at "fixed" rates. Although these rates are adjusted where the spread between SPF's rates and bank rates becomes too significant, there is a certain inertia that tends to protect SPF from sudden or temporary falls.

**(j) Sensitivity analysis**

If interest rates have been 100 basis points higher/lower and all other variables were kept constant, SPF's surplus for the year ended December 31, 2018 would be impacted as follows:

	<b>Amortised Cost Financial Assets</b>	
	<b>2019</b>	<b>2018</b>
	<b>SR'000</b>	<b>SR'000</b>
Impact on surplus for the year (+/- 100 basis points)	7,021	6,298

The risk that a sudden fall in asset values restricts SPF's ability to pay benefits. There are several ways in which SPF manages this risk:

- Diversification – the assets are held in a wide range of different investments, thus limiting the probability of all assets falling in values simultaneously. However, there are few investment mediums.
- Liquidity – great care is taken to ensure that SPF should not need to realize potentially volatile assets when their values are less.

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**(k) FINANCIAL RISK MANAGEMENT (CONTINUED)**

SPF is exposed to equity securities price risk because of investments held by SPF and classified on the statement of net assets available-for-sale.

The table below summarises the impact of increases/decreases in fair value of the investments on SPF's fair value of financial assets. The analysis is based on the assumption that the fair value had increased/decreased by 5%.

Liquidity Risk	Financial assets at FVTPL	
	2019 SR'000	2018 SR'000
Impact of change in fair value of 5%	11,951	7,381

**(i) Liquidity risk**

The risk that cash flow requirements will force SPF to realize an investment on poor terms, either through the investment's unmarketability (a loan) or illiquidity (a building), or simply because the asset value is temporarily depressed (a share).

SPF controls this risk primarily via a detailed annual budget to ensure that the investment strategy will generate positive cash flows, including where necessary the proceeds of the sale of certain assets. Cash flow forecasts help SPF to take appropriate actions.

SPF also has a portfolio of liquid assets, the maturities of which falls either before or concurrent to the maturity of its obligations.

Procedures have also been established throughout SPF so that all users channel their requirements to the finance function. This ensures that budget exercise is carried out in an effective manner.

Management monitors rolling forecasts of SPF's liquidity reserve on the basis of expected cash flow and does not foresee any major liquidity risk over the short to medium term.

**(ii) Credit risk**

The risk that a member defaults on his contributions or a possible default by a tenant.

The risk is minimised by the fact that contribution to SPF by active workers are mandatory and contributions are deducted directly from employees' salaries and remitted to SPF. There is no history of material bad debts from contributions. SPF has established procedures to ensure that rental agreements are made with tenants with an appropriate credit history and through a newly introduced standing of order monthly rent payments which are assumed. Therefore risks of bad debts are considered to be low. A new bad debt policy is also being followed.

**(iii) Currency risk**

SPF's activities are not exposed to currency risk. However, SPF requires foreign exchange for developing its overseas investment which are met through requests with financial institutions.

Only a small percentage of the portfolio is invested overseas mainly in listed foreign market and recently a foreign bank.

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**FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(iv) Counter party risk**

The risk that an external fund manager defaults on its contractual responsibilities.

The risk is mitigated via the following measures:

- All fund managers are subject to rigorous in-house assessment and due diligence from re known, independent external experts prior to appointment, and to regular appraisal thereafter,
- Overseas fund managers are generally large, well-established organisations with sound reputations and track records,
- SPF seeks independent professional advice on overseas fund managers
- There is presently only one fund manager with whom SPF has entrusted with investing in Mauritian market,
- SPF manager provides regular monthly reports to SPF based on an established investment policy.

**(l) Economic risk**

This corresponds to the risk that external economic events (other than those specifically related to investments) will weaken SPF's financial position. Two examples of such risk are apparent:

**(i) Industry risk**

The risk that the economy collapses, leading to redundancies, early retirements and cessation of contributions, amongst other wider social, political and economic effects in Seychelles. The primary likely effect on SPF of such an outcome would be an increase in benefits outgo (early retirements) and an accelerated shift from positive net cash flow to negative net cash flow. Cash flow analysis of this kind of scenario suggests that realization of assets of fund would provide the necessary liquidity to counter the cash flow need.

**(ii) Inflation risk**

Whilst the Central Bank has a policy of price stability, one cannot assume that a small isolated country such as Seychelles will always be able to control inflation. Inflation would not necessarily be a problem for SPF if it was accompanied by compensatory increase if one could not necessarily always count on the alignment of inflation and yields.

SPF protects itself in the following ways:

- Real assets (shares, property) would be expected to appreciate in value both in terms of capital and income growth,
- Overseas holdings would tend to buoy up returns since one might expect local inflation to be closely linked to Rupee depreciation,
- When considering the purchase of Government debt instruments, SPF demands a significant yield compensation for inflation risk on long term instruments.
- For pension there is a capping of 5% inflation.

**(m) Operational risk**

The risk that SPF may incur financial losses due to negligence or fraud.

Operational risk is, however, remote since SPF's operations are supported by a strong management structure and controls in place. These activities are under close supervision of management, in turn monitored by the Board of Trustees who is given a monthly report from the CEO.

## SEYCHELLES PENSION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2019

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#### (n) FINANCIAL RISK MANAGEMENT (CONTINUED)

There is also an Internal Audit department assessing and testing all risks and internal controls helping to reinforce any shortfalls that could come across. A Risk Department and a Quality Assurance Analyst also does thorough "audits" and risk mitigation processes to ensure that there are no malpractices and fraud.

