

SEYCHELLES PORT AUTHORITY

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013



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 Website: www.oag.sc

Please address all correspondence to the Auditor General

REPORT OF THE AUDITOR GENERAL TO THE BOARD

SEYCHELLES PORTS AUTHORITY

Pursuant to the powers conferred on me by Section 16 (3) of the Seychelles Ports Authority Act 2004, I have caused BDO Associates (Chartered Accountants) to audit on my behalf the financial statements of the Authority for the period ended 31 December 2013 as set out on pages 4 to 18.

Board's Responsibility for the Financial Statements

As set out on Page 2 of the Director's Report, the Board is responsible for the preparation of financial statements and their fair presentation. 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, selection and applying appropriate policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on those financial statements based on the audit. The audit was conducted in accordance with Generally Accepted Auditing Standards in Seychelles. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of 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 these risk assessments, the auditors consider 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 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, the financial statements on pages 4 to 18 fairly present the financial position of the Seychelles Ports Authority as at 31 December 2013 and the results of its operations and cash flows for the year then ended.



Marc Benstrong
Auditor General

21 August 2014
Victoria



SEYCHELLES PORTS AUTHORITY

**REPORT OF THE BOARD AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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REPORT OF THE BOARD

The Board has pleasure in submitting its Annual Report together with the audited financial statements of the Authority for the year ended December 31, 2013.

AUTHORITY

The Seychelles Ports Authority was established as a Statutory Body under the Seychelles Ports Authority Act 2004, which came into force effective October 2004. The Authority was vested with the assets and liabilities of the former Port and Marine Services Division worth SR 31 million at nil consideration.

PRINCIPAL ACTIVITIES

The principal activities of the Authority are to regulate, control and administer all matters relating to the safety and security of the Port and its facilities. The Authority is required to promote the development of Port infrastructure, maintain installations, to encourage the use of reliable and sufficient equipment in the provision of Port services. The Authority is also required to participate in matters pertaining to search and rescue and collect all harbour dues, rental fees and other moneys payable to the Authority under the Act and any other law as fully described under Section 6 of the Act and the applicable Regulations.

RESULTS

The profit for the year before tax amounted to **SR 46.7 million** (2012: SR. 40.6 million).

DIVIDENDS

Dividends amounting to **SR 25 Million** were paid in the financial year under review (2012: SR 30 Million).

PROPERTY AND EQUIPMENT

Additions of **SR 2.1 million** to property and equipment during the year comprised mainly work in progress, machinery equipment, office equipment, motor vehicles and building improvements. Disposals during the year consisted of tags carried at net book value of **SR 3.3 Million**.

The Board is of the opinion that the carrying amounts of the property and equipment at December 31, 2013 approximate their fair value.

COMPOSITION OF THE BOARD

The members of the Board since the date of the last Annual Report and to date are:

Conrad Benoiton
Andre Ciseaux
Philippe Michaud
Monica Bonvalet
Jean Atalla

None of the Board members held any interest in the Authority.

REPORT OF THE BOARD

STATEMENT OF BOARD'S RESPONSIBILITIES

The Board of the Authority is responsible for the overall management of the affairs of the Authority including the operation of the Authority and making investment decisions. The Chief Executive Officer of the Authority is as defined under Section 7 of the Seychelles Ports Authority Act, 2004 responsible for implementation of the decisions of the Board and for the management of the day to day business of the Authority and subject to the directions of the Board, delegate any function of the Chief Executive Officer to any employee of the Authority.

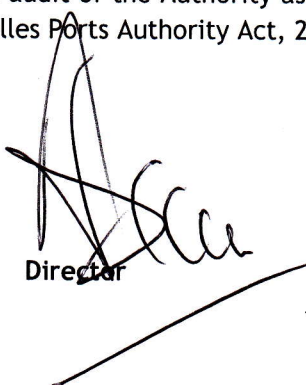
The Board is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Standards in Seychelles and in compliance with the Seychelles Ports Authority Act, 2004. This responsibility includes: designing, implementing and maintaining 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 Board has 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 Board considers it has met the aforesaid responsibilities.

