



ISLANDS DEVELOPMENT COMPANY LTD

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DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



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ISLANDS DEVELOPMENT COMPANY LTD & SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2022

The Directors are pleased to present their report and audited financial statements of the Company and the group for the year ended 31st March 2022.

Activities

The principal activity of the company during the year was the management of the outlying islands and Silhouette as mandated by Government, the transportation related thereto and construction activities.

The Company is also actively engaged in promoting tourism and private investment, which has resulted in the Company engaging in the construction of resorts and villas on islands that it manages.

The activities of its subsidiaries are as follows:

Green Island Construction Company Ltd – Building contractor
Green Tree Investment Company Ltd – Developing, managing and leasing immovable properties

Operational review

Two years after the country recorded its first case of COVID-19, the Islands Development Company is still recovering from the effects of the pandemic, but things have definitely started to improve. With the reopening of the country's borders in March 2021, the inflow of tourists has steadily picked up and the guesthouses for fly fishermen on Farquhar, Astove and Cosmoledo were able to reopen for the 2021-22 season, generating much needed revenue from the guesthouse operation and the Aviation department. Bookings for the upcoming season also looks promising.

On the construction front, work on the 42-room luxury villa resort on Ile Plate is progressing well and the project is on schedule. The USD 50 million project is expected to be completed and handed over to the developer in October 2023. Meanwhile, on Mahé and the Inner Islands, Green Island Construction Company (GICC) had a busy work schedule with several projects lined up, with two of the major ones being the renovation of the National Library and the construction of the La Digue hospital.

GICC took over the site of the former in February for major renovation works following its closure nine years ago due to fungus infection. The refurbished National Library will be delivered to the Government in the first quarter of next year. The other project of national significance is the construction of a new, state-of-the-art hospital at l'Union Estate on La Digue, which started in March 2022. The facility, being funded by the United Arab Emirates Government, will encompass wards, X-ray, dental, ultrasound, hemodialysis, laboratory, maternity, pharmacy and child care facilities as well as an operating theatre for minor interventions, among others. Work on the hospital is expected to finish in May 2023.

As part of its portfolio diversification, IDC is re-introducing shrimp farming on Coetivy to satisfy local consumption and act as an import substitution to what is currently available on the market. Significant progress has been made during this financial year and IDC is now in the final stages of rehabilitating nine of the 198 ponds on the island for the project. Seeding should start during the second quarter of 2022 and prawns will be available on the local market early next year.

Substantial progress has also been made in agricultural development. IDC is currently supplying the Four Seasons Resort on Desroches with high quality fresh eggs and organic vegetables from the island. Plans are underway to build houses for broilers on Desroches. These will be premium semi free-range chicken which will mainly target the tourism establishments. Production on Coetivy will be on a much larger scale with a targeted 1,000 – 1,300 tons of chicken annually.

With all these developments happening on the outer islands, IDC has realised that in the near future it will require greater capacity and better quality air transportation, allied to an increased cargo capability, to cater for the five and six star establishments on the islands. Plans are being made to acquire ATR-42 planes to replace the Beechcraft. To cater for this more spacious and modern plane, IDC has exchanged its current Aviation premises at Pointe Larue for the ex-Agro property where the new terminal and a much larger hangar will be built.

The project for the new Head Office at Ile du Port is also well underway and IDC expects to move to the new location early in 2023.

ISLANDS DEVELOPMENT COMPANY LTD & SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2022

Results

As shown in the statement of income on page 7, the activities of the current year for the group have resulted in a profit of SCR 36,084,018 (2021 – SCR 2,129,298) and the company a profit of SCR 16,870,977 (2021 – SCR 41,677,807) after taxation.

Application of profits and revenue reserves (Company)

The profit for the year with revenue reserves from prior years gives the Company SCR 172,258,118 (2021 – SCR 155,387,141) available for distribution.

Directors and their interest in the Company

The Directors of the Company during the year and their interests, in accordance with the register maintained under Section 111 of the Companies Act 1972, were as follows:

	SHARES HELD	
	1 April	31 March
Mr. G. Savy	-	-
Mr. P. Lablache	-	-
Mrs. S. Francis	-	-
Mr. P. Berlouis	-	-
Ms. A. Antat	-	-
Mrs. A. Lebon	-	-
Mr. W. Confait	-	-
Mr. C. Lionnet	-	-
Mr. D. Matatiken	-	-

All Directors of the Company are citizens of Seychelles.

Mrs. A. Lebon and Mr. W. Confait retire from the board in accordance with Articles of Association and being eligible offer themselves for re-election.

No contract of significance subsisted with the Company or its subsidiary at any time during the year in which any Director had a direct or indirect material interest.

Statement of Directors' responsibilities

The Directors are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for the period. In preparing those accounts, the Directors are required to:

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

The Companies Act 1972 also requires the Directors to keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They also have the general responsibility for taking reasonable steps to safeguard the assets of the Company and detect fraud and other irregularities.

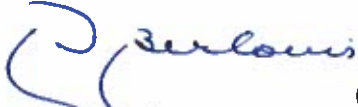
ISLANDS DEVELOPMENT COMPANY LTD & SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2022

Auditors

The retiring auditors are Pool & Patel, who are eligible for re-appointment.

DIRECTORS



Mr. P. Berlois
Chairman



Mr. G. Savy
Chief Executive Officer



Mr. P. Lablache
Director



Mr. D. Matatiken
Director



Ms. A. Antat
Director



Mrs. A. Lebon
Director



Mrs. S. Francis
Director



Mr. W. Confait
Director



Mr. C. Lionnet
Deputy Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

ISLANDS DEVELOPMENT COMPANY LIMITED AND SUBSIDIARIES

Opinion

We have audited the financial statements of Islands Development Company Limited on pages 6 to 23, which comprise the statement of financial position for the Parent Company and the Group as at 31 March 2022, the statement of income by nature and retained earnings and cash flow statement for the year then ended, a five year financial summary and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 March 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small Medium Enterprises (IFRS for SMEs) and requirements of the Seychelles Companies Act, 1972 and the Public Enterprise Monitoring Commission Act, 2013.

Basis for opinion

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

Emphasis of matter – Credit risk arising from associated company

We draw your attention to note 21 in respect of an unsecured debt of SCR 14.7m from an associated company, which is dependent on continued financial support of the company, and going concern of which is contingent on this support or its ability to become profitable in the future.

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

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS for SMEs) and requirements of the Seychelles Companies Act, 1972 and Public Enterprise Monitoring Commission Act, 2013, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (cont...)

ISLANDS DEVELOPMENT COMPANY LIMITED AND SUBSIDIARIES

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

ICAEW membership number of the engagement partner responsible for signing this independent auditors' report is 6813446.

