

SEYCHELLES PENSION FUND
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

**SEYCHELLES PENSION FUND
TABLE OF CONTENTS**

	PAGE
BOARD OF TRUSTEES' REPORT	1 - 1(a)
INDEPENDENT AUDITORS' REPORT	2 -2(a)
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS	3
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS	4
INCOME AND EXPENDITURE ACCOUNTS	5
STATEMENT OF CASH FLOWS	6 - 6(a)
NOTES TO THE FINANCIAL STATEMENTS	7 - 35

The Board is pleased to present its report together with the audited financial statements of the Group and the Fund for the year ended December 31, 2015.

THE FUND

The Seychelles Pension Fund Scheme was established under the Seychelles Pension Scheme Act, 1990, CAP 220 and commenced with effect on January 1, 1991. In August 2005, the Seychelles Pension Scheme Act, 1990 was repealed and it was replaced by the Seychelles Pension Fund Act, 2005 under which the scheme became a body corporate and was renamed as Seychelles Pension Fund.

PRINCIPAL ACTIVITIES

The principal activities of the Fund comprise provision of financial security to retiring members which include payment of accumulated contributions, monthly pension to the members, financial security to the dependents of the deceased members and other benefits under various schemes as more fully described under Section 4 of the Act and applicable Regulations.

THE GROUP

The Group comprises of the Fund, a subsidiary company, Opportunity Investment Company Limited and two associated companies, Seychelles Breweries Limited and SACOS Group Limited. Details regarding the subsidiary company and the associated companies are as per notes 9 and 10 to these financial statements.

RESULTS

	<u>THE GROUP</u>	<u>THE FUND</u>
	SR	SR
Surplus for the year	98,094,857	94,395,230
Retained surplus brought forward	467,696,963	440,847,666
Retained surplus carried forward	565,791,820	535,242,896
Attributable to:		
The fund	562,647,681	535,242,896
Non-controlling interest	3,144,139	-
	<u>565,791,820</u>	<u>535,242,896</u>

INTEREST ON MEMBERS' FUND

The Board recommended interest of 4% to be credited to members on their contributions for the year under review (2014: 3%)

PROPERTY AND EQUIPMENT

The Fund acquired property and equipment amounting to **SR 26 million** during the year comprising equipment, furniture and fitting and motor vehicle (2014: SR 4.1m).

The Board is of the opinion that the fair value of property and equipment at December 31, 2015 does not differ materially from their carrying amounts as per the statements of net assets available for benefits at that date.

INVESTMENT PROPERTIES

The Fund has invested substantial amounts in properties acquired for rental and capital appreciation purposes. At December 31, 2015, these totalled **SR 1,197m** (2014: SR:775m). During the year, additions amounted to **SR 338m** (2014: SR: 44.5m) and increase in fair value following revaluation at December 31, 2015 was **SR,73.4m** (2014: SR 89.7m)

BOARD OF TRUSTEES

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

Patrick Payet	Bernard Adonis (as from February 1, 2015)
Lambert Woodcock	Basil Hoareau (as from February 1, 2015)
Jessie Esparon	Mohammed Afif (up to January 31, 2015)
Walter Labrosse (as from September 1, 2014)	Anne Mousbe (up to January 31, 2015)
Suzanne Labrosse	Rachel Spiro (up to January 31, 2015)
Antonio Lucas	Gilbert Sultan - Beaudoin (up to January 31, 2015)
Cillia Mangroo	Radley Weber (up to January 31, 2015)
Elizabeth Charles (as from February 1, 2015)	Michel Felix (up to January 31, 2015)
Malika Jivan (as from February 1, 2015)	Marie Ange Waye Hive (Alternate Secretary)
Antoine Robinson (as from February 1, 2015)	Willy Confait (from February 1, 2015) (Secretary)
Chief Executive Officer (appointed 01.02.2015)	

STATEMENT OF BOARD OF TRUSTEES' RESPONSIBILITY

The Board of the Fund is responsible for the overall management of the affairs of the Fund including the operations of the Fund and making investment decisions. The Chief Executive Officer of the Fund is, as defined in the Seychelles Pension Fund Act, 2005, responsible for the day to day administration of the Fund, including the collection of contributions, payment of pensions and other benefits, investment of surplus moneys of the Fund and accounting for all moneys collected, paid or invested by the Seychelles Pension Fund. The Board shall also ensure that proper accounts and other books and records in relation thereto in which all its financial transactions shall be recorded and maintained. In preparing those 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 the Fund;
- select suitable accounting policies and then apply them consistently;
- make judgment and estimates that are reasonable and prudent and;
- disclose and explain any material departures from applicable accounting standards.

The Board and the Chief Executive Officer also have the general responsibility for taking reasonable steps to safeguard the assets of the Fund 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 Fund by Section 53(2) of the Seychelles Pension Fund Act, 2005.

APPROVAL

Signed in accordance with the authorisation of the Board by:


Patrick Payet
Chairperson


Lekha Nair
Chief Executive Officer



OFFICE OF THE AUDITOR GENERAL

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OPINION OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE SEYCHELLES PENSION FUND FOR THE YEAR ENDED 31 DECEMBER 2015

Scope

Pursuant to the powers conferred on me by Section 53(2) of Seychelles Pension Fund Act, 2005, I have caused Ernst & Young (Seychelles) to audit on my behalf the financial statements of the Seychelles Pension Fund and its subsidiary (The Group) for the year ended 31 December 2015 as set out on pages 3 to 35.

The Board of Trustees Responsibility for the Financial Statements

The Board of Trustees is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Seychelles Pension Fund Act, 2005 and the Public Enterprise Monitoring Commission Act, 2013. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on those financial statements based on our audit and report it to the Minister of Finance. The audit was conducted in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Fund's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustees as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

Opinion

In my opinion, the financial statements on pages 3 to 35 give a true and fair view of the financial position of the Group and of the Fund at 31 December 2015, and of their financial performance and their cash flows for the year then ended prepared in accordance with International Financial Reporting Standards and comply with the Seychelles Pension Fund Act, 2005.



Marc Benstrong
AUDITOR GENERAL

12 April 2016
Victoria

INDEPENDENT AUDITORS' REPORT TO THE AUDITOR GENERAL

THE SEYCHELLES PENSION FUND

Report on the Financial Statements

This report has been prepared 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 we are required to state to them in an auditor's report 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 of Seychelles, for our audit work, for this report, or for the opinions we have formed.

We have audited the financial statements of the Seychelles Pension Fund (the "Fund") and its subsidiary (the "Group") on pages 3 to 35 which comprise the statement of net assets available for benefits, the income and expenditure accounts, the statement of changes in net assets available for benefits and the Fund's separate Financial Statements and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

The Board of Trustees' Responsibility for the Financial Statements

The Board of Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Seychelles Pension Fund Act, 2005 and for such internal control as the Board of Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Trustees, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 3 to 35 give a true and fair view of the financial position of the Group and of the Fund at 31 December 2015 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Seychelles Pension Fund Act 2005.



INDEPENDENT AUDITORS' REPORT TO THE AUDITOR GENERAL

THE SEYCHELLES PENSION FUND

Report on Other Legal and Regulatory Requirements

Seychelles Pension Fund Act 2005

We have no relationship with or interests in the Fund other than in our capacity as auditors and dealings with the Fund in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Fund as far as it appears from our examination of those records.

A handwritten signature in black ink, appearing to read 'Ernst & Young', is positioned above the printed name of the firm.

ERNST & YOUNG
Mahe, Seychelles

Date:11th April 2016.....

SEYCHELLES PENSION FUND
STATEMENTS OF ASSETS AVAILABLE FOR BENEFITS - DECEMBER 31, 2015

3.