AUDITOR

The Auditor General of Seychelles is mandated to carry out the audit of the Authority as per Article 158 of the Constitution as specified under Section 16 (3) of the Seychelles Ports Authority Act, 2004.

BOARD APPROVAL


Director
Director

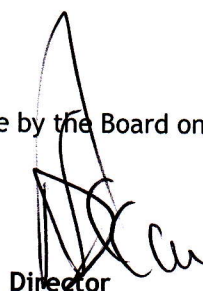
Dated: 11/08/2014
Victoria, Seychelles

BALANCE SHEET AS AT DECEMBER 31, 2013

	<u>Notes</u>	<u>2013</u> <u>SR'000</u>	<u>2012</u> <u>SR'000</u>
ASSETS			
Non-current asset			
Property and equipment	5(a)	<u>156,640</u>	<u>166,082</u>
Current assets			
Trade and other receivables	6	<u>32,920</u>	<u>29,531</u>
Cash and bank balances	7	<u>59,720</u>	<u>31,228</u>
		<u>92,640</u>	<u>60,759</u>
Total assets		<u><u>249,280</u></u>	<u><u>226,841</u></u>
EQUITY AND LIABILITIES			
Equity			
Capital reserve	8	<u>18,545</u>	<u>19,844</u>
Retained earnings		<u>115,383</u>	<u>104,192</u>
		<u>133,928</u>	<u>124,036</u>
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	9	<u>3,229</u>	<u>2,087</u>
Other payable	10	<u>3,586</u>	<u>7,171</u>
Tax liability	11	<u>89,000</u>	<u>77,500</u>
		<u>95,815</u>	<u>86,758</u>
Current liabilities			
Tax liability	11	<u>10,500</u>	<u>11,500</u>
Trade and other payables	12	<u>9,037</u>	<u>4,547</u>
		<u>19,537</u>	<u>16,047</u>
Total liabilities		<u><u>115,352</u></u>	<u><u>102,805</u></u>
Total equity and liabilities		<u><u>249,280</u></u>	<u><u>226,841</u></u>

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


Director


Director

INCOME STATEMENT - YEAR ENDED DECEMBER 31, 2013

	<u>Notes</u>	<u>2013</u> <u>SR'000</u>	<u>2012</u> <u>SR'000</u>
Port related services	2(h)(i)	98,695	91,559
Hire of boats		1,271	1,811
Rental income	2(h)(ii)	9,379	5,341
Sundry income	13	3,291	2,897
Gross income		<u>112,636</u>	<u>101,608</u>
Cost of services		<u>(20,636)</u>	<u>(15,509)</u>
		<u>92,000</u>	<u>86,099</u>
Staff costs	14	(30,130)	(26,373)
Premises costs	15	(2,217)	(2,154)
Operating overheads	16	(5,983)	(4,113)
Provision for credit impairment	6(b)	-	(6,022)
Net depreciation	5(b)	(6,979)	(6,851)
Profit before tax		<u>46,691</u>	<u>40,586</u>
Tax expense	11	(10,500)	(11,500)
Profit for the year		<u><u>36,191</u></u>	<u><u>29,086</u></u>

The notes on pages 7 to 18 form an integral part of these financial statements
Auditors' report on pages 2 and 2(a)

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2013

	<u>Notes</u>	<u>Capital reserve SR'000</u>	<u>Retained earnings SR'000</u>	<u>Total SR'000</u>
Balance at January 1, 2013		19,844	104,192	124,036
Profit for the year		-	36,191	36,191
Dividends paid	17	-	(25,000)	(25,000)
Release to income statement in respect of depreciation charged	5(b)	<u>(1,299)</u>	<u>-</u>	<u>(1,299)</u>
Balance at December 31, 2013		<u>18,545</u>	<u>115,383</u>	<u>133,928</u>
Balance at January 1, 2012		21,143	105,106	126,249
Profit for the year		-	29,086	29,086
Dividends paid	17	-	(30,000)	(30,000)
Release to income statement in respect of depreciation charged	5(b)	<u>(1,299)</u>	<u>-</u>	<u>(1,299)</u>
Balance at December 31, 2012		<u>19,844</u>	<u>104,192</u>	<u>124,036</u>

