



**Audited Financial Statements as at 31<sup>st</sup> December, 2016**

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CORPORATE INFORMATION

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<b>DIRECTOR</b>	: Mr. Steve Fanny Ms. Jennifer Morel Mr. Basil Soundy - (replaced in July 2016) Ms. Jenifer Sullivan Ms. Angelique Antat Ms. Irene Croisee Mr. Rupert Simeon Mr. Ronny Govinden Mrs. Georgette Capricieuse Mr. Ralph Volcere (appointed in July 2016) Mr. S.K. Shrivastava (appointed in July 2016)	Chairman CEO - Director Director Director Director Director Director Director Director Director Director
<b>SECRETARY</b>	: Ms. Audrey Khan	Secretary as from January 2016
<b>REGISTERED OFFICE</b>	: Bois de Rose Avenue Roche Caiman Victoria, Mahé Seychelles	
<b>PRINCIPAL PLACE OF BUSINESS</b>	: Bois de Rose Avenue Roche Caiman Victoria, Mahé Seychelles	
<b>AUDITORS</b>	: Auditor General P O Box 49, Unity House Victoria, Mahé Seychelles	

## DIRECTORS' REPORT

The Directors are pleased to submit their report together with the audited financial statements of the Authority for the year ended December 31, 2016.

## PRINCIPAL ACTIVITY

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

## CURRENT YEAR EVENT

The Authority has adopted International Financial Reporting Standards (IFRS) for the first time in 2016. Therefore, the date of transition is January 1, 2015 and as the the requirements of IFRS 1, 'First-time adoption of International Financial Reporting Standards', comparatives include three statements of financial position, two statements of profit or loss and other comprehensive income, two statements of cash flows and two statements of changes in equity and related notes including comparative information for all statements presented.

The FSA Act was enacted in December 2013 and at the same time the Seychelles International Business Authority (SIBA) Act, 1994 was repealed but however, for the purpose of continuity and presentation under IFRS, the statement of financial position as at December 31, 2013 has been presented as comparative. The two months to February 2014, as previously reported under the SIBA Act has also been merged with the remaining period of 2014 reported under the FSA and presented as a full year comparatives to the figures of 2015.

## RESULTS

	<u>2016</u>
	SR'000
Profit for the year	99,692
Retained earnings brought forward	54,482
Profit available for distribution	<u>154,174</u>
Transfer to Government of Seychelles (GOS)	(75,217)
Capitalisation of Cumulative Borrowing Costs	5,614
Retained earnings carried forward	<u><u>84,571</u></u>

## DIRECTORS AND DIRECTORS' INTEREST

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

## DIRECTORS' REPORT (CONT'D)

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in compliance with Financial Service Authority Act, 2013. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. The Directors have the general responsibility of safeguarding the assets, both owned by the Authority and those that are held in trust and used by the Authority.

The Directors consider that they have met their aforesaid responsibilities.

**AUDITORS**

The Authority is audited by the Auditor General.

**BOARD OF DIRECTORS APPROVAL**

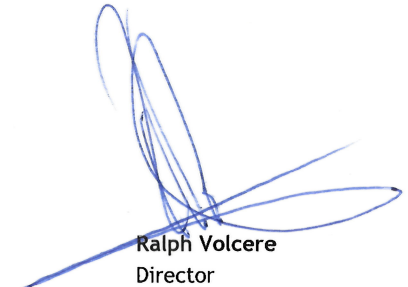
Steve Fanny  
Chairman



Jennifer Morel  
Director & CEO



Rupert Simeon  
Director



Ralph Volcere  
Director



Jenifer Sullivan  
Director



Angelique Antat  
Director



Ronny Govinden  
Director



Irene Croisee  
Director



Georgette Capricieuse  
Director



S.K. Shrivastava  
Director

Dated:

Mahé, Republic of Seychelles



## OFFICE OF THE AUDITOR GENERAL

P.O. Box 49 - Victoria,  
Mahe, Republic of Seychelles  
Telephone: (248) 4672500 Fax: (248) 4610365  
E-mail: [auditgen@oag.sc](mailto:auditgen@oag.sc) Website: [www.oag.sc](http://www.oag.sc)

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Please address all correspondence to the Auditor General

### REPORT OF THE AUDITOR GENERAL FINANCIAL SERVICES AUTHORITY

I have audited the financial statements of the Financial Services Authority for the period ended 31 December 2016. The financial statements of the Authority as set out on pages 4 to 27 comprise the Statement of Financial Position at 31 December 2016, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and explanatory notes.