	Notes	THE GROUP		THE FUND	
		2015	2014	2015	2014
		SR	SR	SR	SR
ASSETS					
Non-current assets					
Property and equipment	6	42,123,283	32,866,305	42,123,283	32,866,305
Investment properties	7(a)	1,197,182,770	775,067,397	1,197,182,770	775,067,397
Deposit on leasehold land	8	44,716,495	45,231,996	44,716,495	45,231,996
Investment in subsidiary	9	-	-	5,100	5,100
Investment in associates	10	110,332,618	100,494,512	59,662,908	59,662,908
Investment in financial assets	11	230,516,561	193,506,551	230,516,561	196,396,801
Loan to subsidiary	12	-	-	6,270,270	5,413,016
		<u>1,624,871,727</u>	<u>1,147,166,761</u>	<u>1,580,477,387</u>	<u>1,114,643,523</u>
Current assets					
Investment in financial assets	11	532,445,698	347,447,947	520,169,050	347,447,947
Receivables and prepayments	13	76,158,090	135,976,703	75,777,508	135,976,703
Cash and cash equivalents	25	118,400,486	67,078,743	118,091,715	66,725,189
		<u>727,004,274</u>	<u>550,503,393</u>	<u>714,038,273</u>	<u>550,149,839</u>
Total assets		<u>2,351,876,001</u>	<u>1,697,670,154</u>	<u>2,294,515,660</u>	<u>1,664,793,362</u>
Current liability					
Other payables	14	17,309,140	24,805,340	17,309,140	24,537,036
Non-current liability					
Retirement benefit obligations	2(o) & 15	2,792,258	2,449,617	2,792,256	2,449,617
Net assets available for benefits		<u>2,331,774,603</u>	<u>1,670,415,197</u>	<u>2,274,414,264</u>	<u>1,637,806,709</u>
Made up as follows:					
Member's fund	16	1,188,453,994	1,035,503,953	1,188,453,994	1,035,503,953
Other fund	17	459,861,543	126,408,778	459,861,543	126,408,778
Reserve funds	18	14,568,591	14,568,591	14,568,591	14,568,591
Other reserves	19	95,020,901	28,645,554	76,287,240	25,471,014
Retained earnings	Page 5	565,791,820	460,167,540	535,242,896	435,854,373
		<u>2,323,696,849</u>	<u>1,665,294,416</u>	<u>2,274,414,264</u>	<u>1,637,806,709</u>
Non-controlling interest	20	8,077,754	5,120,781	-	-
		<u>2,331,774,603</u>	<u>1,670,415,197</u>	<u>2,274,414,264</u>	<u>1,637,806,709</u>

These financial statements have been approved for issue by the Board of Trustees on 24th March 2016


Patrick Fayet
Chairperson


Lekha Nair
Chief Executive Officer

The notes on pages 7 to 35 form an integral part of these financial statements.
Auditor's Report on pages 2 and 2(a).

SEYCHELLES PENSION FUND
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - YEAR ENDED DECEMBER 31, 2015 4.

	Notes	THE GROUP		THE FUND	
		2015	2014	2015	2014
		SR	SR	SR	SR
Compulsory contributions:	2(n)				
- by employees		93,388,461	82,198,458	93,388,461	82,198,458
- by employers		102,045,793	89,756,510	102,045,793	89,756,510
Voluntary contributions					
- by employees		6,774,234	5,189,707	6,774,234	5,189,707
- by employers		3,040,524	6,740,689	3,040,524	6,740,689
		<u>205,249,013</u>	<u>183,885,364</u>	<u>205,249,013</u>	<u>183,885,364</u>
Interest received by members		51,695,649	32,946,562	51,695,649	32,946,562
SSF Investment Funds					
transferred to SPF		333,452,765		333,452,765	-
Net change in revaluation		57,485,163	-	57,485,163	-
Net change in other reserves		21,239,389	-	-	-
Net change in fair value on financial assets		(1,675,642)	2,676,113	(1,675,642)	3,610,793
Revaluation of property and equipment	6 & 19	-	1,105,000	-	1,105,000
Net surplus for the year before share of results of associates but after non-controlling interest	Page 5	<u>78,007,970</u>	<u>98,406,156</u>	<u>94,395,230</u>	<u>111,168,105</u>
		<u>540,205,294</u>	<u>135,133,831</u>	<u>535,353,164</u>	<u>148,830,460</u>
Benefits payments:					
- Normal Retirement		158,893,347	126,894,008	158,893,347	126,894,008
- Death before Normal Retirement		1,637,569	1,450,215	1,637,569	1,450,215
- Permanent Incapacity		21,844,183	17,803,642	21,844,183	17,803,642
- Pre-Migration Retirement		296,924	472,710	296,924	472,710
- Death after Normal Retirement		-	19,001	-	19,001
- Special Pension Entitlement		246,308		246,308	-
- Surviving Spouse Pension		5,340,390	4,392,227	5,340,390	4,392,227
- Children Pension		2,035,944	1,848,168	2,035,944	1,848,168
- Post-Retirement Surviving Spouse		4,083,443	2,847,743	4,083,443	2,847,743
- Post-Retirement Children Pension		443,384	368,080	443,384	368,080
- Refunds		1,811,556	903,378	1,811,556	903,378
Less:					
- Arrears for Social Security Fund Pension		(9,935,632)	(6,558,482)	(9,935,632)	(6,558,482)
- Social Security Fund Pension		(82,702,794)	(70,415,715)	(82,702,794)	(70,415,715)
		<u>103,994,622</u>	<u>80,024,975</u>	<u>103,994,622</u>	<u>80,024,975</u>
Net increase in assets available for benefits before share of results of associates		<u>641,459,685</u>	<u>238,994,220</u>	<u>636,607,555</u>	<u>252,690,849</u>
Share of results of associates	10	16,942,748	20,009,074	-	-
Net assets available for benefits:					
Balance at January 1,		<u>1,665,294,416</u>	<u>1,406,291,122</u>	<u>1,637,806,709</u>	<u>1,385,115,860</u>
Balance at December 31,		<u><u>2,323,696,849</u></u>	<u><u>1,665,294,416</u></u>	<u><u>2,274,414,264</u></u>	<u><u>1,637,806,709</u></u>

The notes on pages 7 to 35 form an integral part of these financial statements.
Auditor's Report on pages 2 and 2(a).

SEYCHELLES PENSION FUND
INCOME AND EXPENDITURE ACCOUNTS - YEAR ENDED DECEMBER 31, 2015

5.

	Notes	THE GROUP		THE FUND	
		2015	2014	2015	2014
		SR	SR	SR	SR
INCOME					
Interest income	21	50,844,097	23,285,275	50,844,097	23,285,275
Investment income	22	233,873	2,806,369	13,578,784	13,007,521
Rental income	7	74,369,504	52,629,457	74,369,504	52,629,457
Other income		1,798,294	919,636	1,678,192	919,636
Profit on disposal of property and equipment		-	101,932	-	101,932
Profit on sale of investments		52,075	-	52,075	-
Increase in fair value of investment properties	7(a)	73,418,211	89,725,667	73,418,211	89,725,667
		<u>200,716,054</u>	<u>169,468,336</u>	<u>213,940,863</u>	<u>179,669,488</u>
EXPENDITURE					
Interest credited to members	23	51,695,649	32,946,562	51,695,649	32,946,562
Administrative expenses	24	31,207,866	21,271,598	31,189,554	21,246,934
Property management expenses		20,341,435	12,952,199	20,341,435	12,952,199
Depreciation of property and equipment	6	5,595,983	3,536,595	5,595,983	3,536,595
Loss on disposal of property plant and equipment		48,250	-	48,250	-
Amortisation of deposit on lease	8	515,464	515,460	515,464	515,460
Professional fees		570,830	240,000	570,830	240,000
		<u>109,975,477</u>	<u>71,462,414</u>	<u>109,957,165</u>	<u>71,437,750</u>
		<u>90,740,577</u>	<u>98,005,922</u>	<u>103,983,698</u>	<u>108,231,738</u>
(Loss)/Gain on exchange differences		<u>(9,588,468)</u>	<u>2,936,367</u>	<u>(9,588,468)</u>	<u>2,936,367</u>
Share of results of associates	10	<u>81,152,109</u>	<u>100,942,289</u>	<u>94,395,230</u>	<u>111,168,105</u>
		<u>16,942,748</u>	<u>20,009,074</u>	<u>-</u>	<u>-</u>
Surplus for the year		<u>98,094,857</u>	<u>120,951,363</u>	<u>94,395,230</u>	<u>111,168,105</u>
Surplus brought forward		<u>467,696,963</u>	<u>341,752,307</u>	<u>440,847,666</u>	<u>324,686,268</u>
Net Surplus carried forward		<u>565,791,820</u>	<u>462,703,670</u>	<u>535,242,896</u>	<u>435,854,373</u>
<i>Surplus for the year Attributable to:</i>					
The Fund		<u>94,950,718</u>	<u>118,415,233</u>	<u>94,395,230</u>	<u>111,168,105</u>
Non-controlling interest	20	<u>3,144,139</u>	<u>2,536,130</u>	<u>-</u>	<u>-</u>
		<u>98,094,857</u>	<u>120,951,363</u>	<u>94,395,230</u>	<u>111,168,105</u>
<i>Net Surplus carried forward Attributable to:</i>					
The Fund	Page 3	<u>562,647,681</u>	<u>460,167,540</u>	<u>535,242,896</u>	<u>435,854,373</u>
Non-controlling interest	20	<u>3,144,139</u>	<u>2,536,130</u>	<u>-</u>	<u>-</u>
		<u>565,791,820</u>	<u>462,703,670</u>	<u>535,242,896</u>	<u>435,854,373</u>