#### (o) Legal risk

The risk that SPF commits an act that is subsequently deemed illegal and would be subject to penalty. This risk is somewhat limited since SPF is governed principally under a single, clear piece of legislation: The "Seychelles Pension Act, 2005". All the activities of SPF are regulated by the Act, and SPF are regulated by PEMC. SPF is also accountable to the Minister of Finance for its Annual report, a copy of which is also submitted to the National Assembly.

#### (p) Disaster recovery risk

The risk that a disaster wipes out SPF's capacity to continue its operations.

The most obvious example is that the offices burn down, destroying all written and electronic records.

The written records would be lost if the entire offices were destroyed. Such loss is not considered to be significant, although it would represent an inconvenience. This is because all major files are stored electronically and centrally, and are subject to rigorous external backup procedures. In particular, the backups are also held off-site. On a related note, internet security issues have also been addressed. A single, isolated PC is dedicated to internet, and all external discs must be scanned on this machine prior to contact with the network. The presence of IT Office adds to the security of the back-ups of electronic information. All records of members have also been digitalised. IT Section also undertakes a vigorous audit of its IT System, practices and users every 2 years by an independent external IT auditor from Mauritius.

As to the risk to SPF of death of one or more of its staff, it is our view that there is no "key man" such that this would materially affect SPF. There is also a clear and well defined succession planning within SPF.

#### (q) Reputational risk

The risk that certain activities of SPF be badly perceived by the public, thus damaging SPF's capacity to operate.

SPF's policy of transparency and open communication together with corporate governance framework will protect it from this risk. Although reputation is a fragile quality, SPF has established a sound and credible reputation. SPF has always promoted transparency especially with members, notably via dissemination of information and explanatory literature. Its very detailed annual report and financial statements each year also promotes clarity and full comprehensive details of all SPF's activities for the year. Website and other social media platforms are also well used as regular communication and information channels to all SPF stakeholders, especially its members.

SPF also plans to introduce a culture of best practice in every segment of its activities by benchmarking on whatever appropriate procedures are applied by enterprises around the world (e.g. custodians, independent fund managers, application of International Accounting Standards, etc.) An annual General Meeting started in 2017 will also help in addressing such risk.

#### (r) Anti-Money Laundering Act and prevention of Terrorism Act

SPF complies fully with Financial Institutions Act, Anti- Money Laundering Act, 2006 and Prevention of Terrorism Act, 2004. SPF observes all requirements and policies to ensure that there is no money laundering and terrorist financing sources of funds. SPF 's main two sources of funds come via the banking system through contributions from employers and employees mostly via Company bank accounts or personal bank accounts with minimal cash. The other source of funds are from investment returns all from banking system. All banks are supervised by Central Bank of Seychelles and have stringent Anti- Money Laundering systems in place. Other mechanisms that SPF observes are;

- A new anti-money laundering and anti-terrorism financing policies in place since 2019
- Employee training in AML.

**SEYCHELLES PENSION FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2019**

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- Independent audits
- Policies and procedures to detect and report suspicious transactions and ensure compliance with the laws.
- Timely communications with regulators.

There were no non-compliance cases concerning AML and Terrorist Financing. This is because SPF does not receive any income in foreign currency outside Seychelles other than returns from SPF investments, which are all bank transactions.

SEYCHELLES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31st DECEMBER 2019

6. PROPERTY AND EQUIPMENT

(a) December 31, 2019

	Buildings on leasehold land and improvements		Equipment		Furniture and fittings		Motor vehicles		Total	
	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR
<b>COST AND VALUATION</b>										
At January 1, 2019	41,194,420	17,668,616	11,068,672	2,948,739	72,880,447					
Additions	-	1,445,116	219,152	270,160	1,934,428					
Revaluation	-	-	-	-	-					
Disposals	-	-	-	-	-					
<b>At December 31, 2019</b>	<b>41,194,420</b>	<b>19,113,732</b>	<b>11,287,824</b>	<b>3,218,899</b>	<b>74,814,875</b>					
<i>Analysed as:</i>										
- Cost	39,260,971	19,113,732	11,287,824	3,218,899	72,881,426					
- Valuation	1,933,449	-	-	-	1,933,449					
<b>DEPRECIATION</b>										
At January 1, 2019	21,288,482	8,986,670	4,505,857	2,346,378	37,127,383					
Charge for the year	2,709,058	2,214,395	984,567	388,424	6,296,444					
Disposal adjustments	-	-	-	-	-					
<b>At December 31, 2019</b>	<b>23,997,540</b>	<b>11,201,065</b>	<b>5,490,424</b>	<b>2,734,802</b>	<b>43,423,827</b>					
<b>NET BOOK VALUE</b>										
<b>At December 31, 2019</b>	<b>17,196,880</b>	<b>7,912,667</b>	<b>5,797,400</b>	<b>484,097</b>	<b>31,391,046</b>					

b) The Board is of the opinion that the fair value of property and equipment at 31 December 2019 does not differ materially from their carrying amounts.