Pool & Patel

POOL & PATEL
CHARTERED ACCOUNTANTS
20 June 2022

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES


Consolidated statement of financial position

Financial statements are prepared in Seychelles Rupees

	Note	Group		Company	
		2022	2021	2022	2021
Assets					
Property, plant and equipment	12	291,040,959	298,120,396	281,473,169	286,872,750
Investments	13	4,599	4,599	104,699	104,699
Lendings	20/21	19,042,646	37,305,600	8,000,000	21,000,000
Due from related party	21	14,736,039	22,872,883	14,736,039	22,872,883
Capital work in progress	22	30,852,695	6,205,921	30,852,695	6,205,921
Deferred income tax asset	10	6,474,296	13,310,517	4,285,475	10,606,971
Non-current assets		362,151,234	377,819,916	339,452,077	347,663,224
Lendings	20	18,046,643	17,552,846	-	-
Asset held for sale	12	2,845,407	2,845,407	2,845,407	2,845,407
Inventories	15	48,392,217	63,054,409	14,800,805	17,390,740
Taxation	10	-	-	3,000,000	-
Trade and other receivables	17	215,829,615	131,805,927	94,974,757	78,095,222
Cash and cash equivalent		42,332,589	61,540,987	22,637,350	56,231,899
Current assets		327,446,471	276,799,576	138,258,319	154,563,268
Total assets		689,597,705	654,619,492	477,710,396	502,226,492
Liabilities					
Employee benefit obligations	16	5,775,120	5,107,191	5,363,534	4,754,250
Borrowings	18	124,613,910	192,175,396	75,184,017	139,734,095
Non-current liabilities		130,389,030	197,282,587	80,547,551	144,488,345
Borrowings	18	68,423,299	59,223,475	51,883,555	38,804,942
Taxation	10	1,159,518	6,366,026	-	1,461,920
Trade and other payables	19	257,228,200	192,577,608	109,545,792	95,752,608
Current liabilities		326,811,017	258,167,109	161,429,347	136,019,470
Total liabilities		457,200,047	455,449,696	241,976,898	280,507,815
Share capital	11	21,330,924	21,330,924	21,330,924	21,330,924
Retained earnings		168,922,278	132,838,260	172,258,118	155,387,141
Deferred grants	14	42,144,456	45,000,612	42,144,456	45,000,612
Equity		232,397,658	199,169,796	235,733,498	221,718,677
Total liabilities and equity		689,597,705	654,619,492	477,710,396	502,226,492

The notes on pages 10 to 23 are an integral part of these financial statements.

Directors


Mr. P. Berlouis
Chairman



Mr. D. Matatiken


Mrs. S. Francis


Mr. G.M. Gavy
Chief Executive Officer


Ms. A. Antat


Mr. W. Confait


Mr. P. Lablache


Mrs. A. Lebon


Mr. C. Lionnet
Deputy Chief Executive Officer

20 June 2022

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Statement of income - by nature of expense and retained earnings

Financial statements are prepared in Seychelles Rupees

	Note	Group		Company	
		2022	2021	2022	2021
As at 31 March					
Revenue	3	546,331,485	559,802,091	427,324,770	209,931,234
Direct costs	4	(341,787,823)	(376,564,016)	(284,563,347)	(112,846,629)
Other income	5	30,148,201	39,200,814	28,953,524	37,810,703
Dividend income		-	-	-	60,000,000
Administrative salaries and benefits	6	(80,265,870)	(70,338,590)	(61,732,151)	(59,946,583)
Camp running expenses		(4,188,585)	(6,397,713)	-	-
Communication		(6,272,702)	(5,791,338)	(6,272,702)	(5,791,338)
Depreciation (net of deferred grant credit)	12/14	(37,119,148)	(28,097,169)	(32,102,644)	(23,055,216)
Exchange (losses)/gains (operating)		(7,969,745)	(13,158,115)	(11,890,671)	(3,420,311)
External transportation		(10,737,662)	(3,167,693)	(10,737,662)	(3,167,693)
Fuel for electricity generation & island use		(11,897,856)	(10,968,426)	(11,897,856)	(10,968,426)
Insurances		(2,413,252)	(3,642,662)	(1,451,775)	(2,519,219)
Rental		(986,252)	(2,786,519)	-	(1,116,900)
Repairs and maintenance		(13,897,782)	(17,802,680)	(13,897,782)	(9,836,306)
Travelling & transport		(5,672,980)	(5,614,079)	(270,598)	(218,061)
Utilities		(4,675,183)	(4,225,588)	(2,414,372)	(2,100,497)
Other expenses		(17,068,844)	(8,421,505)	(16,027,450)	(10,793,074)
Operating profit		31,526,002	42,026,812	3,019,284	61,961,684
Finance income	8	58,504,399	17,976,987	54,731,116	10,678,916
Finance costs	9	(36,775,071)	(38,248,421)	(31,100,670)	(31,195,486)
Finance costs - net		21,729,328	(20,271,434)	23,630,446	(20,516,570)
Profit before income tax		53,255,330	21,755,378	26,649,730	41,445,114
Income tax expense/ (credit)	10	(17,171,312)	(19,626,080)	(9,778,753)	232,693
Profit for the year		36,084,018	2,129,298	16,870,977	41,677,807
Dividends		-	(20,000,000)	-	(20,000,000)
		36,084,018	(17,870,702)	16,870,977	21,677,807
Retained earnings 1 April		132,838,260	150,708,962	155,387,141	133,709,334
Retained earnings 31 March		168,922,278	132,838,260	172,258,118	155,387,141

The notes on pages 10 to 23 are an integral part of these financial statements.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Cash flow statement

Financial statements are prepared in Seychelles Rupees.