The notes on pages 7 to 35 form an integral part of these financial statements.
Auditor's Report on pages 2 and 2(a).

SEYCHELLES PENSION FUND
STATEMENTS OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2015

6.

	Notes	THE GROUP		THE FUND	
		2015	2014	2015	2014
		SR	SR	SR	SR
Cash generated from operations					
Net increase in assets available for benefits before share of results of associates	Page 4	641,459,685	238,994,220	636,607,555	252,690,849
Net change in non-controlling interest		2,956,973	(260,586)	-	-
Net cash generated from operations		644,416,658	238,733,634	636,607,555	252,690,849
<i>Adjustments for:</i>					
Depreciation of property and equipment	6	5,595,983	3,536,595	5,595,983	3,536,595
Amortisation of deposit on lease	8	515,464	515,460	515,464	515,460
Profit on disposal of property and equipment		-	(101,932)	-	(101,932)
Loss on disposal/transfer of property Plant & equipment		48,250	-	48,250	-
Profit on sale of investments		(52,075)	-	(52,075)	-
Retirement benefit obligations		342,639	1,608,005	342,639	1,608,005
Revaluation of property and equipment	6	-	(1,105,000)	-	(1,105,000)
Effect of foreign exchange in financial assets		(1,824,566)	-	(2,658,939)	-
Fair value gains on investment properties	7(a)	(73,418,211)	(89,725,667)	(73,418,211)	(89,725,667)
Net change in fair value on financial assets	11(a&b)	1,675,643	(2,676,113)	1,675,642	(3,610,793)
Interest receivable	21	(50,844,097)	(23,285,275)	(50,844,097)	(23,285,275)
Interest accrued	11(a&b)	-	(652,964)	-	(652,964)
Dividend income	22	(233,873)	(2,806,369)	(13,578,784)	(13,007,521)
Effect of change in exchange rates		9,588,468	(2,936,367)	9,588,468	(2,936,367)
		535,810,283	121,104,007	513,821,895	123,925,390
<i>Changes in working capital:</i>					
-Decrease/(increase) in receivables and prepayments		59,818,613	(84,894,239)	60,199,195	(84,894,239)
-(Decrease)/Increase in payables and accruals		(7,496,200)	10,455,896	(7,227,896)	10,192,692
Net cash inflow from operations		588,132,696	46,665,664	566,793,194	49,223,843

The notes on pages 7 to 35 form an integral part of these financial statements.
Auditor's Report on pages 2 and 2(a).

SEYCHELLES PENSION FUND
STATEMENTS OF CASH FLOWS (CONT'D) - YEAR ENDED DECEMBER 31, 2015

6(a).

	Notes	THE GROUP		THE FUND	
		2015	2014	2015	2014
		SR	SR	SR	SR
Cash flows from investing activities					
Purchase of property and equipment	6	(26,022,326)	(4,128,070)	(26,022,326)	(4,128,070)
Purchase of investment properties	7	(338,076,894)	(44,512,494)	(338,076,894)	(44,512,494)
Proceeds from disposal of property and equipment		23,744	130,000	23,744	130,000
Loan to subsidiary		-	-	(857,254)	-
Purchase of financial assets	11(a&b)	(659,947,666)	(517,695,814)	(644,780,768)	(519,651,384)
Investment in associates adjusted	10 & 11(a)	6,270,270	(1,955,570)	-	-
Proceeds from redemption of financial assets	11(a&b)	439,452,417	393,054,189	439,452,417	393,054,189
Interest received	21	50,844,097	23,285,275	50,844,097	23,285,275
Dividend received	22	233,873	15,571,036	13,578,784	13,007,521
Net cash outflow from investing activities		(527,222,486)	(136,251,448)	(505,838,200)	(138,814,963)
Net (decrease)/increase in cash and cash equivalents		60,910,211	(89,585,784)	60,954,994	(89,591,120)
Effect of change in exchange rates		(9,588,468)	2,936,367	(9,588,468)	2,936,367
Cash and cash equivalents at January 1,		67,078,743	153,728,160	66,725,189	153,379,942
Cash and cash equivalents at December 31,	25	118,400,486	67,078,743	118,091,715	66,725,189

The notes on pages 7 to 35 form an integral part of these financial statements.
Auditor's Report on pages 2 and 2(a).

1. GENERAL INFORMATION

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

A description of the Pension Fund and its funding policy is detailed under note 3. Pension contribution by both employee and employer was 2% each in 2015 (in total is 4%) (2014: 2% each).

The latest actuarial report dated December 31, 2013. The report details the significant actuarial assumptions, the actuarial present value of promised retirement benefits and methods used to calculate the present value are available to members upon written request, at the Fund's registered office. The next actuarial valuation will be carried out in 2016.

Investments of the Pension Fund as required by Part VII of the "Seychelles Pension Fund Act, 2005" are disclosed in notes 9, 10 and 11.

These financial statements will be laid before the National Assembly and published in the official Gazette in accordance with Section 55 of the Seychelles Pension Fund Act, 2005.

2. PRINCIPAL ACCOUNTING POLICIES

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

(a) (i) Basis of preparation

The consolidated financial statements of Seychelles Pension Fund Group comply with the "Seychelles Pension Fund Act, 2005" and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention, except:

- (i) Land and buildings are at revalued amounts;
- (ii) Investment properties are stated at fair value;
- (iii) Available-for-sale financial assets are stated at their fair values; and
- (iv) Held-to-maturity financial assets and relevant financial assets and financial liabilities are carried at amortised cost.

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

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at December 31, 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ii) Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(iii) *Standards, amendments to published standards and interpretations effective in the reporting period*

The nature and effect of the amendments of each new standard or amendment is described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010-2012 cycle

With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- performance condition must contain a service condition
- performance target must be met while the counterparty is rendering service
- performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This amendment does not have any impact on the Group as the group does not offer share based options.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(iii) Standards, amendments to published standards and interpretations effective in the reporting period (continued)

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group's current accounting policy and, thus, this amendment did not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The amendment has no impact on the group.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the revaluation adjustments recorded by the Group during the current period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and they include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

Seychelles Pension Fund Group is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(iii) Standards, amendments to published standards and interpretations effective in the reporting period (continued)

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment did not impact the accounting policy of the Group.

(iv) Standards, Amendments to published Standard and Interpretations issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Fund's financial statements are listed below. This listing is of standards and interpretations issued, which will be applicable at a future date. The Group has not early adopted these standards. They include:

IFRS 9 Financial instruments

Classification and measurement of financial assets

The standard state that all financial assets are measured at fair value on initial recognition, adjusted for transaction cost, if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15 and lease receivables under IAS 17 Leases.