#### Responsibility of the Board of Directors

The Board of Directors of the Authority 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 Financial Services Authority Act and the Public Enterprise Monitoring Commission Act and for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Responsibility of the Auditor General


My responsibility is to express an opinion on these financial statements based on the audit and report it to the Board. The audit was conducted in accordance with International Standards of Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor considers internal control relevant to the Authority'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 Authority'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 Directors 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.

#### Audit Opinion

In my opinion:

- (a) proper accounting records have been kept by the Authority as far as appears from my examination of those records; and
- (b) the financial statements set out on pages 4 to 27 give a true and fair view of the financial position of the Authority as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Financial Services Authority Act, 2013 and Public Enterprise Monitoring Commission Act, 2013.

  
Gamini Herath  
Auditor General


31 July 2017  
Victoria, Seychelles


## STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2016

	Notes	Re-stated		
		December 31, 2016	December 31, 2015	December 31, 2014
		SR	SR	SR
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	18,878,134	103,151,838	79,905,966
Investment property	6	120,941,819	14,756,145	15,590,758
Intangible asset	7	33,422	29,109	42,047
Long term receivables	8(f)	4,922,583	4,690,056	2,359,497
		<u>144,775,958</u>	<u>122,627,148</u>	<u>97,898,268</u>
<b>Current assets</b>				
Trade and other receivables	8	6,745,581	4,340,212	5,378,257
Cash and cash equivalents	9	67,422,700	66,666,862	66,644,698
		<u>74,168,281</u>	<u>71,007,074</u>	<u>72,022,955</u>
<b>Total assets</b>		<u>218,944,239</u>	<u>193,634,222</u>	<u>169,921,223</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Stated capital	10	8,715,700	8,715,700	8,715,700
Capital grant	11	5,978,442	6,832,505	7,686,568
Retained earnings		84,570,964	54,481,857	53,054,330
		<u>99,265,106</u>	<u>70,030,062</u>	<u>69,456,598</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	12	63,412,924	69,540,371	60,333,712
Retirement benefit obligations	13	5,587,269	4,134,331	3,477,866
		<u>69,000,193</u>	<u>73,674,702</u>	<u>63,811,578</u>
<b>Current liabilities</b>				
Borrowings	12	19,326,247	14,638,114	-
Other payables	14	31,352,693	35,291,344	36,653,047
		<u>50,678,940</u>	<u>49,929,458</u>	<u>36,653,047</u>
<b>Total liabilities</b>		<u>119,679,133</u>	<u>123,604,160</u>	<u>100,464,625</u>
<b>Total equity and liabilities</b>		<u>218,944,239</u>	<u>193,634,222</u>	<u>169,921,223</u>


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


  
Steve Fanny  
Director

  
Jennifer Morel  
Director

  
Rupert Simeon  
Director

  
Ralph Volcere  
Director

  
Jenifer Sullivan  
Director

  
Angelique Antat  
Director

  
Ronny Govinden  
Director

  
Irene Croisee  
Director

  
S.K. Shrivastava  
Director

  
Georgette Capricieuse  
Director

The notes on pages 8 to 27 form an integral part of these financial statements.  
Auditors' report on page 3.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2016

	Notes	2016	Re-stated 2015
		SR	SR
Revenue	2(l)/15	150,525,147	151,450,116
Staff costs	16	(29,541,570)	(26,431,102)
Administrative expenses	17	(21,884,136)	(15,861,403)
Educational dissemination	18	(1,075,295)	(1,775,410)
Other operating costs	19	(1,901,963)	(2,646,547)
Finance income - Interest on staff loans		337,370	203,563
Finance costs - borrowing costs		-	(3,887,184)
Marketing Grant to SIB		(255,144)	-
Other income	20	5,268,492	6,382,438
Foreign exchange (losses)/gains		(1,781,296)	(6,759,337)
<b>Profit and total comprehensive income for the year</b>		<b>99,691,605</b>	<b>100,675,134</b>

The notes on pages 8 to 27 form an integral part of these financial statements.  
Auditors' report on page 3.



## STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2016

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

	Stated capital	Capital Grants	Retained earnings	Total
	SR	SR	SR	SR
At January 1, 2015	8,715,700	7,686,568	53,054,330	69,456,598
Total comprehensive income for the year	-	-	100,675,135	100,675,135
Amortisation of grant	-	(854,063)	-	(854,063)
Transfer to the GOS	-	-	(99,247,607)	(99,247,607)
At December 31, 2015	8,715,700	6,832,505	54,481,858	70,030,063

The notes on pages 8 to 27 form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2016

	Notes	2016 SR	Re-stated 2015 SR
<b>Cash generated from operations</b>			
Profit for the year		99,691,605	100,675,134
<i>Adjustments for</i>			
Depreciation on property, plant and equipment	5	1,498,414	2,401,120
Depreciation of investment property	6	1,224,382	834,613
Amortisation of intangible asset	7	14,088	12,938
Assets written off	5	(60,923)	251,939
Profit on disposal of asset	20	19,142	-
Amortisation of capital grant	19	(854,063)	(854,063)
Retirement benefit obligations charge	13	2,769,271	1,985,845
Interest payable		-	3,887,184
Interest receivable		(337,370)	(203,563)
		<u>103,964,546</u>	<u>108,991,147</u>
<i>Changes in working capital</i>			
- Increase in trade and other receivables		(2,637,896)	(1,292,512)
- (Decrease)/Increase in trade and other payables		<u>7,374,835</u>	<u>(430,693)</u>
Cash generated from operations		108,701,485	107,267,942
Retirement obligations paid	13	(1,316,333)	(1,329,380)
Interest received		337,370	203,563
<b>Net cash inflow from operating activities</b>		<u>107,722,522</u>	<u>106,142,125</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(15,268,230)	(25,898,931)
Purchase of intangible assets		(18,400)	-
Proceeds from sale of asset		150,000	-
<b>Net cash outflow from investing activities</b>		<u>(15,136,630)</u>	<u>(25,898,931)</u>
<b>Cash flows from financing activities</b>			
Borrowing received	12	13,368,624	23,844,775
Loan Repayment		(14,807,938)	
Interest paid		(4,866,148)	(3,887,184)
Amount transferred to the Government of Seychelles		(85,524,592)	(100,178,621)
<b>Net cash outflow from financing activities</b>		<u>(91,830,054)</u>	<u>(80,221,030)</u>
<b>Net increase in cash and cash equivalents</b>		<u>755,838</u>	<u>22,164</u>
<b>Movement in cash and cash equivalents</b>			
At January 1,		66,666,862	66,644,698
Increase		755,838	22,164
<b>At December 31,</b>	9	<u>67,422,700</u>	<u>66,666,862</u>

The notes on pages 8 to 27 form an integral part of these financial statements.  
Auditors' report on page 3.

**1. GENERAL INFORMATION**

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

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

**2. PRINCIPAL ACCOUNTING POLICIES**

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

**(a) Basis of preparation**

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

IFRS 1, "First-time adoption of IFRS" has been applied in the preparation of these financial statements. The Authority has adopted International Financial Reporting Standards for the first time for the year ended December 31, 2016 while previously the financial statements were prepared under Generally Accepted Accounting Practice (GAAP). Where necessary, comparative figures have been amended to conform with change in presentation in current year. The Authority's transition date is January 1, 2015.

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

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

**Standards, Amendments to published Standards and Interpretations effective in the reporting period**

IFRS 14 Regulatory Deferral Accounts provides relief for first-adopters of IFRS in relation to accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). IFRS 14 permits these entities to apply their previous accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. *The standard is not expected to have any impact on the Authority's financial statements.*

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed. *The amendment has no impact on the Authority's financial statements.*

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38). The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. Amendments clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. IAS 38 now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome under specific conditions. *The amendment has no impact on the Authority's financial statements.*

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(a) Basis of preparation (Cont'd)**

**Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)**

Equity method in separate financial statements (Amendments to IAS 27). The amendments allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value in their separate FS. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. *The amendment has no impact on the Authority's financial statements.*