	Note	Group		Company	
		As at 31 March		2022	2021
		2022	2021	2022	2021
Cash flows from operating activities					
Profit for the year		53,255,330	21,755,378	26,649,730	41,445,114
Adjustments for:-					
Taxation paid	10	(15,541,599)	(20,998,889)	(7,919,177)	(2,352,615)
Depreciation (net of adjustment for deferred grant)	12/14	37,119,148	28,097,169	32,102,644	23,055,216
Changes in provision for employee benefits	16	667,929	670,635	609,284	606,916
Profit on disposal of tangible assets	5	(21,298,566)	(10,000)	(6,083,166)	(10,000)
Tangible assets decommissioned and scrapped	12	-	2,143,256	-	2,143,256
Dividend received from subsidiary		-	-	-	(60,000,000)
Finance costs (net)	8/9	(21,729,328)	20,271,434	(18,276,851)	20,516,570
		32,472,914	51,928,983	27,082,464	25,404,457
Changes in working capital					
Decrease / (Increase) in inventories	15	14,662,192	(46,701,783)	2,589,935	(7,422,116)
(Increase) in debtors	17	(84,023,688)	(19,844,099)	(16,879,535)	(19,150,686)
Increase / (Decrease) in creditors and advances on contracts	19	64,650,592	33,031,062	13,793,184	(61,026,069)
Cash generated from/(utilised) in operations		27,762,010	18,414,163	26,586,048	(62,194,414)
Interest received	8	574,978	6,263,321	574,978	455,850
Interest paid	9	(11,294,417)	(12,362,299)	(6,740,932)	(5,309,364)
Net cash from/(used) in operating activities		17,042,571	12,315,185	20,420,094	(67,047,928)
Cash flows from investing activities					
Payments to acquire tangible fixed assets	12	(39,584,359)	(118,636,500)	(36,247,784)	(117,011,387)
Changes in work in progress for own use		(24,646,774)	96,456,606	(24,646,774)	6,369,431
Lending repaid	20	21,542,440	15,901,649	-	-
Dividends received		-	-	-	60,000,000
Proceeds from disposal of tangible fixed assets		12,887,057	10,000	12,771,657	10,000
Net cash used in investing activities		(29,801,636)	(6,268,245)	(48,122,901)	(50,631,956)
Cash flow from financing activities					
Loans repaid	18	(47,958,953)	(120,005,302)	(31,272,752)	(3,776,550)
Loans received	18	51,599,490	125,093,011	15,549,040	107,493,300
Advances (to)/from related parties	21	8,136,844	(18,415)	21,136,844	38,981,585
Net cash from financing activities		11,777,381	5,069,294	5,413,132	142,698,335
Increase/(decrease) in cash and cash equivalents		(981,684)	11,116,234	(22,289,675)	25,018,451
Exchange gain/(losses) on bank balances	9	(24,493,215)	11,713,666	(24,359,665)	10,223,066
Cash & cash equivalent at 1 April		48,344,841	25,514,941	49,824,043	14,582,526
Cash & cash equivalents 31 March		22,869,942	48,344,841	3,174,703	49,824,043
Cash in hand and banks		42,332,589	61,540,987	22,637,350	56,231,899
Bank overdrafts		(19,462,647)	(13,196,146)	(19,462,647)	(6,407,856)
Cash & cash equivalents 31 March		22,869,942	48,344,841	3,174,703	49,824,043

ISLANDS DEVELOPMENT COMPANY LIMITED

Five year financial summary - 31 March 2022
Prepared in Seychelles Rupees

	2022	2021	2020	2019	2018
	SCR '000				
Statement of financial position					
Share capital					
Authorised	21,331	21,331	21,331	21,331	21,331
Issued and fully paid	21,331	21,331	21,331	21,331	21,331
Retained earnings	172,258	155,387	133,709	130,115	91,321
Deferred grants	42,144	45,000	47,869	50,796	48,785
Long term loans	127,068	178,539	58,882	66,346	75,477
Net assets employed	362,801	400,257	261,791	268,588	236,914
Statement of income					
Turnover	427,325	209,931	272,148	297,399	401,975
Profit before taxation	26,649	41,445	13,848	45,458	33,105
Taxation	(9,778)	233	(5,254)	(3,664)	(7,719)
	16,871	41,678	8,595	41,794	25,386
Share of losses in associate	-	-	-	-	(3,903)
	16,871	41,678	8,595	41,794	21,483
Dividends	-	(20,000)	(5,000)	(3,000)	-
	16,871	21,678	3,595	38,794	21,483
Retained earnings - 1 April	155,387	133,709	130,115	91,321	69,838
Retained earnings - 31 March	172,258	155,387	133,709	130,115	91,321

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Notes to the financial statements for the year ended 31 March 2022

Financial statements are prepared in Seychelles Rupees

1 Reporting entity

Island Development Company Limited, wholly owned by the Seychelles Government, is incorporated and domiciled in the Seychelles. The address of the company's registered office is New Port, Mahe, Seychelles.

The company's principal activity is the management of outer islands on behalf of the Seychelles Government, transportation thereto and construction activities.

The activities of the subsidiaries are:

- Green Island Construction Company Limited - Building contractors
- Green Tree Investment Company Limited - Developing, financing and managing immovable properties.

2 Summary of significant accounting policies

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

2.1 Basis of presentation

The statements of the group are prepared in accordance with the requirements of the Seychelles Companies Act, 1972 and the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SME's). They have been prepared under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group'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 2.20. (Significant accounting judgements and estimates.) The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

New standards, amendments and interpretation adopted by the company

The following amendments to the International Accounting Standards that are relevant for the preparation of the financial statements have been adopted by the company for the first time with effect from financial year beginning on 1 January 2020.

- IFRS 10 and IAS 28 - Sale or contribution of assets between investor and its associates or joint venture.
- Amendment to IFRS 3 - Definition of a business.
- Amendment to IAS 1 & 8 - Definition of materiality, presentation of financial statements, accounting policies and changes in estimates.
- IFRS 7, 9 and IAS 39 - Interest rate benchmark reform.
- IFRS 16 amendment - Covid-19-Related Rent Concessions.

New standards and amendments issued but not yet effective

- IAS 1 amendments on classification of liabilities as current or non-current.
- Amendments to IAS 16 - Proceeds before intended use.
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IAS 37- Onerous contracts.
- Amendment to IFRS 3 updating a reference to the Conceptual Framework.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2.

The above standards have not, and are not expected to have, a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Going concern

The company's current liabilities exceed its current assets by SCR 23,171,028 of which SCR 16,093,813 is deferred revenue.

The financial statements have nevertheless been prepared on the basis of going concern on the assumption that the company manages the risk through liquidity gap analysis and maturity profile of assets and liabilities and when necessary by keeping credit lines available. If the company ceased to be a going concern, provision would have to be made to reduce the values of its assets to their estimated recoverable amounts and provide for any further liabilities which may arise.

2.3 Basis of consolidation

Subsidiaries are entities over which the group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than half of the voting rights.

Where a subsidiary either began or ceased to be a subsidiary, the results are included only from the date the control commenced or up to the date the control ceased.

Inter-company transactions, balances and unrealised gains within the group, which are related parties, are eliminated in full.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Notes to the financial statements for the year ended 31 March 2022

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.4 Comparatives

Where necessary comparatives figures have been adjusted to conform to changes in the current year.

2.5 Functional and reporting currency

The financial statements are presented in the Seychelles Rupee, which is the reporting currency under the Companies Act, 1972.

2.6 Impairment of non financial 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 asset's carrying amount 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 purpose of assessing impairment, assets are grouped at the lowest of levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial instruments

The principal financial instruments used by the group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Equity instruments
- Cash and cash equivalents
- Lendings
- Trade payables
- Loans and borrowings

Financial assets

Financial assets are classified into one of the categories discussed below, depending on the purpose for which the asset was acquired and contractual terms of cash flows:

Fair value through profit or loss (FVTPL)

This category comprises only in-the-money derivatives. The group does not have any such assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Fair value through other comprehensive income (FVOCI)

These assets arise from strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. The company holds no such investments.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial instruments which require payments of contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method.