Early application is permitted for reporting periods beginning after the issue of IFRS 9 on 24 July 2014 by applying all of the requirements in this standard at the same time. Alternatively, entities may elect to early apply only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL without applying the other requirements in the standard. The amendment will have no impact on the group.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(iv) *Standards, Amendments to published Standard and Interpretations issued but not yet effective (continued)*

Amendments to IFRS 10, IFRS 12 and IAS 28 - Applying the consolidation exception

The amendments to IFRS 10 clarify that the exemption in paragraph 4 of IFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The amendments are effective from 1 January 2016 and must be applied prospectively. Early adoption permitted. The amendment will have no impact on the group.

Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

In August 2015, the IASB has postponed the effective date of Amendments to IFRS 10 and IAS 28 proposing to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. The amendments must be applied prospectively. Early application is permitted and must be disclosed. The amendment will have no impact on the group.

IFRS 15 Revenue from contracts with customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted and must be disclosed. The amendment is expected to have an impact on the Fund's rental revenue recognition policy.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not re-measured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendment will have no impact on the group.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(iv) *Standards, Amendments to published Standard and Interpretations issued but not yet effective (continued)*

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendment will have no impact on the group.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. The amendment will have no impact on the group.

Annual Improvements to IFRSs 2012-2014 Cycle.

These improvements are effective for annual reporting periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively. The amendment will have no impact on the group.

IFRS 7 Financial Instruments: Disclosures

Servicing contracts

▶ This is an improvement arising from the IASB's Annual Improvements Project, effective 1 January 2016. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.

▶ The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendment.

Applicability of the offsetting disclosures to condensed interim financial statements

▶ The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.

▶ The amendment must be applied retrospectively.

The amendment will have no impact on the group.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(v) *Standards, Amendments to published Standard and Interpretations issued but not yet effective (continued)*

Annual Improvements to IFRSs 2012-2014 Cycle (continued)

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively. The amendment will have no impact on the group.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. The amendment will have no impact on the group.

Where relevant, the Group is still evaluating the effect of these Standards, amendments to published Standards and interpretations issued but yet effective, on the presentations issued but not yet effective, on the presentation of its financial statements.

(b) **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 bi-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 the Group 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 assets available for benefits. Decreases that offset previous increases of the same asset are charged against revaluation surplus in the statements of assets available for benefits directly; all other decreases are charged to the income and Expenditure Accounts.

When a revalued asset is disposed of, any revaluation surplus may be transferred directly to retained earnings, or it may be left in equity under the heading other reserve (revaluation surplus). The transfer to retained earnings should not be made through the Income and expenditure statement so as to prevent 'recycling'.

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

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Property and equipment (continued)

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.

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.

(c) Investment properties

Properties held to earn rentals/or for capital appreciation or both are classified as investment properties. Investment properties are carried at fair value, representing open-market value determined bi-annually by external valuers and subject to yearly reviews by the 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.

(d) Investment in subsidiary

Separate financial statements of the Fund

Investment in subsidiary is carried at cost. The carrying amount is reduced to recognize any impairment in the value of individual investments.

Consolidated financial statements

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when it is exposed to or has rights to variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for acquisition of subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequent to acquisition, the carrying amount of non-controlling interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income and expenditure account.

Inter-entity transactions, balances and unrealized gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Investment in subsidiary (continued)

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial assets. In addition, any amounts previously recognized in the other comprehensive income are reclassified to the income and expenditure account.

(e) Investment in associates

Separate financial statements of the Funds

In the separate financial statements of the investor, investments in associated companies are carried at cost. The carrying amount is reduced to recognize any impairment in the value of individual investments.

Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method except when classified as held-for-sale. Investments in associates are initially recognized at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

Any excess of the cost of the acquisition and the Group's share the net fair value of the associate's identifiable assets and liabilities recognized at the date of acquisition is recognized as goodwill which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

When the Group's share or losses exceeds its interest in an associate, the Group discontinues recognizing further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized is reclassified to the income and expenditure account as appropriate.

(f) Financial assets

The Group classifies its financial assets into the following categories: held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the investments at initial recognition and re-evaluates this at every reporting date.

3. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (Continued)

(i) *Held-to-maturity*

Held-to-maturity investments are non-derivatives financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are recognized initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised costs using the effective interest method less any impairment.

(ii) *Available-for-sale-financial assets*

Available-for-sale financial assets are non-derivative that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months to the end of the reporting period.

(iii) *Loans and receivable*

Loans and receivables are non-derivatives financial assets with fixed or determinable payments that are not quoted in an active market. They are recognized initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised costs using the effective interest method less any impairment.

Recognition and measurement

Purchases and sales of available-for-sale financial assets are recognized on trade-date (or settlement date), the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at their values.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognized in equity. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income and expenditure account as gains and losses on financial asset.

(ii) *Available-for-sale-financial assets (Continued)*

Derecognition

Available-for-sale financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

The Group assess at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for financial assets, the cumulative loss measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in equity is removed from equity and recognized in the statement of Income and expenditure.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(g) Contributions receivable

Contributions receivable are recognized when due. Contributions receivable are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

(h) Benefits payable

Benefits payable are accounted for when they fall due in accordance with the rules of the Fund.

(i) 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 when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

(j) 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.

(k) Foreign currencies

Functional and presentation currency

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

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, is 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 other reserve in equity.

(l) 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).

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(m) Leases

Leases where a significant portion of risks and rewards of ownership are retained by lessor are classified as operating leases. Lease rental charges are charged to the Income and Expenditure Account on a straight-line-basis over the period over the period of lease. The amount paid at inception by the Fund to acquire lease interest on land has been capitalized and accounted as deposit on leasehold land and depreciated over the lease term.

(n) Interest and income

Revenue after eliminating revenue within the Group comprises:

- (i) Interest income on a time-portion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income. Interest income on impair loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant;
- (ii) Dividend income - when the shareholder's right to receive payment is established; and
- (iii) Rental income - as it accrues based on the terms of the rental contract.

(o) Retirement benefit obligations

As per the Employment Act of Seychelles, retirement benefit obligation is only paid to employees retiring after five years of continued service. This type of benefit has characteristic of a jubilee benefit. The entitlement to jubilee benefits is usually conditional on the employee remaining in service up to retirement age 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.

(p) Tax

The Fund is exempt from tax.

(q) Provisions

Provisions are recognised when the Group 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.

3. DESCRIPTION OF THE PENSION FUND AND FUNDING POLICY

(a) The Fund

The Seychelles Pension Scheme was established under the Seychelles Pension Scheme Act, 1990, CAP 220 and commenced with effect on 1 January 1991. In August 2005, the Seychelles Pension Scheme Act, 1990 was repealed and it was replaced by the Seychelles Pension Act, 2005 under which the body was renamed as Seychelles Pension Fund.

The Fund is under the administration of the Board made up of twelve (12) trustees (2014: twelve (12)).

3. DESCRIPTION OF THE PENSION FUND AND FUNDING POLICY (CONTINUED)**(a) The Fund (CONTINUED)**

The Fund is a defined benefit scheme which accumulates funds to build up reserve for the payment of pension to its members. The principal activities of the Fund comprise of providing financial security to the retiring members which include payment of accumulated contributions, monthly pension to the members, financial security to the dependents of the deceased members and other benefits under various schemes as fully described in Part II, Section 4 of the Act and applicable Regulations. Membership is mandatory for every worker who is a citizen of Seychelles. A self-employed person or other citizen of Seychelles can become a member of the Fund and pay contributions.

(b) Funding policy

The main source of fund comes from the members' contribution. Pension contribution by both employee and employer was 2% each in 2015 (in total is 4%)

The overriding principle of the funding policy is that investment must yield maximum returns to strengthen the financial position of the Fund to be able to meet its objectives. Funds which are not required for current benefit payments or administration expenses must be invested to provide return to assist in sustaining the Fund in the medium to long-term.