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

**Annual Improvements to IFRSs 2012-2014 cycle**

IFRS 5 is amended to clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such. *The amendment has no impact on the Authority's financial statements.*

IFRS 7 amendment provides specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. *The amendment has no impact on the Authority's financial statements.*

IFRS 7 is amended to clarify that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. *The amendment has no impact on the Authority's financial statements.*

IAS 19 amendment clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. *The amendment has no impact on the Authority's financial statements.*

IAS 34 amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information. *The amendment has no impact on the Authority's financial statements.*

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

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

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

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contract with Customers

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

IFRS 16 Leases

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

Amendments to IAS 7 Statement of Cash Flows

Clarifications to IFRS 15 Revenue from Contracts with Customers

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

Annual Improvements to IFRSs 2014-2016 Cycle

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Transfers of Investment Property (Amendments to IAS 40)

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

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

**(b) Property, plant and equipment**

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow and the cost can be reliably measured. Repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

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

## 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

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

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

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

Land is not depreciated.

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

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

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

### (c) Investment property

Investment property, held to earn rentals or for capital appreciation or both and not occupied by the Authority are measured initially at cost, including transaction costs.

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

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

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

### (d) Intangible assets - Computer software

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

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

### (e) Financial instruments

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

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

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

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

**(ii) Cash and cash equivalents**

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

**(iii) Other payables**

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

**(iv) Share capital**

Ordinary shares are classified as equity.

**(f) Impairment of assets**

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

**(g) Offsetting**

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

**(h) Capital Grants**

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

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

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

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

**(i) Retirement benefit obligations**

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

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

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

**(j) Provisions**

Provisions are recognised when the Authority has a present or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

**(k) Foreign currencies***Functional and presentation currency*

Items included in the financial statements are measured in the currency of the primary economic environment in which the Authority operates. The financial statements are presented in Seychelles Rupees (SR) which is the Authority's functional and presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.



## 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

### (l) Revenue recognition

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

#### (i) *Services revenue*

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

#### (ii) *Rental income*

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

#### (iii) *Interest income*

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

#### (m) *Business tax*

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

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial Risk Factors

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

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

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

#### (a) *Market risk*

##### (i) *Currency risk*

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

### 3. FINANCIAL RISK MANAGEMENT (CONT'D)

#### 3.1 Financial Risk Factors (Cont'd)

##### (a) Market risk (Cont'd)

##### (i) Currency risk (Cont'd)

At December 31, 2016, if the Seychelles Rupee had weakened/strengthened by 5% against US Dollar with all variables held constant, the impact on results for the year would have been SR2.04m (2015: SR 1.45m) higher/lower, mainly as a result of foreign exchange losses/gains on translation of foreign currency monetary assets and liabilities as depicted in the table below:

	2016	2015
	SR	SR
Bank balances	58,703,367	61,273,106
Trade & other receivables	2,924,743	2,814,724
Borrowings	(82,739,171)	(84,178,485)
Other payables	(16,639,738)	(8,927,980)
	<u>(37,750,799)</u>	<u>(29,018,635)</u>

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

##### (ii) Cash flow and fair value interest rate risk

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

At December 31, 2016, if interest rates on floating rate borrowings had been  $\pm 1\%$  higher/(lower) with all other variables held constant, results for the year would have been higher/(lower) by SR 885k (2015: SR 727k) due to impact on interest expense on borrowings.

##### (b) Credit risk

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

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

	2016	2015
	%	%
5 major counterparties	44	58
Others (diversified risks)	56	42
	<u>100</u>	<u>100</u>

##### (c) Liquidity risk

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

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2016

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## 3.1 Financial Risk Factors (Cont'd)

## (c) Liquidity risk (Cont'd)

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

	Less than 1 year SR'000	Between 1 and 2 years SR'000	Between 2 and 5 years SR'000	Over 5 years SR'000	Total SR'000
<b>At December 31, 2016</b>					
Bank Borrowings	19,326	20,461	42,952	-	82,739
Other payables	31,353	-	-	-	31,353
	<u>19,326</u>	<u>20,461</u>	<u>42,952</u>	<u>-</u>	<u>82,739</u>
<b>At December 31, 2015</b>					
Bank Borrowings	14,638	19,326	50,214	-	84,178
Other payables	35,291	-	-	-	35,291
	<u>14,638</u>	<u>19,326</u>	<u>50,214</u>	<u>-</u>	<u>84,178</u>