A financial asset is derecognised when the rights to receive cash flows has expired or rights to the asset have been transferred and the company has transferred all the risks and rewards of ownership .

Cash and cash equivalents

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

Trade and other receivables

Trade receivables are amounts due from customers for construction completed, goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Equity instruments

Unlisted investments in subsidiaries or associates are carried at cost or the investments underlying value, if lower. On disposal gains or losses are included in the income statement.

Associates are entities over which the group has significant influence but not control, generally accompanying a shareholding between 15 % and 50 % of the voting rights.

As there are no published price quotations available for the group's associates, the group accounts for the investments at cost and its share of retained earnings in the associate.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Notes to the financial statements for the year ended 31 March 2022

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.7 Financial instruments (cont...)

Financial assets (cont...)

Lendings

Lendings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost.

Financial liabilities

Financial liabilities are recognised at amortised cost, namely original debt less principal payments and amortisations. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

A financial liability is derecognised when the obligations under the liability are discharged, cancelled or expired.

Trade and other payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier. Other liabilities are stated at original debt less principal repayments and amortizations.

Loans and borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost.

Borrowings are classified as non-current liabilities if the borrowings are only repayable on the availability of net cash flows of the group and such availability is not anticipated for at least 12 months after the reporting date.

2.8 Financial risk management

The group's activities expose it to risks that arise from its use of financial instruments. This note describes the objectives, policies and processes for managing those risks and the methods used to measure them.

The Directors have overall responsibility for the determination of the risk management objectives and policies that seek to reduce risk as far as possible without unduly affecting the competitiveness and flexibility and, whilst retaining ultimate responsibility, it delegates the authority for designing and operating processes that ensure their effective implementation.

There have been no substantive changes in the group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group is mainly exposed to credit risk from credit sales, related party receivable and cash resources. It is group's policy to seek advance payments and to assess the credit risk of new customers before entering into contracts or providing services. Cash deposits are held with banks with high credit ratings.

Impairment and uncollectability of financial assets

Impairment of financial assets are estimates based on an 'expected credit loss' (ECL) model. The impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The group considers past events, current and future conditions that can affect recoverability of cash flows when assessing ECL.

Whilst cash and cash equivalents are subject to impairment requirements, the identified impairment loss is considered immaterial.

The group has not experienced historical credit losses either from customers or related parties nor does it expect so in the near future, and therefore no provision has been made during the year.

To measure expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due. The expected losses are based on historical credit losses which are adjusted to reflect current and future economic factors which can affect the ability of customers to settle the receivables.

Market risks

Foreign currency risk

Some of the group's receivables and payables are denominated in foreign currency. Consequently the group is exposed to the risk that the exchange rate of the Seychelles rupee relative to the foreign currencies may change in a manner which has a material effect on the reported values of the company's assets and liabilities denominated in foreign currency. The company mitigates the risk by seeking payments in foreign exchange from customers when possible.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Notes to the financial statements for the year ended 31 March 2022

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.8 Financial risk management/ Market risks/ Foreign exchange risks (cont...)

The currency profile of financial assets and financial liabilities denominated in foreign currency is as follows:

At 31 March 2022	In SCR				
	Euro	USD	SCR	Others	Total
Group					
Assets (net of credit impairment)					
Due from related party	-	-	14,736,039	-	14,736,039
Trade & other receivables	12,378,559	135,132,988	58,424,885	9,893,183	215,829,615
Cash & cash equivalents	533,562	22,767,052	19,031,975	-	42,332,589
	12,912,121	157,900,040	92,192,899	9,893,183	272,898,243
Liabilities					
Employee benefits	-	-	5,775,120	-	5,775,120
Borrowings	-	113,677,282	79,359,927	-	193,037,209
Taxation	-	-	1,159,518	-	1,159,518
Trade & other payables	3,900,160	156,338,916	96,095,253	893,871	257,228,200
	3,900,160	270,016,198	182,389,818	893,871	457,200,047
Net balance sheet position	9,011,961	(112,116,158)	(90,196,919)	8,999,312	(184,301,804)
Company					
Assets (net of credit impairment)					
Taxation	-	-	3,000,000	-	3,000,000
Due from related party	-	-	14,736,039	-	14,736,039
Loans receivable	-	-	8,000,000	-	8,000,000
Trade & other receivables	11,443,422	46,664,280	36,867,055	-	94,974,757
Cash & cash equivalents	519,962	16,859,438	5,257,950	-	22,637,350
	11,963,384	63,523,718	67,861,044	-	143,348,146
Liabilities					
Employee benefits	-	-	5,363,534	-	5,363,534
Borrowings	-	113,677,282	13,390,290	-	127,067,572
Trade & other payables	3,772,740	42,234,064	62,688,333	850,655	109,545,792
	3,772,740	42,234,064	62,688,333	850,655	241,976,898
Net balance sheet position	8,190,644	21,289,654	5,172,711	(850,655)	(98,628,752)

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The group's interest risk would arise from long term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk.

Liquidity risk

Liquidity risk arises from the management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due. The company identifies this risk through periodic liquidity gap analysis and maturity profile of assets and liabilities, and when necessary by keeping committed credit lines available.

The company's policy is to ensure that it always has sufficient cash to allow it to meet its liabilities when they come due.

2.9 Capital risk management

The group's objective when managing capital risk is to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and the benefit of other stakeholders and maintain an optimal capital structure to reduce cost of capital.

Loans from shareholders in form of a subordinated debt are treated as part of equity. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders, return capital, issue new shares or sell assets to reduce debt.

The group manages gearing on the basis of gearing ratio,

	Group		Company	
	2022	2021	2022	2021
Borrowings	193,037,209	251,398,871	127,067,572	178,539,037
Cash and cash equivalents	(42,332,589)	(61,540,987)	(22,637,350)	(56,231,899)
Net debt	150,704,620	189,857,884	104,430,222	122,307,138

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Notes to the financial statements for the year ended 31 March 2022

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.9 Capital risk management

	Group		Company	
	2022	2021	2022	2021
Total equity	190,253,202	154,169,184	193,589,042	176,718,065
Gearing ratio	79%	123%	54%	69%

2.10 Foreign currency transaction

Foreign currency transactions are translated in the Seychelles Rupee at the rate of exchange prevailing at 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 Statement of income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income within finance income or costs. All other exchange gains and losses are presented in the statement of income within other income or expenses.

The Banks mid-rates for the period were:

Currency	Exchange rates at 31 March			Changes in percent (SCR)	
	2022	2021	2020	2021-2022	2020-2021
US \$ / SCR	14.83	20.87	14.30	29%	-46%
Euro / SCR	16.55	24.52	15.77	33%	-55%

2.11 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner indicated by the management. Internally constructed assets are recognised at cost of material and direct labour attributable to a project.