The main objective of the funding policy is to invest the assets so as to ensure that the Fund will always be able to meet its obligations to its members, without any increase to current contribution rates. Subject to this primary objective, the Board of Trustee aims to optimize returns to its members so as to protect their purchasing power against price inflation. Contribution rates and interest payable decisions are determined by the Minister upon recommendation of the Board.

Investments are in bank deposits, treasury bills and bonds, shares, commercial, resident and industrial properties, provided the Board is satisfied that there is sufficient security.

(c) Valuation of the Fund

Under Section 55 of the Seychelles Pension Fund Act 2005, the Board is required to make an actuarial investigation of its assets and liabilities at intervals of not more than 3 years. The latest actuarial review report was at December 31, 2013.

Based on the existing total contribution of 4% of earnings effective January 1, 2014, the fund is in no immediate financial difficulties and will continue to grow until around 2023 at which time it will represent almost 6 times the pension outgo. However, the current rate of contribution of 4% of earnings will not be sufficient to fund members' pensions which based on the World Bank assumptions for future population growth indicates that the long term rate might be at least 9% to 9.5% of earnings.

4. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial and non-financial risks. A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Investment risk

The Various risks directly linked to the investments constitute by far the main threat to the Fund's activities. Sustained poor performance would lead to returns to members and ultimately to benefit reduction or to increased employer contributions. Traditionally the contributions are fixed according to pre-established rates. In general, therefore, the option to increase contributions is to be considered as a risk measure of last resort and the Fund prefers a prudent approach to asset management that is likely to generate moderate, regular returns. The primary control measure is the regular appraisal of the Fund's assets and investment strategy by the Board of Trustee upon the advice of the Actuary and other external advisors as appropriate.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following types of investment risk can be justified:

(i) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investments in financial assets with floating interest rates.

(a) **Investment risk (Continued)**

(i) *Interest rate risk (Continued)*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant of the Funds interest bearing financial assets.

	<1 year	1-3 years	> 3 years	Non-interest bearing	Total
<u>At December 31, 2015</u>					
Assets					
cash & cash equivalent	1,066,954	-	-	117,024,761	118,091,715
Investment in financial assets	421,063,206	30,151,644	191,241,642	108,229,119	750,685,611
Loans to subsidiary	-	-	-	6,270,270	6,270,270
Receivables	-	-	-	75,777,508	75,777,508
	<u>422,130,160</u>	<u>30,151,644</u>	<u>191,241,642</u>	<u>307,301,658</u>	<u>950,825,104</u>
Liabilities					
Other payables	-	-	-	17,309,140.00	17,309,140

The sensitivity of the profit or loss and equity is the effect of the assumed changes in the interest rates on the net interest income for one year, based on the floating rate financial assets and financial liabilities held at December 31, 2015.

Change in basis points	2015	
	Effect on surplus before equity	Effect on other comprehensive income
	SR	SR
+10	13,101	-
-10	(13,101)	-

(ii) *Market risk*

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, price and foreign exchange rates. The fund faces the risk that a sudden fall in asset values will restricts the Fund's ability to pay benefits.

There are several ways in which the Fund 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 the Fund should not need to realize potentially volatile assets when their values are depressed.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Market risk (continued)

(a) Price risk (continued)

The Fund investments in quoted instruments are susceptible to market price arising from uncertainties about future values of the instruments. The Fund has engaged a portfolio manager to ensure minimum exposure to price risk. Monthly reports are received from the portfolio manager.

At the reporting date the exposure to listed investment at fair value was SR 113,478,932. The table below summarises the impact of increases/decreases in fair value of the investments on the fund's fair value of financial assets. The analysis is based on the assumption that the fair value had increased/decreased by 5%.

	Change in year end price	Effect on equity
		SR
2015	+5%	119,152,879
	-5%	107,804,985
2014	+5%	79,793,473
	-5%	72,194,095

(a) Currency risk

Currency risk is defined as the risk that movement in foreign exchange rates adversely affect the value of the Fund's Investments in financial assets. The Fund's activities are not exposed to currency risk. However, the Fund requires foreign exchange for developing its investment policies 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. The Fund's portfolio in key holdings yielded lower returns in 2015 compared to 2014.

Concentration of assets and Liabilities by currency

<u>At December 31, 2015</u>	<u>SR</u>	<u>MUR</u>	<u>USD</u>	<u>Total</u>
Assets				
Investment in financial assets	606,375,385	24,246,093	120,064,133	750,685,611
Loan to subsidiary	6,270,270	-	-	6,270,270
Receivables	53,682,831	-	217,880	53,900,711
Cash and cash equivalents	73,085,581	1,066,954	43,939,180	118,091,715
	<u>739,414,067</u>	<u>25,313,047</u>	<u>164,221,193</u>	<u>928,948,307</u>
Liabilities				
Other payables	17,309,140	-	-	17,309,140

The following table demonstrate the sensitivity of the Fund's surplus and equity, to a realistically possible change in the MUR and USD foreign currency exchange rates with all other variables held constant.

	Increase/ Decrease in Rates	Effect on PBT
	%	SR'000
2015 United States Dollars	5%	8,211
Mauritian Ruppes	5%	1,266

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Investment risk (Continued)

(iii) Liquidity risk

The risk that cash flow requirements will force the Fund 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).

The fund 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 the fund to take appropriate actions.

The Fund 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 the Fund 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 the Fund's liquidity reserve on the basis of expected cash flow and does not foresee any major liquidity risk over the short to medium term.

(iv) Credit risk

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

The risk is minimize by the fact that contributions or a possible default by a tenant.

The risk is minimised by the fact that contribution to the Fund by active workers are mandatory and contributions are deducted directly from employees' salaries and remitted to the Fund. There is no history of material bad debts. The Fund has established procedures to ensure that rental agreements are made with tenants with an appropriate credit history and therefore risks of bad debts is considered to be low.

(v) 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 assessment prior to appointment, and to regular appraisal thereafter,
- Overseas fund managers are generally large, well-established organisations with sound reputations and track records,
- The Fund seeks independent professional advice on overseas fund managers
- There is presently only one fund manager with whom the Fund has entrusted with investing in Mauritian market,
- The fund manager provides regular reports to the Fund based on an established investment policy.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Economic risk

This corresponds to the risk that external economic events (other than those specifically related to investments) will weaken the Fund'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 the Fund 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 does pursue of 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 be necessarily be a problem for the Fund if it was accompanied by compensatory increase in one could not necessarily always count on the alignment of inflation and yields.

The Fund 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, the Fund demands a significant yield compensation for inflation risk on long term instruments.

(c) Operational risk

The risk that the Fund may incur financial losses due to negligence or fraud

Operational risk is, however, remote since the company'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.

There is also an internal audit department who assesses the existing situation and reinforce any shortfalls that could come across.

(d) Legal risk

The risk that the Fund commits an act that is subsequently deemed illegal and would be subject to penalty.

This risk is somewhat limited since the Fund is governed principally under a single, clear piece of legislation: The "Seychelles Pension Act, 2005". All the activities of the Fund are regulated by the Act, and the Fund are regulated by the Trustees is accountable to the Minister of Finance and the National Assembly.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Disaster recovery risk

The risk that a disaster wipes out the Fund'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 disks must be scanned on this machine prior to contact with the network. The presence of an IT Officer adds to the security of the back-ups of electronic information.

As to the risk to the Fund 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 the Fund.

(f) Reputational risk

The risk that some act of the Fund be badly perceived by the public, thus damaging the Fund's capacity to operate.

It is to be hoped that the Fund's corporate governance framework will protect it from this risk. Although reputation is a fragile quality, the Fund has established a sound reputation, and has promoted transparency in its dealings with members, notably via the dissemination of explanatory literature and through the clarity and completeness of its annual report and financial statements.

The Fund 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.)

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

The Group 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) Held-to-maturity investments

The Group follows the guidance of International accounting Standard (IAS) 39 - "Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity.

If the Group fails to keep these investments to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices. The fair value of investment properties and property, plant and equipment are based on open market with existing tenancies.