SEYCHELLES PENSION FUND  
 NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31st DECEMBER 2019

6. PROPERTY AND EQUIPMENT (CONT'D)

(c) December 31, 2018

	Buildings on leasehold land and improvements		Equipment		Furniture and fittings		Motor vehicles		Total	
	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR
<b>COST AND VALUATION</b>										
At January 1, 2018	40,980,631	16,291,828	11,468,947	2,948,739	71,690,145					
Additions	-	2,218,022	259,378	-	2,477,401					
Revaluation	213,789	-	-	-	213,789					
Disposals	-	(841,235)	(659,653)	-	(1,500,888)					
<b>At December 31, 2018</b>	<b>41,194,420</b>	<b>17,668,616</b>	<b>11,068,672</b>	<b>2,948,739</b>	<b>72,880,447</b>					
<i>Analysed as:</i>										
- Cost	39,260,971	17,668,616	11,068,672	2,948,739	70,946,998					
- Valuation	1,933,449	-	-	-	1,933,449					
<b>DEPRECIATION</b>										
At January 1, 2018	18,579,424	7,724,691	4,112,612	1,907,167	32,323,894					
Charge for the year	2,709,058	2,011,478	983,704	439,211	6,143,447					
Disposal adjustments	-	(749,499)	(590,459)	-	(1,339,958)					
Transfer	-	-	-	-	-					
<b>At December 31, 2018</b>	<b>21,288,482</b>	<b>8,986,670</b>	<b>4,505,857</b>	<b>2,346,378</b>	<b>37,127,383</b>					
<b>NET BOOK VALUE</b>										
At December 31, 2018	19,905,938	8,681,946	6,562,815	602,361	35,753,062					

f) If property had been carried at cost less accumulated depreciation, the carrying amount would have been as follows:

	2019	2018
Cost	SCR	SCR
Accumulated depreciation	39,260,971	39,260,971
Net book value	(18,871,628)	(16,254,230)
	<b>20,389,343</b>	<b>23,006,741</b>

6. PROPERTY AND EQUIPMENT (CONTINUED)

- (e) The land and buildings were valued at December 31, 2019 by an independent valuer. The value of the land and buildings is subject to review every year as per the new revised Valuation of Properties Policy approved by the Board in Year 2019.

7. INVESTMENT PROPERTIES

(a) Fair value	2019	2018
	SCR	SCR
At January 1,	1,441,036,578	1,396,362,857
Additions	107,830,502	35,449,996
Revaluation on investment properties	32,713,251	8,681,320
Revaluation on investment properties to reserve account	2,535,894	-
Transfer to Assets held for sale-Refer to note 11	(55,481,321)	-
Adjustment	-	542,406
<b>At December 31,</b>	<b>1,528,634,904</b>	<b>1,441,036,578</b>

- (b) The value of the investment properties are subject to review every year by an independent professionally qualified valuer, on an open-market basis with existing tenancies based on a Valuation of Properties Policy approved by the Board. A Valuation Committee has also been set up since 2018 to review the value of the investment properties on an annual basis as per policy. The Valuation Committee is chaired by an independent, experienced and qualified professional who is well versed in valuation of land. A valuation of properties policy has also been introduced.
- (c) The fair value of the properties has been valued by an external valuer and fall within category level 3 of the fair value hierarchy.
- (d) If Investment properties had been carried at cost less accumulated depreciation, the carrying amount would have been as follows:

	2019			2018
	Land SCR	Building SCR	Total SCR	Total SCR
Cost	176,774,099	755,237,622	932,011,721	932,011,721
Accumulated depreciation	-	(90,642,217)	(90,642,217)	(75,537,465)
<b>Net book value</b>	<b>176,774,099</b>	<b>664,595,405</b>	<b>841,369,504</b>	<b>856,474,256</b>

- (e) The following amounts have been recognised in profit or loss:

	2019	2018
	SCR	SCR
Rental income	118,023,582	114,510,673
<u>Property Management expenses:</u>		
Direct operating expenses generating rental income-Adjustment for 2018	(1,327,589)	-
Direct operating expenses generating rental income	(29,309,559)	(37,068,039)
<b>Total</b>	<b>(30,637,148)</b>	<b>(37,068,039)</b>
<b>Profit arising from investment property</b>	<b>87,386,433</b>	<b>40,374,595</b>
Increase in fair value	32,713,251	8,681,320
<b>Total</b>	<b>120,099,685</b>	<b>49,055,915</b>

- (f) As at 31 December 2019, several investment properties under construction are carried at cost for a total amount of SCR 70.7m (2018: SCR 38.4m) because they are work in progress. The prior year property expense for 2018 adjusted in 2019 are for Mascareignes Properties service charges.

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8. RIGHT TO USE ON LEASEHOLD CARAVELLE HOUSE

- (a) Deposit was paid to Mascareignes Properties Limited in 2005 on a long term lease of 97 years. The initial deposit on the lease amounting to SR 50 million paid in 2006 is being amortised over the term of lease and the movement is as follows:

	2019	2018
<b>Cost</b>	<b>SCR</b>	<b>SCR</b>
<b>As at 1 January</b>	<b>50,000,000</b>	<b>50,000,000</b>
<b>Amortisation</b>		
At 1 January,	6,829,897	6,314,433
- Charge for the year	515,464	515,464
<b>At 31 December</b>	<b>7,345,361</b>	<b>6,829,897</b>
<b>Net Book Value</b>		
<b>At 31 December</b>	<b>42,654,639</b>	<b>43,170,103</b>

9. INVESTMENT IN SUBSIDIARY

	2019	2018
Proportionate shareholding	51%	51%
Opportunity Investment Company Limited - At fair value (2018: SCR 115 per share)	44,426,026	44,426,026

- No fair value adjustment has been made in view that there was no change in fair value as at 31.12.2019.

- (a) Details of the SPF's subsidiary, Opportunity Investment Company Limited (OICL), are given below:

	OICL
Class of shares held:	Ordinary
Year end:	31 December
Proportion of ownership interest and voting power held (direct):	51%
Country of incorporation and residence:	Seychelles
Activity:	Investment holding

OICL was incorporated as an investment vehicle solely for the purpose of acquiring shares in SACOS. OICL currently holds 757,477 shares in SACOS which represents an ownership interest of 19.32%.