The group adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when cost is incurred if the replacement part is expected to provide future benefits to the company. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to statement of income during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. The estimated useful lives range as follows:

Machinery, furniture & equipment	5 -10 years	Computers	5 years
Motor vehicles	5 years	Staff houses	33 years
Office building	25 years	Hotels & airstrips	25 years
Aircraft	10 years	Airstrip	25 years

The assets residual values and depreciation methods are reviewed, and adjusted prospectively, if there is an indication or a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income or expenses in the statement of income.

2.12 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cost is based on averaging principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

At each reporting date, inventories are assessed for impairment. If the inventory is impaired, the carrying amount is reduced to its selling price less cost to complete and sell; and the impairment loss is recognised immediately in statement of income.

2.13 Taxation

The tax expense for the period comprises of current business, corporate social responsibility and deferred taxes.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and unused tax losses or tax credits.

The current income tax charge and deferred tax is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the reporting date.

2.14 Government grants

Subventions, grants or assets received from the Seychelles Government are dealt with as follows:-

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Notes to the financial statements for the year ended 31 March 2022

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.14 Government grants (cont...)

- Grants towards acquisition of fixed assets - Deferred and amortised over estimated useful lives of the assets.
- Grants for recurrent expenditure - Treated as revenue on an accrual basis.
- Grants for managing Government assets - Offset against operating costs.

2.15 Revenue recognition

In relation to the rendering of services, revenue is recognised by reference to the state of completion of the transaction at the balance sheet date.

In relation to construction activities, revenue is recognised by reference to the state of completion of the construction at the balance sheet date.

Retention withheld by clients for construction activities is recognised in the income statement when received.

In relation to sale of apartments, revenue is recognised upon formal sign off and handover of completed apartments.

2.16 Leases

The Seychelles Government has granted 99 year leases (Commencing 20 December 1994), for islands managed by the company at a paid up nominal rent.

The company leases out (as operating leases) various islands or parts thereof on sub leases.

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss account on a straight line basis over the period of the lease.

2.17 Provisions

Provisions are recognised, where the company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The company recognises a provision for onerous contracts when the expected benefit to be derived from a contract are less than the unavoidable costs of meeting the obligation under the contract.

2.18 Dividends

Dividends are recognised as a liability in the period in which they are declared.

2.19 Contingent liability

A contingent liability is either a possible obligation which existence will only be confirmed in the future, or a present obligation that is not recognised as either it is not probable, or the amount cannot be measured reliably. Contingent liabilities are not recognised but are disclosed, unless the possibility of an outflow of economic resources is remote.

2.20 Significant accounting judgements and estimates

In preparing the financial statements management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities, and disclosures of contingent assets and liabilities. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

Functional currency

The choice of the functional currency of the company 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.

Depreciation and amortisation policies

The directors have estimated the recoverable amount of the property plant and equipment and intangible assets using cash flow projections and concluded, based on this estimate, that the assets are not impaired.

Retirement benefit obligations

Employment Amendments Act (1999) requires employees to be compensated upon retirement or resignation for continuous service from date of their employment. 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.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Notes to the financial statements for the year ended 31 March 2022
Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

Deferred tax

At each reporting date, deferred tax assets are reviewed and adjusted, if necessary, by a valuation allowance, so that the net carrying amount equals the highest amount that is more likely than not to be recovered, based on current or estimated future taxable profits. Any changes to the valuation allowance are recognised in the tax expense.

3 Revenue

Analysis of revenue by category	Group		Company	
	2022	2021	2022	2021
Construction	358,797,215	404,368,289	266,578,110	108,429,520
Transportation	81,036,248	32,194,064	81,036,248	32,194,064
Utility supply	49,317,392	41,506,300	49,317,392	41,506,300
Maintenance of villas & upkeep of Islands	10,603,764	6,392,824	10,603,764	6,392,824
Sale of produce	3,906,182	3,969,668	3,906,182	3,969,668
Sale of apartments	26,787,610	53,932,088	-	-
Property rental	15,883,074	17,438,858	15,883,074	17,438,858
Total	546,331,485	559,802,091	427,324,770	209,931,234

4 Cost of sales

Analysis of cost by category	Group		Company	
	2022	2021	2022	2021
Construction and other				
Material	195,199,739	186,518,679	175,085,401	42,713,423
Labour	49,480,777	64,264,782	30,930,119	11,900,665
Cost from produce	1,438,361	5,965,310	1,438,361	5,965,310
Cost of apartments	18,559,480	69,634,297	-	-
	264,678,357	326,383,068	207,453,881	60,579,398

	Group		Company	
	2022	2021	2022	2021
Transportation				
Insurance	4,489,665	3,197,926	4,489,665	3,197,926
Repairs & maintenance	36,509,389	19,937,947	36,509,389	22,024,230
Staff costs	18,877,621	19,763,791	18,877,621	19,763,791
Fuel and oil	15,429,100	6,621,740	15,429,100	6,621,740
Other operational costs	1,803,691	659,544	1,803,691	659,544
	77,109,466	50,180,948	77,109,466	52,267,231
Total	341,787,823	376,564,016	284,563,347	112,846,629

5 Other income

	Group		Company	
	2022	2021	2022	2021
Guest house activities	4,004,649	751,847	4,004,649	751,847
Surplus from shop sales	246,460	765,946	246,460	765,946
Landing fees	2,772,816	120,059	2,772,816	120,059
Surplus from sale of coral fill	725,812	760,426	725,812	760,426
Profit from disposal of property, plant and equipment	21,298,566	10,000	21,183,166	10,000
Government assistance for Covid-19 (FA4JR)	-	32,100,443	-	32,100,443
Other income	1,099,898	4,692,093	20,621	3,301,982
Total	30,148,201	39,200,814	28,953,524	37,810,703

6 Administrative salaries and benefits expense

	Group		Company	
	2022	2021	2022	2021
Wages and salaries	68,292,281	62,092,281	50,659,327	52,539,470
Pension costs	1,036,783	937,011	981,963	905,375
Employee benefits	6,985,239	4,500,599	6,911,594	4,399,827
Other employment costs	3,951,567	2,808,699	3,179,267	2,101,911
Total	80,265,870	70,338,590	61,732,151	59,946,583

7 Profit for the year

	Group		Company	
	2022	2021	2022	2021
Profit for the year has been arrived at after charging:				
Auditors remuneration	495,500	495,633	295,000	270,000
Rents paid	1,343,852	3,144,119	357,600	1,474,500

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Notes to the financial statements for the year ended 31 March 2022

Financial statements are prepared in Seychelles Rupees

8 Finance income

	Group		Company	
	2022	2021	2022	2021
Interests on deposits and bonds	574,978	622,531	574,978	455,850
Interest on lendings	3,773,283	5,640,790	-	-
Exchange gains on bank balances	-	11,713,666	-	10,223,066
Exchange gain on loans	54,156,138	-	54,156,138	-
Total	58,504,399	17,976,987	54,731,116	10,678,916