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments, investment properties and property and equipment 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

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of their value hierarchy:

	Level 1	Level 2	Level 3	THE GROUP Total
<u>At December 31, 2015</u>				
Available-for-sale	126,200,741			126,200,741
Investment property		1,197,182,770		1,197,182,770
Property		18,916,202		18,916,202
	Level 1	Level 2	Level 3	THE FUND Total
<u>At December 31, 2015</u>				
Available-for-sale	113,478,932			113,478,932
Investment property		1,197,182,770		1,197,182,770
Property		18,916,202		18,916,202

(b) Retirement benefit obligations

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

6. PROPERTY AND EQUIPMENT - THE GROUP AND THE FUND

(a) December 31, 2015

	Freehold land		Buildings on leasehold land and improvements		Equipment		Furniture and fittings		Motor vehicles		Total	
	SR		SR		SR		SR		SR		SR	
COST AND VALUATION												
At January 1, 2015	3,678,856		31,390,989		9,782,212		8,477,001		1,415,810		54,744,868	
Additions	-		-		3,694,225		21,199,258		1,128,844		26,022,326	
Revaluation (note 19)	-		-		-		-		-		-	
Transfer	-		-		(98,714)		(396,759)		-		(495,472)	
Disposals	-		-		(173,359)		(119,536)		-		(292,896)	
Transfers to investment properties (note 7)	(3,678,856)		(12,474,787)		-		-		-		(16,153,642)	
At December 31, 2015			18,916,202		13,204,364		29,159,964		2,544,654		63,825,184	
Analysed as:												
- Cost	-		17,196,543		13,204,364		29,159,964		2,544,654		62,105,525	
- Valuation	-		1,719,660		-		-		-		1,719,660	
DEPRECIATION												
At January 1, 2015	-		15,334,590		4,014,445		1,876,346		653,182		21,878,563	
Charge for the year	-		2,092,737		1,284,794		2,041,770		397,585		5,816,886	
Disposal adjustments	-		-		(170,351)		(50,551)		-		(220,902)	
Transfers to investment properties (note 7)	-		(5,533,374)		-		-		-		(5,533,374)	
Transfer	-		-		(74,866)		(164,405)		-		(239,271)	
At December 31, 2015			11,893,953		5,054,022		3,703,159		1,050,767		21,701,901	
NET BOOK VALUE												
At December 31, 2015			7,022,250		8,150,342		25,456,805		1,493,887		42,123,283	

(b) The Board is of the opinion that the fair value of property and equipment at December 31, 2015 does not differ materially from their carrying amounts.

6. PROPERTY AND EQUIPEMENT - THE GROUP AND THE FUND (CONT'D)

- (e) The land and buildings were valued at December 31, 2014 by independent valuers. The revaluation surplus was credited to revaluation reserve (note 19).
- (f) The fair value of land and buildings fall within category level 3 of the fair value hierarchy. No changes noted during the year.
- (g) The fair value of freehold land ranged between SR 3,000 to SR 11,000 per square metre for the properties transferred from SSF investment Fund.

7. INVESTMENT PROPERTIES

(a) Fair value	THE FUND	
	2015	2014
	SR	SR
At January 1,	775,067,397	640,633,201
Addition - Work in progress	338,076,894	44,512,494
Increase in fair value	73,418,211	89,725,667
Net transfer from property and equipment (note 6 (a))	10,620,268	196,035
At December 31,	1,197,182,770	775,067,397

- (b) The value of the investment properties is subject to reviews every two years and the last one was carried out at December 31, 2014 by Messr. Baseline Surveys & Co. (Pty) Ltd, Hubert Alton and Lester J.W Quatre & Co, independent professionally qualified valuers, on an open-market basis with existing tenancies. There has been no change to the valuation technique during the year. In 2015, properties transferred from SSF Investment Fund were revalued by independent professional qualified valuers.

The next valuation is expected to be performed in 2016. The Board of Trustees are of the opinion that the carrying amounts on Investment Properties approximate their fair values at the end of the reporting period.

- (c) The fair value of the properties has been valued by external valuers and fall within category level 3 of the fair value hierarchy. No changes noted during the year.
- (d) If Investment properties had been carried at cost less accumulated depreciation, the carrying amount would have been as follows:

	2015		2014	
	Land	Building	Total	Total
Cost	51,375,419	594,639,895	646,015,314	381,217,734
Accumulated depreciation	-	(30,223,209)	(30,223,209)	(18,330,411)
Net book value	51,375,419	564,416,686	615,792,105	362,887,323

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

	THE GROUP AND THE FUND	
	2015	2014
	SR	SR
Rental income	74,369,504	52,629,457
Direct operating expenses generating rental income	(20,341,435)	(12,952,199)
Profit arising from investment property	54,028,069	39,677,258

- (f) As at December 31, 2015, several Investment properties under construction are carried at cost SR 338m (2014: SR 44.5m) because their fair values could not be reliably measured.

8. DEPOSIT ON LEASEHOLD LAND

(a) Properties from Mascareignes Properties Limited are on leasehold land. The initial deposit on the lease amounting to SR 50 million is being amortised over the term of lease, i.e., 97 years and the movement is as follows:

	THE GROUP AND THE FUND	
	2015	2014
Cost		
At January 1 and December 31,	50,000,000	50,000,000
Amortisation		
At January 1,	4,768,004	4,252,544
- Prior year adjustment	37	-
Charge for the year	515,464	515,460
At December 31,	5,283,505	4,768,004
Net Book Value		
At December 31,	44,716,495	45,231,996

9. INVESTMENT IN SUBSIDIARY

	THE FUND
	2015 & 2014
	SR
Cost	
At January 1, and December 31,	5,100

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

	2015 & 2014
Class of shares held:	Ordinary
Year end:	December 31,
Proportion of ownership interest and voting power held (direct):	51%
Country of incorporation and residence:	Seychelles
Activity:	Investment holding

SEYCHELLES PENSION FUND
STATEMENTS OF ASSETS AVAILABLE FOR BENEFITS - DECEMBER 31, 2015

27.

9. INVESTMENT IN SUBSIDIARY

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

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

Year	Name of Company	Current assets SR'000	Non-current assets SR'000	Current liabilities SR'000	Non-current liabilities SR'000	Revenue SR'000	Profit for the year and other comprehensive income SR'000	Total comprehensive income for the year SR'000
2015	OICL	689	12,277	-	-	6,435	6,417	6,417
2014	OICL	354	10,624	263	-	5,200	5,176	5,176

(ii) Summarised cash flow information:

Year	Name of Company	Operating activities SR'000	Investing activities SR'000	Financing activities SR'000	Net change in cash and cash equivalents SR'000
2015	OICL	6,273	-	(6,285)	12
2014	OICL	5,176	-	(5,170)	6

10. INVESTMENT IN ASSOCIATES

(a) THE FUND - AT COST

At January 1, and December 31,

2015 and 2014
SR
59,662,908

(b) THE GROUP

2015

2014

SR	SR
100,494,512	91,294,535
6,270,270	-
16,942,748	1,955,570
(13,374,912)	20,009,074
110,332,618	(12,764,667)
100,494,512	100,494,512

SEYCHELLES PENSION FUND
STATEMENTS OF ASSETS AVAILABLE FOR BENEFITS - DECEMBER 31, 2015

28.

10. INVESTMENT IN ASSOCIATES (CONTINUED)

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

Name	Principal activity	SR'000		Profit	Proportion of ownership interest and voting rights	
		Assets	Liabilities		(Direct)	(Indirect)
At December 31, 2015						
	Beverage manufacturing	411,748	117,994	233,435	48,435	26
Seychelles Breweries Ltd				148,688	21,533	1.33
SACOS Group Limited	Insurance	682,171	520,914			37.77
At December 31, 2014						
	Beverage manufacturing	385,047	111,005	474,891	71,731	26
Seychelles Breweries Ltd				152,600	21,736	1.33
SACOS Group Limited	Insurance	648,866	500,004			18.87

(d) Investment in associates are accounted for using the equity method.