## 3.2 Fair Value Estimation

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

## 3.3 Capital Risk Management

The Authority's objectives when managing capital are:

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

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

During 2016, the Authority's strategy, which was unchanged from 2015, was to maintain the debt-to-adjusted capital ratio at a reasonable level in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratio was as follows:

	2016 SR'000	2015 SR'000
Total debt	82,739	84,178
Less: Cash and cash equivalents	(67,423)	(66,667)
Net debt	<u>15,316</u>	<u>17,512</u>
Total capital	99,265	70,030
Net debt	15,316	17,512
Total capital plus debt	<u>114,581</u>	<u>87,542</u>
Gearing ratio	<u>13.37</u>	<u>20.00</u>

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) **Functional currency**

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

(b) **Retirement benefit obligations**

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

(c) **Useful lives and residual values**

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

(d) **Depreciation policies**

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

(e) **Impairment of other assets**

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2016

## 5. PROPERTY, PLANT AND EQUIPMENT

## (a) December 31, 2016

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

(a) In early 2017, Parcel Number: V17891 was cancelled and sub-divided into two parcels (V19847 and V19848) where parcel V19847 (with a total area of 2557 m<sup>2</sup>) was transferred to the Government for onward leasing to PUC. The sub division of the land commenced in 2016 and was finalised in 2017.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2016

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

## (b) December 31, 2015

	Land & Buildings	Gates & fences	Motor vehicles	Plant & equipment	Furniture & fixtures	Other assets	Work-in progress	Total
	SR	SR	SR	SR	SR	SR	SR	SR
<b>COST</b>								
At January 1, 2015	48,616,278	637,788	2,492,650	7,257,963	4,764,046	1,320,427	62,935,838	128,024,990
- As previously stated	(30,423,952)	-	-	-	-	-	-	(30,423,952)
- Effect of adopting IAS 40 (note 6)	-	-	-	(569,067)	-	-	-	(569,067)
- Effect of adopting IAS 38 (note 7)	18,192,326	637,788	2,492,650	6,688,896	4,764,046	1,320,427	62,935,838	97,031,971
As re-stated	-	-	-	637,521	311,500	125,816	24,824,094	25,898,931
Additions	-	-	-	(773,388)	(369,438)	-	-	(1,142,826)
Write off	-	-	-	6,553,029	4,706,108	1,446,243	87,759,932	121,788,076
<b>At December 31, 2015</b>	<b>18,192,326</b>	<b>637,788</b>	<b>2,492,650</b>	<b>6,553,029</b>	<b>4,706,108</b>	<b>1,446,243</b>	<b>87,759,932</b>	<b>121,788,076</b>

## ACCUMULATED DEPRECIATION

At January 1, 2015	19,472,280	627,261	1,499,481	6,267,944	3,740,228	879,025	-	32,486,219
- As previously stated	(14,833,194)	-	-	-	-	-	-	(14,833,194)
- Effect of adopting IAS 40 (note 6)	-	-	-	(527,020)	-	-	-	(527,020)
- Effect of adopting IAS 38 (note 7)	4,639,086	627,261	1,499,481	5,740,924	3,740,228	879,025	-	17,126,005
As re-stated	760,536	6,650	369,700	536,906	579,176	148,152	-	2,401,120
Charge for the year	-	-	-	(674,099)	(216,788)	-	-	(890,887)
Write offs	5,399,622	633,911	1,869,181	5,603,731	4,102,616	1,027,177	-	18,636,238
<b>At December 31, 2015</b>	<b>12,792,704</b>	<b>3,877</b>	<b>623,469</b>	<b>949,298</b>	<b>603,492</b>	<b>419,066</b>	<b>87,759,932</b>	<b>103,151,838</b>

## NET BOOK VALUE

<b>At December 31, 2015</b>	<b>12,792,704</b>	<b>3,877</b>	<b>623,469</b>	<b>949,298</b>	<b>603,492</b>	<b>419,066</b>	<b>87,759,932</b>	<b>103,151,838</b>
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(c) Depreciation for the year has been fully charged to other operating costs.