The fair value of OICL is derived from the fair value of the SACOS shares it holds. At the end of the reporting period the value per SACOS share as listed on the stock exchange was SCR 115.

Total value of SACOS shares in OICL as at 31 December 2019 (757,477 at SCR 115 each):	SCR 87,109,855
Seychelles Pension Fund's 51% portion of the total value	<u>44,426,026</u>

The Fund has also directly invested in SACOS with a total investment of 26,569 shares which represents an ownership interest of 1.33%. This investment has been classified under financial assets measured at fair value through profit or loss.

As at 31 December 2019, SPF holds 20.64% in SACOS in total of which 19.32% through OICL and 1.33% directly in SACOS at a total fair value of SCR 47,481,461.

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9. INVESTMENT IN SUBSIDIARY (CONTINUED)

(b) Summarised financial information in respect of the Fund's subsidiary is set out as below:

(i) Summarised statement of Financial position and statement of profit or loss and other income:

Opportunity Investment Company Limited	2019	2018
	SCR'000	SCR'000
Current assets	391	1,507
Non-current assets	87,110	87,110
Current liabilities	29	1,135
Non-current liabilities	-	-
Revenue	1,515	1,135
Total comprehensive profit or loss for the year	1,476	1,134

(ii) Summarised cash flow information:

Opportunity Investment Company Limited	2019	2018
	SCR'000	SCR'000
Operating activities	370	2,332
Investment activities	-	-
Financing activities	1,485	1,106
Net change in cash and cash equivalents	(1,115)	1,226

(iii) There is no commitment and contingencies as at the reporting period

10. INVESTMENT IN ASSOCIATES

(a) At fair value	2019	2018	2019	2018
	% Held	% Held	SCR	SCR
Seychelles Breweries Limited	26%	26%	248,595,450	258,539,268
Al Salam Bank (non- listed)	30%	30%	22,403,666	21,836,581
Cable & Wireless (non-listed)	22%	-	330,404,100	-

(i) Movements- Seybrew

	2019	2018
	SCR	SCR
Balance as at January 1,	258,539,268	214,992,489
Fair value adjustments	(9,943,818)	43,546,779
Balance as at December, 31	248,595,450	258,539,268

Seychelles Breweries has a financial reporting period ending 30 June.

At 31 December 2019, the fair value of the Fund's interest in Seychelles Breweries Limited, which is listed on the Trop-X exchange, was SCR 75 per share (2018: SCR 78) based on the quoted market price available, which is a level 1 input in terms of IFRS 13.

(ii) Movements- Al Salam bank

	2019	2018
	SCR	SCR
Balance as at January 1,	21,836,581	20,975,220
Fair value adjustments	567,086	861,361
Balance as at December, 31	22,403,667	21,836,581

The Al Salam Bank has a financial reporting period ending 31st December and has only started full operations from February 2019 onwards.

As at 31 December 2019, the fair value of the shares in respect of Al Salam Bank which is a non- listed company were calculated using the adjusted net asset value method which is a level 3 input in terms of IFRS 13. This is as per SPF's new policy on valuation of unlisted equities.

SEYCHELLES PENSION FUND  
 NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31st DECEMBER 2019

10. INVESTMENT IN ASSOCIATES (CONTINUED)

(iii) Movements- Cable & Wireless

	2019	2018
	SCR	SCR
Balance as at December, 31 at cost	<b>330,404,100</b>	-

(b) Details of the Fund's associates at the end of the reporting period:

Name	Seychelles Breweries Limited
Principle Activities	Beverage manufacturing

(i) Summarised statement of Financial position and statement of profit or loss and other income as per the Un audited Financial Statements.

	30 June 2019	30 June 2018
	SCR '000	SCR '000
<b>Assets</b>		
Current assets	148,280	151,422
Non-current assets	340,003	314,647
<b>Liabilities</b>		
Current liabilities	90,255	129,692
Non-current liabilities	51,212	39,057
Revenues	422,177	375,534
Profit before tax	111,790	62,113
Other comprehensive income	-	-
Total comprehensive income	80,996	42,618
Proportion of ownership interest and voting rights (Direct)	26%	26%

(ii) Summarised cash flow information:

	30 June 2019	30 June 2018
	SCR	SCR
Operating activities	131,044	94,038
Investment activities	(59,792)	(75,171)
Financing activities	(31,500)	(25,200)
<b>Net change in cash and cash equivalents</b>	<b>39,752</b>	<b>(6,333)</b>

(iii) There is no contingent liability as at the reporting period

(c) Name	Al Salam Bank Seychelles
Principle Activities	Banking Services

(i) Summarised statement of Financial position and statement of profit or loss and other income as per unaudited Financial Statements.

	31 December 2019	31 December 2018
	USD	USD
<b>Assets</b>		
Liabilities	42,827,217	41,326,712
Equity	37,263,131	35,832,429
	5,564,086	5,494,283
Revenues	2,156,263	1,736,030
Profit before tax	169,187	198,072
Tax charge	72,795	10,071
Total comprehensive income	169,803	161,883
Proportion of ownership interest and voting rights (Direct)	30%	30%

SEYCHELLES PENSION FUND  
 NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31st DECEMBER 2019

10. INVESTMENT IN ASSOCIATES (CONTINUED)

(ii) Summarised cash flow information:

Aisalam Bank Seychelles

	31 December 2019	31 December 2018
	USD	USD
Operating activities	7,317,996	7,478,550
Investment activities	852,299	845,037
Financing activities	527,740	(100,000)
<b>Net change in cash and cash equivalents</b>	<b>8,698,035</b>	<b>8,223,587</b>

(iii) There is no commitment and contingencies as at the reporting period

(b) Details of the Fund's associates at the end of the reporting period:

Name  
 Principle Activities

Cable & Wireless  
 Telecommunication

(i) Summarised statement of Financial position and statement of profit or loss and other income as per the Unaudited Financial Statements.