(e) The financial year-end date of Seychelles Breweries Ltd is 30th June. For the purposes of applying the equity method of accounting, the audited financial statements of Seychelles Breweries Ltd for the year ended June 30, 2015 has been used and adjusted for significant transactions between that date and December 31, 2015 based on management's financial reports.

(f) At December 31, 2015, the fair value of the Fund's interest in SACOS Group Limited which is listed on Trop-X, the Stock Exchange of Seychelles, was SR 140 per share (2014: SR 115) based on the quoted market price available, which is a level 1 input in terms of IFRS 13. Seychelles Breweries Ltd is a private company and there is no quoted market price available for its shares.

(g) As at 31st December 2015, SPF holds 20.59% shares in SACOS in total of which, 1.33% is SPF alone and 19.26% through OICL. OICL holds 37.77% shares in total at SACOS. SPF and SWAN are represented by two directors respectively in OICL.

11. INVESTMENT IN FINANCIAL ASSETS

(a) THE GROUP

(i) The movement in investments on financial assets may be summarised as follows:

	Money markets	Held-to-Maturity	Available-for-sale	2015	2014
	SR	SR	SR	Total	Total
At January 1,	256,608,686	211,242,278	73,103,534	540,954,498	412,983,796
Addition	421,935,394	182,130,762	55,881,510	659,947,666	519,651,384
Transfer to associate (note 10)	-	-	-	-	(1,955,570)
(Decrease) / increase in fair value (note 19)	-	-	(1,675,643)	(1,675,643)	2,676,113
Redemptions/Disposals (Loss)/Gain on foreign exchange	(323,797,603)	(115,635,000)	(19,814)	(439,452,417)	(393,054,189)
Accrued interests	(519,526)	(1,074,922)	(1,088,846)	(2,683,294)	-
	-	5,871,447	-	5,871,447	652,964
At December 31,	354,226,951	282,534,566	126,200,741	762,962,258	540,954,498

Analysed as follows:

Non-current	230,516,561	193,506,551
Current	532,445,698	347,447,947
	762,962,259	540,954,498

(b) THE FUND

	Money markets	Held-to-Maturity	Available-for-sale	2015	2014
	SR	SR	SR	Total	Total
At January 1,	256,608,686	211,242,278	75,993,784	543,844,748	412,983,796
Addition	421,935,394	182,130,762	40,714,612	644,780,768	519,651,384
(Decrease) / increase in fair value (note 18)	-	445,161	(2,120,804)	(1,675,642)	3,610,793
Redemptions/ Disposals (Loss)/Gain on foreign exchange	(323,797,603)	(115,635,000)	(19,814)	(439,452,417)	(393,054,189)
Accrued interests	(519,526)	(1,074,922)	(1,088,846)	(2,683,294)	-
	-	5,871,447	-	5,871,447	652,964
At December 31,	354,226,951	282,979,727	113,478,932	750,685,611	543,844,748

Analysed as follows:

Non-current	230,516,561	196,396,801
Current	520,169,050	347,447,947
	750,685,611	543,844,748

11. INVESTMENT IN FINANCIAL ASSETS (CONTINUED)

- (c) Investments in money markets represent term deposits with banks with interest rates ranging from 1.12% (for USD account) and 5% to 10% (on local currency account) per annum (2014: 2% to 10.5%).
- (d) Held-to-maturity investments comprise treasury bonds with interest rates ranging from 4% to 7.50% per annum (2014 : 4% to 8%) and treasury bills from 5.82% to 11.21% per annum (2014 : 4.76% to 13.04%) maturity dates from (2014: May 3, 2015 to September 24,
- (e) Available-for-sale investments comprise foreign securities listed on overseas stock markets and an unquoted investment in a foreign bank. Hierarchy of fair value levels is detailed under note 5 (d).
- (f) None of the financial assets are either past due or impaired.
- (g) Investments in financial assets are denominated in the following currencies:

	THE GROUP	THE FUND	THE GROUP	THE FUND
	2015 SR	2015 SR	2014 SR	2014 SR
Seychelles Rupee	618,652,032	606,375,384	434,890,489	437,780,739
Mauritian Rupee	17,461,540	17,461,540	28,378,359	28,378,359
US Dollar	126,848,687	126,848,687	77,685,650	77,385,650
	<u>762,962,259</u>	<u>750,685,611</u>	<u>540,954,498</u>	<u>543,544,748</u>

12. LOAN TO SUBSIDIARY

	THE FUND	
	2015 SR	2014 SR
At December 31,	<u>6,270,270</u>	<u>5,413,016</u>

- (a) The loan to subsidiary company is unsecured, interest free with no fixed repayment terms.
- (b) The carrying amounts of the loan has been assumed to approximate its fair value.
- (c) The loan is denominated in Seychelles Rupee.

13. RECEIVABLES AND PREPAYMENTS

	THE GROUP		THE FUND	
	2015 SR	2014 SR	2015 SR	2014 SR
Contributions receivables from members	15,509,927	14,761,462	15,509,927	14,761,462
Amount receivable from the Government of Seychelles	12,013,669	8,059,507	12,013,669	8,059,507
Interest receivable	14,353,309	5,660,596	14,353,309	5,660,596
Rental income receivable	6,764,032	4,876,292	6,764,032	4,876,292
Advance payment on capital projects	20,965,786	98,007,579	20,965,786	98,007,579
Prepayments	911,011	528,649	911,011	528,649
Other receivables	5,640,356	4,082,618	5,259,774	4,082,618
	<u>76,158,090</u>	<u>135,976,703</u>	<u>75,777,508</u>	<u>135,976,703</u>

- (a) The carrying amount of trade and other receivables are denominated in Seychelles rupees and approximate their fair value.
- (b) None of the above receivables and prepayments were past due or impaired and the Board of Trustees are of the opinion that no provision for credit impairment is required.
- (c) The Group does not hold any collateral as security.

14. OTHER PAYABLES

	THE GROUP		THE FUND	
	2015 SR	2014 SR	2015 SR	2014 SR
Rental deposits	9,147,461	6,494,989	9,147,461	6,494,989
Advance on rent	1,394,682	383,448	1,394,682	383,448
Interest received in advance	-	5,740,762	-	5,740,762
Accrued expenses	2,485,672	1,146,600	2,485,672	878,296
Retention payable	4,281,326	11,039,541	4,281,326	11,039,541
	<u>17,309,140</u>	<u>24,805,340</u>	<u>17,309,140</u>	<u>24,537,036</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.

15. 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:

Present value of unfunded obligation

THE GROUP AND THE FUND	
2015	2014
SR	SR
2,792,256	2,449,617

(ii) Amount recognised in the statement of comprehensive income:

Current service cost
Interest cost
Settlement loss
Actuarial gains

THE GROUP AND THE FUND	
2015	2014
SR	SR
668,278	1,802,331
174,986	-
(11,108)	-
278,856	-
1,111,012	1,802,331

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

At January 01,
Total expenses as above
Settlement Cost
At December 31,

THE GROUP AND THE FUND	
2015	2014
SR	SR
2,449,617	841,612
1,111,012	1,802,331
(768,373)	(194,326)
2,792,256	2,449,617

(iv) The principal actuarial assumptions used were as follows:

Discount rate
Future salary increases
Years liability fall due
% of liability to fall due after 25 years

THE GROUP AND THE FUND	
2015	2014
%/year old	%/year old
6.41	6.79
8%	8%
25	25
100%	100%

The figure of 8% used to calculate future salary increases in no way commits the Company to such increase in salary and has been used for calculation purposes only.

16. MEMBERS' FUND

Up to the year 2005, Member's Fund represents the balance of fund due to members who have not attained retirement age. However, with the introduction of the Seychelles Pension Fund Act 2005 which came into effect from January 1, 2006, new benefits were introduced to the members including monthly payment of pension if the members meet the eligibility criteria set under the new Act and Regulations.