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

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2016

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

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

	2016	2015
	SR	SR
Disbursement to contractor	-	80,945,832
Consultancy/ structural engineer fees	188,200	2,499,303
Planning and other fees	-	466,820
IT Work In Progress	1,817,214	
Improvement to infrastructure	959,566	867,086
Retention fee	-	2,980,891
	<u>2,964,980</u>	<u>87,759,932</u>

Note: The total loan approved was for a sum of USD7.5m. The contract for construction of new warehouses is for a total sum of USD 7.23m. USD 7.24 m inclusive of variations has already been disbursed at December 31, 2016.

## 6. INVESTMENT PROPERTY

	2016	2015
	SR	SR
<b>Cost</b>		
At January 1,		
- As previously stated	-	-
- Effect of adopting IAS 40 (note 5)	30,423,952	30,423,952
As re-stated		
Additions	107,410,056	
At December 31,	<u>137,834,008</u>	<u>30,423,952</u>
<b>Accumulated depreciation</b>		
At January 1,		
- As previously stated	-	-
- Effect of adopting IAS 40 (note 5)	15,667,807	14,833,194
As re-stated	15,667,807	14,833,194
Charge for the year	1,224,382	834,613
At December 31,	<u>16,892,189</u>	<u>15,667,807</u>
<b>Net Book Value</b>	<u>120,941,819</u>	<u>14,756,145</u>

## 7. INTANGIBLE ASSETS

*Computer Software*

	2016	2015
	SR	SR
<b>Cost</b>		
At January 1,		
- As previously stated	-	-
- Effect of adopting IAS 38 (note 5)	569,067	569,067
As re-stated	569,067	569,067
Additions	18,401	-
At December 31,	<u>587,468</u>	<u>569,067</u>
<b>Amortisation</b>		
At January 1,		
- As previously stated	-	-
- Effect of adopting IAS 38 (note 5)	539,958	527,020
As re-stated	539,958	527,020
Charge for the year	14,088	12,938
At December 31,	<u>554,046</u>	<u>539,958</u>
<b>Net Book Value</b>	<u>33,423</u>	<u>29,109</u>



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2016

## 8. TRADE AND OTHER RECEIVABLES

	2016	2015
	SR	SR
Trade receivables	3,643,074	2,986,362
Prepayments	1,205,351	847,233
Loans and receivables (note (f))	6,368,832	4,803,755
Other receivables	906,238	546,786
	<u>12,123,495</u>	<u>9,184,136</u>
Provision for credit impairment (note (c) and (d))	(455,331)	(153,868)
	<u><u>11,668,164</u></u>	<u><u>9,030,268</u></u>
Disclosed as follows:		
	2016	2015
	SR	SR
Within one year	6,745,581	4,340,212
After more than one year (note (f))	4,922,583	4,690,056
	<u><u>11,668,164</u></u>	<u><u>9,030,268</u></u>

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

(b) As at December 31, 2016, trade receivables that were past due but not impaired amounted to SR 73,378 (2015: SR 284,526 ). These relate to a number of independent customers for whom there is no recent history of default. These receivables were aged above 90 days.

(c) As at December 31, 2016, trade receivables amounting to SR 455,331 were impaired (2015: SR 153,868). These relate to a number of independent customers who are in unexpectedly difficult economic situations. These receivables were aged above 90 days.

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

	2016	2015
	SR	SR
At January 1,	153,868	398,985
(Reversal)/ Charge to the statement of profit or loss (note 17)	301,463	(245,117)
At December 31,	<u><u>455,331</u></u>	<u><u>153,868</u></u>

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

	2016	2015
	SR	SR
US Dollar	2,924,743	2,814,724
Seychelles rupee	8,743,422	6,215,544
	<u><u>11,668,164</u></u>	<u><u>9,030,268</u></u>

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

	2016	2015
	SR	SR
Within one year	1,446,249	113,699
After more than one year	4,922,583	4,690,056
	<u><u>6,368,832</u></u>	<u><u>4,803,755</u></u>

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

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

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2016

9. CASH AND CASH EQUIVALENTS	2016	2015
	SR	SR
Cash in hand	433,013	528,970
Cash at banks	66,989,687	66,137,892
	<u>67,422,700</u>	<u>66,666,862</u>