9 Finance costs

	Group		Company	
	2022	2021	2022	2021
Interest on loans	9,496,935	11,015,972	4,736,213	4,657,226
Interest on overdraft	2,784,921	1,346,327	2,004,719	652,138
Exchange losses on bank balances	24,493,215	-	24,359,738	-
Exchange losses on loans	-	25,886,122	-	25,886,122
Total	36,775,071	38,248,421	31,100,670	31,195,486

10 Taxation

Group	Statement of financial position		Statement of income	
	2022	2021	2022	2021
Current tax				
Balance due to/(from) previous year	6,366,026	2,416,741	-	-
Adjustment to prior year provision	1,065,072	(41,482)	1,065,072	(41,482)
Paid for prior years	(7,356,715)	(3,271,700)	-	-
Provision for the year	6,385,135	19,676,736	6,385,135	19,676,736
Provisionally paid for current year	(5,300,000)	(12,414,269)	-	-
Total	1,159,518	6,366,026	7,450,207	19,635,254
Deferred tax asset				
Employee compensation obligation	1,443,781	819,020	(624,761)	(110,152)
Deferred due to accelerated tax depreciation	13,934,683	8,173,988	(5,760,695)	(966,408)
Other temporary deductible differences	-	4,317,509	4,317,509	(4,245,536)
Total	15,378,464	13,310,517	(2,067,947)	(5,322,096)
Deferred tax liability				
Other temporary deductible differences	8,904,168	-	8,904,168	-
Total deferred tax asset/expense	6,474,296	13,310,517	6,836,221	(5,322,096)
Corporate social responsibility tax			2,884,884	5,312,920
Total income tax expense			17,171,312	19,626,080

Company

Current tax				
Balance due to/(from) previous year	1,461,920	(938,080)	-	-
Adjustment to prior year provision	1,065,072	(41,481)	1,065,072	(41,481)
(Paid)/refund received for prior year	(2,526,992)	-	-	-
Provision for the year	-	2,600,000	-	2,600,000
Provisionally paid for current year	(3,000,000)	(158,519)	-	-
Total	(3,000,000)	1,461,920	1,065,072	2,558,519
Deferred tax asset				
Employee compensation obligation	1,340,884	713,138	(627,746)	(91,038)
Deferred due to accelerated tax depreciation	11,708,957	5,673,271	(6,035,686)	(733,731)
Other temporary deductible differences	(8,764,366)	4,220,562	12,984,928	(4,160,539)
Total	4,285,475	10,606,971	6,321,496	(4,985,308)
Corporate social responsibility tax			2,392,185	2,194,096
Total income tax expense			9,778,753	(232,693)

It has been enacted to increase the Business Tax rate from 15% to 25%, effective from 1 January 2022, requiring remeasurement of deferred taxes.

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Notes to the financial statements for the year ended 31 March 2022
Financial statements are prepared in Seychelles Rupees

11 Authorised and issued capital

	2022	2021
Authorised and issued and fully paid 213,309 shares of SCR 100 each	21,330,924	21,330,924

12 Property, plant and equipment

Group	Buildings & utilities	Aircraft	Machinery & fittings	Vehicles, boats & trailers	Total
Cost					
At 1 April 2020	236,179,592	50,763,975	135,655,196	26,332,753	448,931,516
Additions	25,543,273	61,475,626	31,334,842	282,759	118,636,500
Disposal	(721,486)	-	(8,783,423)	(2,687,857)	(12,192,766)
Classified as non-current assets held for sale	(7,944,263)	-	-	-	(7,944,263)
At 31 March 2021	253,057,116	112,239,601	158,206,615	23,927,655	547,430,987
Additions	22,721,214	2,931,835	12,608,790	1,322,594	39,584,433
Disposal	-	(20,972,738)	-	(375,000)	(21,347,738)
At 31 March 2022	275,778,330	94,198,698	170,815,405	24,875,249	565,667,682
Accumulated depreciation and impairment					
At 1 April 2020	120,300,312	14,687,365	75,950,227	22,555,800	233,493,704
Annual depreciation	7,336,637	3,747,852	18,432,817	1,448,019	30,965,325
Disposals	(691,542)	-	(6,872,804)	(2,485,237)	(10,049,583)
Classified as non-current assets held for sale	(5,098,856)	-	-	-	(5,098,856)
At 31 March 2021	121,846,551	18,435,217	87,510,240	21,518,582	249,310,590
Annual depreciation	8,420,150	7,377,197	22,837,362	1,340,595	39,975,304
Disposals	-	(14,284,173)	-	(375,000)	(14,659,173)
At 31 March 2022	130,266,701	11,528,241	110,347,602	22,484,177	274,626,721
Carrying amount					
At 31 March 2021	131,210,565	93,804,384	70,696,375	2,409,073	298,120,396
At 31 March 2022	145,511,629	82,670,457	60,467,803	2,391,072	291,040,959
Company					
Cost					
At 1 April 2020	221,079,783	50,763,975	112,055,968	19,209,393	403,109,119
Additions	25,543,273	61,475,626	29,709,729	282,759	117,011,387
Disposal	(721,486)	-	(8,783,423)	(2,687,857)	(12,192,766)
Classified as non-current assets held for sale	(7,944,263)	-	-	-	(7,944,263)
At 31 March 2021	237,957,307	112,239,601	132,982,274	16,804,295	499,983,477
Additions	22,721,214	2,931,835	9,992,627	602,108	36,247,784
Disposal	-	(20,972,738)	-	-	(20,972,738)
At 31 March 2022	260,678,521	94,198,698	142,974,901	17,406,403	515,258,523
Accumulated depreciation and impairment					
At 1 April 2020	108,702,335	14,687,365	62,290,741	16,655,353	202,335,794
Annual depreciation	5,881,679	3,747,852	15,405,689	888,152	25,923,372
Disposals	(691,542)	-	(6,872,804)	(2,485,237)	(10,049,583)
Classified as non-current assets held for sale	(5,098,856)	-	-	-	(5,098,856)
At 31 March 2021	108,793,616	18,435,217	70,823,626	15,058,268	213,110,727
Annual depreciation	7,332,993	7,377,197	19,510,729	737,881	34,958,800
Disposals	-	(14,284,173)	-	-	(14,284,173)
At 31 March 2022	116,126,609	11,528,241	90,334,355	15,796,149	233,785,354
Carrying amount					
At 31 March 2021	129,163,691	93,804,384	62,158,648	1,746,027	286,872,750
At 31 March 2022	144,551,912	82,670,457	52,640,546	1,610,254	281,473,169

The company is availed of two aircrafts belonging to Seychelles Government at no cost.