	31 December 2019	31 December 2018
	SCR'000	SCR'000
<b>Assets</b>		
Current assets	333,450	203,008
Non-current assets	1,707,870	1,398,924
<b>Liabilities</b>		
Current liabilities	180,835	169,033
Non-current liabilities	85,067	82,035

(iii) There is no contingent liability as at the reporting period

11. ASSETS HELD FOR SALE

Transfer from investment properties as per note 7. There are outstanding dues of SCR6m to pay consultants, contractors plus retention.

	2019	2018
	SCR	SCR
	<b>55,481,321</b>	-

The Government has made an offer to purchase the Ile Perseverance Property at SCR68.5m.

12. CASH AND CASH EQUIVALENTS

	2019	2018
	SCR	SCR
Cash at bank	106,297,545	97,554,037
Cash in hand	61,600	43,602
	<b>106,359,146</b>	<b>97,597,640</b>

SEYCHELLES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31st DECEMBER 2019

13. INVESTMENT IN FINANCIAL ASSETS

	2019	2018
	SCR	SCR
<b>Non-current investments</b>		
Fixed deposits - Amortised cost	32,092,070	42,092,070
Treasury bonds local - Amortised cost	153,945,000	87,880,000
Treasury bonds foreign - Amortised cost	20,523,190	20,005,429
Equity securities at fair value through OCI	205,832,708	186,307,426
	<u>412,392,968</u>	<u>336,284,925</u>
<b>Current investments</b>		
Fixed deposits - Amortised cost	251,888,785	311,205,104
Treasury Bills - Amortised cost	209,412,481	211,263,993
Treasury bonds local - Amortised cost	8,935,000	38,450,000
Equity securities - mandatorily at fair value through profit or loss	46,691,937	43,863,573
	<u>516,928,203</u>	<u>604,782,670</u>
<b>Total financial assets</b>	<u>929,321,171</u>	<u>941,067,595</u>

- (a) Investments in fixed deposits represent term deposits with banks with interest rates ranging from 2.25% to 3.80% for USD account (2018: USD 2.25% to 3.80%) and 4.90% to 7% (on local currency account) per annum (2018: SCR 4.90% to 7%) with maturity dates from 22 February 2019 to 24 April 2025.
- (b) Investments in Treasury Bonds comprise bonds with interest rates ranging from 5.50% to 7.50% per annum (2018 : 5.50% to 7.50%) and treasury bills from 4.76% to 5.88% for 365 days (2018 : 4.76% to 7.30%) maturity dates from 16 March 2019 to 31 July 2026.
- (c) Equity securities comprise local securities listed on the Seychelles stock exchange, unquoted foreign securities, an exchange traded fund and a Mauritian equity portfolio. Hierarchy of fair value levels is detailed under note 5 (d).
- (d) The financial assets at amortised cost comprises of investment in fixed deposits, treasury bills and bonds and loan to Property Management Company (PMC) and SPF has opted not to provide for impairment as the probability of default is low and provision for impairment is insignificant. There is no impairment for equity securities as per IFRS 9.

Due to limited information available for the fair value determination of the unquoted foreign securities, their fair values have been determined based on the adjusted net assets value which is a level 3 hierarchy classified as an unobservable input of IFRS 13. The fair value of the unquoted equities was calculated for the first time in 2018. The details of these instruments are as follows:

	2019	2018
	SCR	SCR
Afreximbank	41,760,143	37,209,707
TDB Class B Shares	160,347,035	145,519,224
Seychelles commercial bank	3,725,531	3,578,495
	<u>205,832,708</u>	<u>186,307,426</u>

The details of the fair value adjustments for the investments in unquoted equities are as follows:

	2019	2018
	SCR	SCR
Afrexim Bank	4,550,436	4,024,073
TDB Class B shares	14,827,811	50,382,444
Seychelles Commercial Bank	147,036	193,495
	<u>19,525,282</u>	<u>54,600,012</u>

The details of the fair value adjustments for the investments in quoted equities are as follows:

	2019	2018
	SCR	SCR
Exchange Traded Fund	3,291,033	(1,192,373)
Mauritius Stock Exchange	129,808	(315,386)
Central Common Cold store	216,840	-
	<u>3,637,681</u>	<u>(1,507,759)</u>

- (d) The net movement in the financial assets including equity securities is shown below.