10. STATED CAPITAL	2016 & 2015
	SR
Government contributed assets (notes (a) & 5(d))	<u>8,715,700</u>

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

## 11. CAPITAL GRANT

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

## 12. BORROWINGS

	2016	2015
	SR	SR
<b>Bank borrowing</b>		
Non-current	63,412,924	69,540,371
Current	19,326,247	14,638,114
	<u>82,739,171</u>	<u>84,178,485</u>

The movement is as follows:

	2016	2015
	SR	SR
At January 1,	84,178,485	60,333,712
Received during the year	13,368,624	23,844,773
Paid during the year	(14,807,938)	-
At December 31,	<u>82,739,171</u>	<u>84,178,485</u>

(a) Bank borrowing is from Nouvobanq and amounted to USD 7.5 million to finance the construction of new warehouses of the Authority. The first disbursement was effected in March 2014 and repayment commenced in March 2016 by monthly instalments of USD 142,740 and is to be completed by August 2020. The borrowing is secured by a first line fixed and floating charge over the Authority's assets and bears interest at 5.35% per annum.

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

## 13. RETIREMENT BENEFIT OBLIGATIONS

	2016	2015
	SR	SR
At January 1,	4,134,331	3,477,866
Charge for the year (note 16)	2,769,271	1,985,845
Payments during the year	(1,316,333)	(1,329,380)
At December 31,	<u>5,587,269</u>	<u>4,134,331</u>

(a)

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

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2016

14. OTHER PAYABLES	2016	2015
	SR	SR
Amount payable to the Government of Seychelles (note 14(a) and 23)	9,918,806	20,226,396
Advance payments -fees	13,063,966	5,562,794
Deposits-rent	1,839,931	1,623,272
Corporate Tax	682,869	951,778
Accrued salaries & Expenses	1,724,929	686,354
Retention money	1,974,996	2,980,891
Other payables	2,147,196	3,259,859
	<u>31,352,693</u>	<u>35,291,344</u>

(a) The amount payable to the GOS represents the surplus for the year which is transferred on a quarterly basis as per section 12(3) of the Financial Services Authority Act 2013.

(b) The carrying amount of other payables are denominated in the following currencies:

	2016	2015
	SR	SR
US Dollar	16,639,738	8,927,980
Seychelles rupee	14,712,955	26,363,364
	<u>31,352,693</u>	<u>35,291,344</u>

(c) The carrying amount of other payables approximate their amortised costs.

## 15. REVENUE

	2016	2015
	SR	SR
(a) Corporate and SITZ Fees		
IBC registration fees	17,441,042	24,069,491
IBC annual licence fees	79,461,415	79,478,932
Other licence fees	6,162,899	6,887,565
Funds and securities fees	1,071,427	1,227,852
Insurance fees	1,032,071	942,098
Gambling Fees	3,891,179	
Other services	27,668,222	27,561,643
	<u>136,728,255</u>	<u>140,167,581</u>
(b) Rental income		
Investment property	13,264,161	10,537,805
Outdoor space	532,731	744,730
	<u>13,796,892</u>	<u>11,282,535</u>
	<u>150,525,147</u>	<u>151,450,116</u>

## 16. STAFF COST

	2016	2015
	SR	SR
Salaries & wages	22,117,755	20,072,272
Employee benefits and related expenses	3,387,073	3,252,018
Directors' emoluments (note 23)	532,164	487,020
SITZ Employment Council	289,519	221,158
Gratuity and compensation paid (note 13)	2,769,271	1,985,845
Retirement benefit obligations	445,788	412,789
	<u>29,541,570</u>	<u>26,431,102</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2016

## 17. ADMINISTRATIVE EXPENSES

	2016	2015
	SR	SR
Administration costs	7,839,361	6,905,811
Communication costs	1,996,683	1,760,950
Transport and travelling costs	577,046	541,751
Maintenance and repairs	1,486,266	1,791,451
Training	604,592	2,031,614
Legal fees	312,000	229,500
Audit and Accountancy fees	139,750	88,000
Professional fees	7,031,200	1,114,830
Bank charges	46,504	45,592
(Reversal)/ charge for provision for credit impairment (note 8(d))	301,463	(245,117)
General expenses	1,549,271	1,597,021
	<u>21,884,136</u>	<u>15,861,403</u>