The company revised consideration for the sale of its current offices from SCR 10m to SCR 5m, for which a deposit of SCR 5m had already been received. This asset is disclosed as asset held for sale within the financial statements as follows:

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES
Notes to the financial statements for the year ended 31 March 2022

Financial statements are prepared in Seychelles Rupees

12 Property, plant and equipment (cont ...)

	Group		Company	
	2022	2021	2022	2021
Agreed consideration	10,000,000	10,000,000	10,000,000	10,000,000
Deposit received	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Revised consideration	(5,000,000)	-	(5,000,000)	-
Receivable upon vacating of premises	-	-	-	-
Cost of buildings	7,944,263	7,944,263	7,944,263	7,944,263
Accumulated depreciation	(5,098,856)	(5,098,856)	(5,098,856)	(5,098,856)
Non-current asset held for sale	2,845,407	2,845,407	2,845,407	2,845,407

13 Investments (company)

Investments are stated at historical less any accumulated impairment losses in the following unquoted companies, incorporated in the Seychelles.

	% Holding	2022	2021
Held in group companies			
Green Island Construction Company Limited	100%	100,000	100,000
Green Tree Investment Company Limited	0.1%	100	100
Other			
Paradise Marine Limited	20%	3,903,290	3,903,290
Platte Island Development Limited	20%	2,000	2,000
Poivre Island Lodge Limited	20%	2,599	2,599
Total		4,007,989	4,007,989
Associated entities			
Cost of investment		3,907,889	3,907,889
Share of post-acquisition losses		(3,903,290)	(3,903,290)
Total		4,599	4,599
Net investments		104,699	104,699

Unlisted investments in associates are carried at cost or the investments underlying value, if lower. On disposal gains or losses are included in the income statement.

14 Deferred grants (company)

	2022	2021
1 April	45,000,612	47,868,768
Received in year	-	-
Amortisation for the year	(2,856,156)	(2,868,156)
At 31 March	42,144,456	45,000,612

15 Inventories

	Group		Company	
	2022	2021	2022	2021
Copra	392,376	774,551	392,376	774,551
Employee shop stocks	742,776	709,696	742,776	709,696
Live stock & livestock products	555,325	229,550	555,325	229,550
Engineering spares	5,688,343	4,990,398	5,688,343	4,990,398
Building materials	11,805,268	8,685,790	2,309,619	5,118,114
Fuel and sundry	5,112,366	5,568,431	5,112,366	5,568,431
Apartments available for sale	24,095,763	42,095,993	-	-
Total	48,392,217	63,054,409	14,800,805	17,390,740

16 Employee benefit obligations

	Group		Company	
	2022	2021	2022	2021
At 1 April	5,107,191	4,436,556	4,754,250	4,147,334
Current service cost	3,351,179	1,903,168	3,277,534	1,802,396
Benefits paid	(2,683,250)	(1,232,533)	(2,668,250)	(1,195,480)
At 31 March	5,775,120	5,107,191	5,363,534	4,754,250

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Notes to the financial statements for the year ended 31 March 2022

Financial statements are prepared in Seychelles Rupees

17 Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
Trade receivables	14,746,975	42,544,276	14,746,975	42,544,276
Construction debtors	104,874,951	79,562,901	30,633,329	28,564,794
Prepaid goods and credit with suppliers	39,786,468	-	-	-
Lending instalment outstanding	2,156,484	-	-	-
Advances and prepayments for goods and services	54,264,737	9,698,750	49,594,453	6,986,152
Total	215,829,615	131,805,927	94,974,757	78,095,222

18 Borrowings

	Group		Company	
	2022	2021	2022	2021
Non current				
Bank loans	124,613,910	192,175,396	75,184,017	139,734,095
Current				
Bank loans	48,960,652	46,027,329	32,420,908	32,397,086
Bank operating overdrafts	19,462,647	13,196,146	19,462,647	6,407,856
Total	68,423,299	59,223,475	51,883,555	38,804,942

Total borrowings

193,037,209	251,398,871	127,067,572	178,539,037
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Purpose
Repayable in SCR

Construction of head office (Total drawdown facility SCR 30m)	3,754,160	330,000	3,754,160	330,000
Construction of condominiums & National Library	65,969,637	-	-	-
Working capital	27,962,647	86,979,401	8,500,000	14,500,000
Total	97,686,444	87,309,401	12,254,160	14,830,000

Repayable in USD

Purchase of aircraft	54,816,954	90,997,050	54,816,954	90,997,050
Purchase of generator	17,511,237	33,244,838	17,511,237	33,244,838
Construction of head office (Total drawdown facility US\$ 5m)	11,322,752	11,429,293	11,322,752	11,429,293
Working capital	11,699,822	28,418,289	11,699,822	21,630,000
Total	95,350,765	164,089,470	95,350,765	157,301,181

Total bank loans	193,037,209	251,398,871	107,604,925	172,131,181
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Repayments

	2022	2021	2022	2021
Repayable within 1 year	68,423,299	59,223,475	51,883,555	38,804,942
Repayable later than 1 year and no later than 5 years	124,613,910	192,175,396	75,184,017	139,734,095
Total	193,037,209	251,398,871	127,067,572	178,539,037

Currency profile

	2022	2021	2022	2021
US \$	113,677,286	164,089,724	95,350,765	157,301,434
Seychelles R	79,359,923	87,309,147	31,716,807	21,237,603
Total	193,037,209	251,398,871	127,067,572	178,539,037

Finance cost profile

	2022	2021	2022	2021
Lending rate @ 5.31 % (2021 - 5.77%)	17,511,238	40,033,128	17,511,238	33,244,838
Lending rate @ 5.31 % (2021 - 6.77%)	16,416,730	30,433,050	16,416,730	30,433,050
Lending rate @ 8.5 % (2021 - 9.5%)	65,969,637	72,479,401	-	6,407,857
Lending rate @ 5.31 % (2021 - 4.27%)	11,699,823	21,630,000	11,699,823	21,630,000
Lending rate @ 5.85%	38,400,223	60,564,000	38,400,223	60,564,000
Lending rate @ 5.95%	11,322,753	11,429,292	11,322,753	11,429,292
Lending rate @ 8.4%	3,754,160	330,000	3,754,160	330,000
Lending rate @ 4.31%	19,462,645	-	19,462,645	-
Interest free	8,500,000	14,500,000	8,500,000	14,500,000
Total	193,037,209	251,398,871	127,067,572	178,539,037

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Notes to the financial statements for the year ended 31 March 2022

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18 Borrowings (cont ...)

Security provided

The borrowings are secured by:

- First and third line floating charges over company's assets to secure SCR 7m and USD 2m.
- Mortgage on aircrafts to secure US\$ 3m with insurance policy assigned to lender.
- General floating charge on company's assets for USD 480,000.
- Assignment of building insurance policy for SCR 34.2m.
- First and second line charge on property (H13425)
- First line floating charge over the company's current and future assets to secure SCR 10 million, floating charges and corporate guarantee of the parent company for SCR 10 million, SCR 5 million and U\$ 5.5 million, and assignment of contract payments.