	2019	2018
Opening balance January 1	941,067,595	777,411,264
Additions	566,766,528	581,921,516
Redemption	(601,675,917)	(471,357,438)
Fair value gain	23,162,965	53,092,253
Closing balance December 31	<u>929,321,171</u>	<u>941,067,595</u>

- (e) Investments in financial assets are denominated in the following currencies:

	2019	2018
	SCR	SCR
Seychelles Rupee	656,257,302	598,431,979
Mauritian Rupee	32,156,573	32,318,319
US Dollar	240,907,296	310,317,297
	<u>929,321,171</u>	<u>941,067,595</u>

SEYCHELLES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31st DECEMBER 2019

14. RECEIVABLES AND PREPAYMENTS

		2019	2018
		SCR	SCR
i)	Contributions receivables from members	32,395,538	27,860,479
	Amount receivable from the Government of Seychelles	-	116,999
	Interest receivable	27,270,655	27,493,332
	Rental income receivable	2,951,153	5,882,904
	Advance payment on capital projects	118,160	4,176,802
	Prepayments	892,759	3,423,626
	Other receivables	9,699,014	12,126,202
		<u>73,327,280</u>	<u>81,080,344</u>
		2019	2018
		SCR	SCR
ii)	Rental income receivable	5,524,846	10,464,611
	Provision for bad and doubtful debts (Note f)	(2,573,693)	(4,581,707)
	Net rent receivable	<u>2,951,153</u>	<u>5,882,904</u>
The provision for bad and doubtful debts is as follows;			
		2019	2018
		SCR	SCR
	Opening balance January 1	4,581,707	5,174,077
	Movement-Increase in provision	-	(1,041,128)
	Movement- Write-off	(2,008,014)	-
	Adjustment	-	448,758
	Closing balance December 31	<u>2,573,693</u>	<u>4,581,707</u>

- (a) The carrying amount of trade and other receivables are denominated in Seychelles rupees and approximate their fair value.  
The contributions receivable from members are contributions for December 2019 due on the 21st day of January 2020 and other contribution in arrears.
- (b) arrears.
- (c) The amount receivable from Government of Seychelles represents government pension (Special Pension/Entitlement and Early Retirement) which the SPF paid to its members on behalf of and refundable by the Government of Seychelles.
- (d) Rental income receivable represents outstanding rent from tenants of which around SCR 0.9m was collected in January 2020, SCR 1.6m are cases at the Rent Board, includes impairments as per IFRS 9.
- (e) Other receivables comprise of sundry debtors, staff loan and debtors clearing.
- (f) A new policy for Provision for bad debts was approved by the Board in January 2019 for implementation in 2018. The calculation is based as per IFRS 9 whereby the expected credit losses are determined based on current data and adjusted using a macro-economic factor, in this case, the inflation rate at the end of 2019 which was 1.70%. Full provision for bad debts have been provided for total debts in excess of 90 debtor days and non active tenants as per the policy. However, management decided to maintain the existing provision after write-off.
- (g) The Fund does not hold any collateral as security.
- (h) Interest receivable includes interest receivable from Fixed Deposit, Treasury Bill and Treasury Bonds and PMC loan.

15. RECEIVABLE FROM PROPERTY MANAGEMENT CORPORATION (PMC)

		2019	2018
		SCR	SCR
	Opening balance	138,757,438	-
	Additions-Disbursement	-	150,000,000
	Total repayment	(25,182,785)	(18,611,654)
	Interest receivable (Note 24)	10,395,971	7,369,092
		<u>123,970,625</u>	<u>138,757,438</u>
	Current	15,934,566	14,786,813
	Non-Current	108,036,059	123,970,625
		<u>123,970,625</u>	<u>138,757,438</u>

The amount receivable from Government PMC loan, represents the loan disbursed to Government of Seychelles for housing projects undertaken by Government of Seychelles.

16. OTHER PAYABLES

		2019	2018
		SCR	SCR
	Rental deposits	10,470,992	10,144,970
	Advance on rent	5,690,522	4,411,061
	Accrued expenses	4,333,567	7,018,027
	Account payable-Appartment project	6,695,258	-
	Account payable-C & W	203,910,000	-
	Other payables	1,364,738	111,183
		<u>232,465,077</u>	<u>21,685,241</u>

- (a) The carrying amount of other payables are denominated in Seychelles rupees and approximate their fair value.
- (b) Other payables are denominated in Seychelles rupees and it includes pension payments returned due to incorrect bank accounts/details of the pensioners/members.



SEYCHELLES PENSION FUND  
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17. RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations is in respect of length-of-service compensation as per the Seychelles Employment Act 1995 as amended.

(i) Amount recognised in the statement of financial position:

	2019	2018
	SCR	SCR
Present value of unfunded obligation	7,238,580	6,231,559

(iii) Movement in liability recognised in statement of financial position:

	2019	2018
	SCR	SCR
At January 01,	6,231,559	4,741,028
Charge for the year	1,007,021	1,490,531
At December 31,	7,238,580	6,231,559

The retirement benefit obligation has not been valued by an actuary since the management decide that had it been valued by actuary the impact is not material.

18. DEFERRED PROPERTY LEASE

	2019	2018
<b>Cost</b>		
At 1 January 2019	7,846,750	7,846,750
Additions	-	-
Disposal	-	-
<b>At 31 December 2019</b>	<b>7,846,750</b>	<b>7,846,750</b>
<b>Amortisation and Impairment</b>		
At 1 January 2019	1,102,676	993,996
Charge for the year	108,680	108,680
Disposal	-	-
<b>At 31 December 2019</b>	<b>1,211,356</b>	<b>1,102,676</b>
<b>Carrying amount</b>		
At 1 January 2019	6,744,074	6,852,754
<b>At 31 December 2019</b>	<b>6,635,395</b>	<b>6,744,074</b>

The leasehold land was originally accounted for at SCR 1, the value at which it was transferred from the Government of Seychelles, this value has been restated to fair value at the time of acquisition. The leasehold properties are Providence Micro Enterprise, Providence Warehouse, Port- Glaud Micro Enterprise, Eve Island Enterprise. The benefit received from Government is being taken to Income over the life of the underlying assets (60 - 99 years).