## 18. EDUCATIONAL DISSEMINATION

	2016	2015
	SR	SR
Information dissemination	1,055,567	1,729,762
Advertisement	19,728	45,648
	<u>1,075,295</u>	<u>1,775,410</u>

## 19. OTHER OPERATING COSTS

	2016	2015
	SR	SR
Depreciation		
- Property, plant and equipment (note 5)	1,498,414	2,401,120
- Investment Property (note 6)	1,224,382	834,613
Amortisation (note 7)	14,088	12,938
Assets written off (note 5(a))	19,142	251,939
Amortisation of capital grant	(854,063)	(854,063)
	<u>1,901,963</u>	<u>2,646,547</u>

## 20. OTHER INCOME

	2016	2015
	SR	SR
Grants Received from International Institutions	5,166,387	
Insurance compensation (note (a))	-	6,347,620
Profit on sale of asset	60,923	-
Sundry income	41,181	34,818
	<u>5,268,492</u>	<u>6,382,438</u>

(a) The amount of insurance compensation received is shown as follows:

	2016	2015
	SR	SR
Buildings	-	5,265,288
Furniture and equipment	-	1,082,332
	<u>-</u>	<u>6,347,620</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2016

## 21. COMMITMENTS

## (a) Capital commitments

Capital commitments as at December 31, 2016 amounted to SR 2.76 millions (2015: 10.2 millions).

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

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

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

	2016	2015
	SR	SR
Not later than one year	22,636,462	12,248,329
Later than one year and not later than five years	80,978,908	37,405,352
	<u>103,615,370</u>	<u>49,653,681</u>

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

## 22. CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2016 (2015: Nil).

## 23. RELATED PARTY TRANSACTIONS

	2016	2015
	SR	SR
Directors		
- Remuneration (including Fees for the HR & Audit Committees) (note 16)	532,164	487,020
Holding Entity		
- Surplus payable (note 14)	<u>75,217,002</u>	<u>99,247,607</u>

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

(b) Outstanding balances at the end of the reporting period are unsecured and interest-free. There has been no guarantees provided or received for any related party payables or receivables. For the year ended December 31, 2016, the Authority had not recorded any impairment of receivables relating to amounts owed by related parties (2015: Nil). This assessment is undertaken at the end of each financial year through examining the financial position of the related party and the market in which the latter operates.

## (c) Key management personnel

	2016	2015
	SR	SR
Salaries and other benefits	4,641,271	4,605,896
Accrued Benefits	677,561	617,553
Employer pension costs	92,825	92,118
	<u>5,411,657</u>	<u>5,315,567</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2016

## 24. RECONCILIATION OF TRANSITION FROM SEYCHELLES GAAP TO IFRS

## (a) Reconciliation of Statement of Financial Position and Statement of Profit or Loss from Seychelles GAAP to IFRS

The following table reconciles the relevant items of the statement of financial position and the statement of profit or loss reported under Seychelles GAAP to the amounts reported under IFRS as at the Transition Date of January 1, 2016 and December 31, 2016. Adjustments did not impact total equity and total comprehensive income but resulted in reclassifications.

	Notes	December 31, 2015				December 31, 2014			
		Balance reported under Seychelles GAAP		Balance reported under IFRS		Balance reported under Seychelles GAAP		Balance reported under IFRS	
		SR	SR	SR	SR	SR	SR	SR	SR
<u>Statement of financial position</u>									
Property, plant and equipment	24(b)	117,937,088	(14,785,254)	103,151,834	95,538,771	(15,632,805)	79,905,966		
Investment property	24(b)	-	14,756,145	14,756,145	-	15,590,758	15,590,758		
Intangible asset	24(b)	-	29,109	29,109	-	42,047	42,047		

## (b) Analysis of adjustments arising on transition from Seychelles GAAP to IFRS

## (i) Property, plant and equipment

	December 31, 2015		January 1, 2015	
	SR	SR	SR	SR
Balance as reported under Seychelles GAAP	117,937,088	95,538,771		

*Adjustment under IFRS*

- Reclassification to investment property	(14,756,145)	(15,590,758)		
- Reclassification to intangible assets	(29,109)	(42,047)		
	(14,785,254)	(15,632,805)		

## Balance as reported under IFRS

	103,151,834	79,905,966		
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