19 Trade and other payables

	Group		Company	
	2022	2021	2022	2021
Trade payables	68,548,738	34,467,817	68,548,734	34,467,817
Construction creditors	29,410,552	48,817,011	-	-
Salaries payable - construction workers	18,856,213	14,013,679	16,093,813	14,013,679
Advances on contracts	98,889,073	3,099,108	-	-
Deferred revenue and deposits	880,522	6,007,398	880,522	6,007,398
Deposits received for purchase of condominiums	-	1,026,102	-	-
Dividend payable	7,000,000	20,000,000	7,000,000	20,000,000
Due to related parties	4,698	-	130,433	8,844,526
Statutory payables	25,430,695	39,284,349	13,482,677	8,918,574
Other accruals	8,207,709	25,862,144	3,409,613	3,500,614
Total	257,228,200	192,577,608	109,545,792	95,752,608

20 Lending (group)

Project constructed and converted to lending under a financial lease is as follows:

Anticipated duration of lease remaining	22 months
Commencement date	Dec, 2015
Monthly rental (subject to change in loan interest rates)	1,795,203
Implicit interest rate for 2020/2021 - 1 April 2021 to 20 October 2021	8.50%
- 21 October 2021 to 31 March 2022	7.50%
Gross investment in lease	155,499,108
Fair value of lease on commencement date	111,569,183
Unearned finance income at 31 March 2022	4,923,994

Receivable from

	2022	2021
Ministry of land use	37,089,289	54,858,446

Repayment

	2021	2021
Repayable within 1 year	18,046,643	17,552,846
Repayable later than 1 year and no later than 5 years	19,042,646	37,305,600
Total	37,089,289	54,858,446

The lending is subject to interest which mirrors the rate on borrowings. (1 April to 20 October 2021 - 8.5%; 21 October 2021 to 31 March 2022 - 7.5 %).

Projects under construction and prospective projects

The company has commenced renovations of the National Library Building which is expected to cost Scr 75m and also expects to be awarded the construction of the Seychelles Revenue Commission (SRC) at an estimate cost of Scr 150m.

The financing of the projects has been secured by bank loans of similar amounts which are repayable over 10 years, with a grace period of 18 and 24 months for the construction and renovations period. The loans will bear interest at a discount of 0.5% below the bank's prime lending rate.

Besides securities mentioned above, the loan of Scr 150m will be secured by a first line fixed charge on the SRC building.

As security, the group hold leasehold rights over land where a project is situate, which is surrendered at no cost upon repayment of the lending.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Notes to the financial statements for the year ended 31 March 2022

Financial statements are prepared in Seychelles Rupees

21 Related parties and transactions

These relate to shareholders, directors and senior management of the company and the companies of which they are principal owners. Pricing policies and terms of these transactions are considered by the Directors to have been conducted at an arms length unless stated otherwise below.

	Group		Company	
	2022	2021	2022	2021
Sale of goods; services and expenses recovered				
To ultimate parent	6,596,135	4,711,083	-	-
To subsidiaries	-	-	-	143,231,553
To associated companies	279,045,983	11,442,375	279,045,983	11,423,960
Total	285,642,118	16,153,458	279,045,983	154,655,513
Purchase of services				
From subsidiaries	-	-	16,804,698	90,106,977
From associated companies	-	11,442,375	-	11,442,375
Total	-	11,442,375	16,804,698	101,549,352
Loan to subsidiary				
Loan to subsidiary			8,000,000	21,000,000

There are no specific terms of repayment of the loan to subsidiary company, which is free of interest.

Year end balances

Due to subsidiary - (non current)	-	-	7,130,333	8,844,526
Due from associated company - (non current)	14,736,039	22,872,883	14,736,039	22,872,883

Parent company directors emoluments, pensions or compensation

Mr. G. M. Savy	1,395,000	1,260,000	1,395,000	1,260,000
Mr. P. Lablache	72,960	78,880	36,480	42,400
Mrs. S. Francis	72,960	78,880	36,480	42,400
Ms. A. Antat	472,532	78,880	12,160	42,400
Mr. P. Berlouis	109,440	116,320	54,720	61,600
Mr. W. Confait	72,960	78,880	36,480	42,400
Mrs. A. Lebon	72,960	78,880	36,480	42,400
Mr. C. Lionnet	890,000	840,000	890,000	840,000
Mr. D. Matatiken	72,960	78,880	36,480	42,400
Total	3,231,772	2,689,600	2,534,280	2,416,000

22 Commitments

IT upgrade

The company has, up to the reporting date, spent SCR 1.1m towards upgrading its IT systems. The project is anticipated to be completed in December 2022 at a cost of US\$ 250,000.

New offices at Ile du Port

The company is to relocate to its new head office early in 2023. The total project cost is estimated at SCR 50m and is being financed through bank loans.

Coetivy agricultural development and aqua culture

The company has been mandated by the government to further diversify its activities to support food security and develop the fisheries sector through aqua culture. The company anticipates to spend US\$ 1m to rehabilitate existing infrastructures on Coetivy for farming of prawns for the local market.

The company is also exploring the possibility of poultry production on Coetivy. The project is anticipated to cost SCR 35m.

Landing craft

The company entered into a contract to build a 30 meter landing craft to service the outer islands. The vessel is estimated to cost of US\$ 1.6m and is to be funded by the company's own funds. The company is expected to take delivery of the landing craft in December 2022. The company anticipates to invest in a 1,500 ton landing craft in future. The vessel builder is yet to provide a quote for the proposed vessel.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Notes to the financial statements for the year ended 31 March 2022

Financial statements are prepared in Seychelles Rupees

22 Commitments (cont...)

Purchase of two aircrafts

The company has entered into a purchase agreement for a sum of US\$ 1.2m for two aircrafts to facilitate accessibility to islands with shorter runways. One aircraft is expected to be delivered in mid August 2022 and the other in September 2022. The purchase of the aircrafts is financed by the company.

Construction of hangers and infrastructures

The company is to relocate its aviation department in future and is expected to spend US\$ 1.5m for aircraft hangers. The total cost of construction of aviation infrastructures is estimated to be US\$ 3m.

Operating lease commitments - company as a lessor

The company leases outer islands and buildings under long term leases with rent reviews every 5 years and option to renew or extend the leases at the end of the lease period provided that the lessee has complied fully with the terms and conditions of the lease.

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

	US\$
Receivable no later than 1 year	735,890
Receivable later than 1 year and no later than 5 years	2,943,560
Receivable later than 5 years	31,629,670
	<u>35,309,120</u>

23 Contingent liability

The company has entered into a contract to purchase renewable energy for its own consumption and resale. The contract guarantees a minimum consumption threshold of 4,479,497 Kwh on aggregate per annum across three solar plants to be consumed by islands covered in the contract. Should the solar consumption from the solar plants fall below the minimum consumption threshold, then the company is required to compensate the solar energy producer for the shortfall in minimum consumptions.