19. Valuation of net assets against actuarial value of promised retirement benefits

As per the actuary valuation the accrued benefits are separated between vested and non vested benefits. The vested benefits are the present value of all expected future payments to current pensioners and future spouses' pension on the death of current pensioners. Non vested benefit is the measure of the value of the amount standing in member accounts at valuation date. The Actuary has confirmed that adjustments are needed in contribution rates in the future as per his recommendations. Seychelles Pension Fund will be able to meet all benefit obligations in the future if this is followed as Seychelles Pension Fund operates a 'pay-as-you-go' pension plan. Actuarial evaluation is done for the next 60 years.

20. MEMBERS' FUND

Member's fund represents the balance due to members who have contributed to the Seychelles Pension Fund (which also includes the Seychelles Pension Scheme from 1991). This includes mandatory and voluntary contributions from employer and employee and contributions from self-employed with accumulated interest over the years. The members fund is used to finance pension payment on a monthly basis and lump sum refunds for members not qualifying for a monthly pension. The total funds accumulated under members' fund is as follows;

	2019	2018
	SCR	SCR
Net members fund	1,645,446,896	1,521,918,474
Funds taken from investment returns	1,053,990,290	782,876,497
<b>Members fund</b>	<b>2,699,437,186</b>	<b>2,304,794,971</b>
<b>Details of members fund are as follows;</b>		
Mandatory contribution	2,058,954,122	1,692,661,970
Voluntary contribution	104,880,196	85,345,469
Interest on mandatory contributions	512,695,638	505,304,646
Interest on voluntary contributions	22,907,230	21,482,887
	2,699,437,186	2,304,794,971

21. OTHER FUNDS

	2019	2018
	SCR	SCR
Contributions from Social Security Division (note (a) below)	532,099,144	532,099,144
Payments made for Social Security Pension	(520,395,209)	(520,395,209)
	11,703,935	11,703,935
Net contributions from Social Security carried forward	11,703,935	11,703,935
Receipts from National Provident Fund (note (b) below)	71,215,276	71,215,276
SSF Investment Funds transferred to SPF	406,870,976	406,870,976
SPF contribution from Govt (note (c) below)	43,489,567	43,489,567
<b>At 31 December</b>	<b>533,279,754</b>	<b>533,279,754</b>

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31st DECEMBER 2019**

**21. OTHER FUNDS (CONTINUED)**

- (a) The National Provident Fund Act was repealed and after refunding the contributions to the persons entitled under the Act, the balance was transferred to Seychelles Pension Fund as required under Section 73(2) of the Seychelles Pension Fund Act, 2005.

**22. RESERVE FUND**

	2019	2018
	SCR	SCR
Reserve Fund	14,568,591	14,568,591

The Chief Executive Officer, acting on the advice of the Board of Trustees, has not made any annual transfer which up to the year 2006 on the amount set aside which was 30% of the difference between the interest earned by Seychelles Pension Fund and the interest paid to the members. This is a contingency fund set aside which can be used to meet the cost of pensions or interest paid to members in the event of a shortfall.

The transfer to the Reserve Fund was made in order to increase the distributable reserve.

**23. OTHER RESERVES**

	2019			2018	
	Revaluation reserve	Fair value reserve	Other reserves	Total	Total
	SCR	SCR	SCR	SCR	SCR
At January 1,	76,988,431	18,956,162	55,445,682	151,390,275	143,830,090
Net change in FV of properties	-	2,535,894	-	2,535,894	7,560,185
<b>At December 31,</b>	<b>76,988,431</b>	<b>21,492,056</b>	<b>55,445,682</b>	<b>153,926,169</b>	<b>151,390,274</b>

**24. INTEREST INCOME**

	2019	2018
	SCR	SCR
<i>Interest income under the effective interest method on:</i>		
- Fixed deposits - at amortised cost	16,702,931	15,238,968
- Treasury bonds and bills - at amortised cost	22,930,552	20,866,925
- Equity securities	195,410	230,997
- Bank balances	85,018	59,648
- Staff loans	410,574	336,110
- Loan to PMC	10,395,971	7,369,092
	<b>50,720,458</b>	<b>44,101,740</b>

## SEYCHELLES PENSION FUND

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31st DECEMBER 2019

## 25 INVESTMENT INCOME

	2019	2018
	SCR	SCR
Dividends on local securities	13,985,292	7,976,323
Dividends on foreign securities	6,556,006	6,067,116
	<b>20,541,298</b>	<b>14,043,439</b>

Dividend income is recognised in the financial statements when their right to be received is firmly established.

## 26. INTEREST CREDITED TO MEMBERS

Interest credited to Members' Fund was 4.81% and 5.99% for mandatory and voluntary respectively from 01.01.2019 to 30.03.2019. From 01.04.2019 to 31.12.2019 as per the new Interest Policy approved by the Board, the interest was revised to 2.72% on mandatory contributions and 5.99% on voluntary contributions. The new interest policy effective 01.04.2019 calculate the interest rate to be credited to non-vested members who can withdraw lump sum amounts from their account since they do not qualify for a pension based on the 12 months average saving rate. Prior policy was based on the 12 months average interest rate on 91 days Treasury bills. The amount of SCR 47m was credited for the year ended December 31, 2019 (2018: Mandatory 2.5% and 4.81, Voluntary 5.99% - SR38m).