The Members' Fund balances up to December 31, 2015 are reduced with the new benefits paid under the new scheme. The Members' Fund also includes accumulated balance of members who have reached the retirement age and are eligible for monthly pension. However, the accounts of the retirees should have been separated from the active members fund and reflected in the other fund created for this purpose.

17. OTHER FUNDS

Contributions from Social Security Division (note (a) below)
Payments made for Social Security Pension

THE GROUP AND THE FUND	
2015	2014
SR	SR
423,649,081	331,010,655
(411,945,146)	(319,306,720)
11,703,935	11,703,935

Receipts from National Provident Fund (note (b) below)
SSF Investment Funds transferred to SPF
SPF contribution from Govt (note (c) below)

71,215,276	71,215,276
333,452,765	-
43,489,567	43,489,567
459,861,543	126,408,778

At December 31,

17. OTHER FUNDS (CONTINUED)

- (a) Under the new scheme of benefits payable to the members, the Social Security Fund refunds the whole of the social security pension to the Seychelles Pension Fund for payment of Social Security and Benefits to the members eligible for monthly pension.
- (b) 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.
- (c) The SPF contribution from Government of Seychelles are funds received on the gross salary of members. None were received during the year under review (2014: Nil).

18. RESERVE FUND

THE GROUP
 AND THE FUND
 2015 & 2014

SR

At January 1, and December 31,

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 2005 was 30% of the difference between the interest earned by the Fund and the interest paid to the members as there was no immediate need to do so.

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

19. OTHER RESERVE

(a) THE GROUP

	2015			2014	
	Revaluation reserve	Fair value reserve	Other reserves	Total	
	SR	SR	SR	SR	SR
At January 1,	24,500,007	7,080,912	-	31,580,919	24,864,441
Net change in revaluation reserve	52,491,868	-	-	52,491,868	-
Revaluation of property and equipment (note 6)	-	-	-	-	1,105,000
Deposits on equity	-	-	10,623,756	10,623,756	-
Deposits on share	-	-	2,000,000	2,000,000	-
Net change in fair value of financial assets (note 11)	-	(1,675,642)	-	(1,675,642)	2,676,113
At December 31,	76,991,875	5,405,270	12,623,756	95,020,901	28,645,554

(b) THE FUND

	2015		2014	
	Revaluation reserve	Fair value reserve	Total	
	SR	SR	SR	SR
At January 1,	17,455,422	8,015,592	25,471,014	20,755,221
Net change in revaluation reserve	52,491,868	-	52,491,868	-
Revaluation of property and equipment (note 6)	-	-	-	1,105,000
Net change in fair value of financial assets (note 10)	-	(1,675,642)	(1,675,642)	3,610,793
At December 31,	69,947,290	6,339,950	76,287,240	25,471,014

20. NON-CONTROLLING INTEREST

	2015	2014
	SR	SR
At January 1,	5,120,781	5,381,367
Share of results (page 5)	3,144,139	2,536,130
Share of dividends	(187,166)	(2,796,716)
At December 31, (page 3)	8,077,754	5,120,781

21. INTEREST INCOME

	THE GROUP AND THE FUND	
	2015	2014
	SR	SR
<i>Interest arising on:</i>		
- Held-to maturity financial assets	19,068,864	11,815,089
- Investments in money markets	31,364,608	10,165,709
- Investments available-for-sale	168,320	130,184
- Bank balances	107,506	1,052,545
- Staff loans	134,798	121,748
	50,844,097	23,285,275

22. INVESTMENT INCOME

	THE GROUP		THE FUND	
	2015	2014	2015	2014
	SR	SR	SR	SR
Dividends on local securities	-	2,563,515	13,374,912	12,764,667
Dividends on foreign securities	233,873	242,854	203,872	242,854
	233,873	2,806,369	13,578,784	13,007,521

23. INTEREST CREDITED TO MEMBERS

Interest credited to Members' Fund at 4% for the year ended December 31, 2015, amounted to SR 51.7m to the Fund (2014: 3% - SR 32.9m). However, only SR 6.2m (2014: SR 3.95m) were actually paid towards retiring members, death gratuities and migration allowance for the year under review. The remaining surplus balance is booked every year in the Members' Fund Account to be used for settlement of future obligations towards existing members.

24. ADMINISTRATIVE EXPENSES

	THE GROUP		THE FUND	
	2015	2014	2015	2014
	SR	SR	SR	SR
Salaries, wages and other related expenses	20,416,797	14,201,030	20,416,797	14,201,030
Administration costs	5,711,545	3,040,040	5,693,233	3,040,040
Motor vehicles running expenses	331,960	336,377	331,960	336,377
stationary	1,109,074	774,306	1,109,074	774,306
Telephone	754,716	427,946	754,716	427,946
Utilities	442,958	452,405	442,958	452,405
Repairs and maintenance	1,147,431	876,028	1,147,431	876,028
Other expenses	1,293,384	1,163,466	1,293,384	1,138,802
	31,207,866	21,271,598	31,189,554	21,246,934

25. CASH AND CASH EQUIVALENTS

	THE GROUP		THE FUND	
	2015	2014	2015	2014
	SR	SR	SR	SR
Cash at bank	118,370,076	67,064,143	118,061,305	66,710,589
Cash in hand	30,410	14,600	30,410	14,600
	118,400,486	67,078,743	118,091,715	66,725,189

26. RELATED PARTY TRANSACTIONS

	THE GROUP		THE FUND	
	2015	2014	2015	2014
	SR	SR	SR	SR
<i>Balances:</i>				
<i>Subsidiary company</i>				
- Investment	-	-	5,100	5,100
- Loan receivable	-	-	6,270,270	5,413,016
<i>Enterprises on which the Company exerts significant influence</i>				
- Investment	110,332,618	100,494,512	59,662,908	59,662,908
<i>Transactions</i>				
- Dividends	13,374,912	12,764,667	13,578,784	13,007,521
<i>Key management personnel</i>				
- Gross salaries	1,763,539	953,186	1,763,539	953,186
Board of Trustees' remuneration (note 27)	709,968	660,096	709,968	660,096

- (a) Transactions with related parties are within the normal course of business.
- (b) For the year ended December 31, 2015, the Fund has not recorded any impairment of receivables relating to amounts owed by related parties (2014: 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.

27. BOARD OF TRUSTEES' REMUNERATION

	THE GROUP AND THE FUND	
	2015	2014
	SR	SR
P Payet	58,512	58,752
M Afif (up to January 31, 2015)	4,176	50,112
G Beaudoin (up to January 31, 2015)	4,176	33,408
R Weber (up to January 31, 2015)	4,176	50,112
R Spiro (up to January 31, 2015)	4,176	50,112
L Woodcock	50,112	50,112
M Felix (up to January 31, 2015)	4,176	50,112
S Labrosse	50,112	50,112
A Mousbe (up to January 31, 2015)	4,176	50,112
J Esparon	50,112	50,112
W Labrosse	50,112	16,704
A Lucas	50,112	50,112
C Mangroo	50,112	50,112
Bernard Adonis (from February 1, 2015)	45,936	-
Elizabeth Charles (from February 1, 2015)	45,936	-
Antoine Robinson (from February 1, 2015)	45,936	-
Basil Hoareau (from February 1, 2015)	45,936	-
Malika Jivan (from February 1, 2015)	45,936	-
Willy Confait (from February 1, 2015) (Secretary)	45,936	-
Marie-Ange Waye-Hive (Alternate Secretary)	50,112	50,112
	709,968	660,096

28. COMMITMENTS

(a) Capital commitments

THE GROUP AND THE FUND		
2015	2014	
SR'000	SR'000	
Approved and contracted for	86,000	217,745
Approved but not contracted for	624,050	230,520
	<u>710,050</u>	<u>448,265</u>

(b) Lease commitments

THE GROUP AND THE FUND		
2015	2014	
SR	SR	
Within one year	515,464	515,464
After one year but not more than 5 years	2,061,856	2,061,856
More than 5 years	42,139,175	42,654,676
	<u>44,716,495</u>	<u>45,231,996</u>

29. CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2015 (2014: Nil).

30. 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 statement as at December 31, 2015.