## 27. ADMINISTRATIVE EXPENSES

	2019	2018
	SCR	SCR
Salaries, wages and other related expenses	34,452,641	31,363,661
Office running costs	4,966,488	4,447,210
Motor vehicles running expenses	541,148	441,772
Postage, printing and stationary	1,319,349	1,387,208
Telephone	1,329,240	1,398,123
Utilities	648,216	618,834
Repairs and maintenance	363,508	959,656
Other expenses	4,120,419	3,850,135
	<b>47,741,010</b>	<b>44,466,598</b>

Details of other expenses includes;

	2019	2018
	SCR	SCR
Internet Charges	966,011	880,781
Rent- Caravelle House (includes prior year adjustment in 2018)	1,466,135	1,702,235
Rent- Jupiter House	283,285	12,500
Cleaning	241,443	204,197
Board of Trustees fees	876,000	888,540
Medical Board fees	246,240	133,248
Office consumables	41,305	28,634
<b>Total</b>	<b>4,120,419</b>	<b>3,850,135</b>

Details of Office running cost includes;

	2019	2018
	SCR	SCR
Training	2,247,046	1,803,274
Uniforms	392,131	655,639
Travelling	721,341	579,342
Staff Welfare	894,253	492,172
Staff Insurance	9,852	-
Journals And Newspaper	26,640	121,540
Bank Charges	666,134	469,556
Miscellaneous Expense	9,092	325,687
	<b>4,966,488</b>	<b>4,447,210</b>

## 28. OTHER PROFESSIONAL FEES

It includes the fee paid to IT audit, Actuary valuation and the Administration and Investment audit performed by KPMG.

SEYCHELLES PENSION FUND  
 NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31st DECEMBER 2019

29. RELATED PARTY TRANSACTIONS

	2019	2018
	SCR	SCR
<i>Balances owing from related parties:</i>		
<i>Other related parties</i>		
Government of Seychelles	1,781,474	3,017,189
Receivable from PMC loan	123,970,625	138,757,438
<i>Transactions</i>		
<i>Dividends received</i>		
Opportunity Investment Company Limited	757,327	564,170
Seychelles Breweries Limited	12,429,773	6,629,212
<i>Rental received:</i>		
Government of Seychelles	60,025,889	57,257,215
<i>Key management personnel</i>		
<i>- Gross salaries</i>		
Board of Trustees' remuneration (note 30)	1,893,600	2,665,200
	948,000	912,000

- (a) Transactions with related parties are within the normal course of business.
- (b) For the year ended December 31, 2019, the Fund has not recorded any impairment of receivables relating to amounts owed by related parties (2018: 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.

30. BOARD OF TRUSTEES' REMUNERATION AND SECRETARIAT EXPENSES

	2019	2018
	SCR	SCR
J. Dugasse (From 18th September 2018)	96,000	30,000
E. Palmer (From 1st March 2018 to 17th September 2018)	-	45,000
P. Payet	72,000	75,000
L. Woodcock	-	6,000
W. Labrosse	-	6,000
A. Lucas	-	6,000
C. Mangroo	72,000	72,000
R. Valmont	72,000	60,000
B. Morin (From 1st March 2018)	66,000	60,000
C. Vidot (From 1st March 2018)	72,000	60,000
P. Sinon (From 1st March 2018)	72,000	60,000
A. Madeleine (From February 1, 2017)	-	6,000
M. C. Marie (From August 1, 2017)	72,000	72,000
B. Adonis (from February 1, 2015)	72,000	72,000
E. Agathine (from February 1, 2015)	-	6,000
A. Robinson (from February 1, 2015)	72,000	72,000
M. Jivan (from February 1, 2015)	66,000	72,000
Elsie Morel (From 1st March 2018)	72,000	60,000
<b>Secretariat</b>		
Audrey Nanon (From May 1, 2017) Secretary)	72,000	72,000
	948,000	912,000

31. COMMITMENTS

Capital commitments

	2019	2018
	SCR'000	SCR'000
Approved and contracted for	155,941	224,974
Approved but not contracted for	348,419	52,665
	504,360	277,639

**32. CONTINGENT LIABILITIES**

- (i) In January 2019, Central Bank Of Seychelles demanded SPF to pay the sum of SCR10.3m as compensation for damages done to CBS annex Building while SPF was doing their piling project at ex- Pirates Arms site. In March 2019 the details of this costing was sought by SPF and Central Bank Of Seychelles clarified that it comprised of SCR 1m for demolition, SCR 7m for rebuilding the annex and SCR 2.3m for electrical and other fittings. SPF's Board approved for CBS to be paid in 2 instalments, 30% on CBS writing to Planning Authority to remove the 'Stop Notice' and the remaining 70% upon complete demolition by CBS to be done by 30 April, 2020. No payments were made in 2019, as the first instalment is due in 2020, on CBS informing Planning Authority.
  
- (ii) Seychelles Pension Fund Act 2005 Section (69) states that SPF is exempted from stamp duty, business tax, trades tax, goods and service tax and all other taxes, fees, duties on its assets, documents instruments, profits, operations and properties. Thus Seychelles Pension Fund strongly believed that it should be exempt from VAT as it was a replacement of GST, even if specific exemption had not yet been enacted in the VAT Act. After lengthy discussions and negotiations with Government, SPF was informed in October 2019 that SPF needs to pay VAT effective from 1st January 2020. This has been confirmed with our Certificate of VAT Registration issued under section 8 (3) of the Value Added Tax (VAT) Act 2010, received by SPF and displayed as required under the law. This means that SPF owes no VAT prior to 2020.

**33. EVENTS AFTER REPORTING PERIOD**

There is no event subsequent to the date of statement of financial position which may have a material effect on the Financial Statements as at December 31, 2019.