The notes on pages 7 to 18 form an integral part of these financial statements
Auditors' report on pages 2 and 2(a)

CASH FLOW STATEMENT - YEAR ENDED DECEMBER 31, 2013

	<u>Notes</u>	<u>2013</u> <u>SR'000</u>	<u>2012</u> <u>SR'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		46,691	40,586
Adjustments for:			
Depreciation	5(b)	6,979	6,851
Increase in provision for retirement benefit obligations	9	1,142	1,162
(Profit)/Loss on disposal of property and equipment		(1,702)	31
Cash generated from operations		<u>53,110</u>	<u>48,630</u>
 (Increase)/Decrease in trade and other receivables		 (3,389)	 55,587
Increase in trade and other payables		905	10,932
Net cash inflow from operating activities		<u>50,626</u>	<u>115,149</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	5(a)	(2,113)	(83,334)
Proceeds from disposal of property and equipment		4,978	227
Net cash inflow/(outflow) from investing activities		<u>2,865</u>	<u>(83,107)</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends paid and net cash outflow from financing activity	17	<u>(25,000)</u>	<u>(30,000)</u>
Net increase in cash and cash equivalents		<u>28,491</u>	<u>2,042</u>
Movements in cash and cash equivalents:			
At January 1,		31,228	29,186
Increase		<u>28,491</u>	<u>2,042</u>
At December 31,	7	<u>59,719</u>	<u>31,228</u>

The notes on pages 7 to 18 form an integral part of these financial statements
Auditors' report on pages 2 and 2(a)

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

1. GENERAL

Seychelles Ports Authority was established as a Statutory Body under the Seychelles Ports Authority Act 2004, which came into force effective October 2004. The Authority was vested with the assets and liabilities of the former Port and Marine Services Division at nil consideration.

The office of the Authority is located at "New Port", Victoria, Mahé, Seychelles.

The principal activities of the Authority are as stated in the Board's Report on page 1.

2. SIGNIFICANT 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 of the Authority have been prepared under the historical cost convention method in accordance with Generally Accepted Accounting Standards in Seychelles and comply with the Seychelles Ports Authority Act, 2004.

(b) Property and equipment

Property and equipment are stated at cost less accumulated depreciation. The leasehold lands on which buildings are constructed were leased to the Authority by the Government of Seychelles at a negligible amount. The cost of property and equipment that were taken over by the Authority from the former Port and Marine Services Division is the net book value of those assets at the date of take over. Costs of property and equipment acquired after the Authority came into existence consist 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 Income Statement during the year 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(b) Property and equipment (Cont'd)**

Depreciation is calculated on items of property and equipment so as to write off its cost on a straight line basis over their estimated useful lives. The estimated useful lives are:

	Years
Improvement to Buildings	20
Tugs, buoys and launches	15
Pontoons	20
Boats and outboard engines	4
Machinery, equipment and tools	5
Office equipment, furniture and fittings and other assets	4
Motor vehicles	5

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Gains and losses on disposal of property and equipment are determined by comparing proceeds with carrying amount and are included in the Income Statement.

(c) Financial instruments

Financial assets and liabilities are recognised on the Authority's balance sheet 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.

(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 Income Statement.

The carrying amount of trade receivables approximated their fair value.



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) Financial instruments (Cont'd)****(ii) Trade and other payables**

Trade payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed or not billed to the Authority.

The carrying amount of trade payables approximate their amortised cost.

(iii) Cash and cash equivalents

The cash flow statement classifies changes in cash and cash equivalents according to operating, investing and financing activities. Cash and cash equivalents comprise cash in hand and at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet 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.

(d) Leases

Where immoveable properties have been acquired by lease agreements under which all of the risks and rewards of ownership are transferred to the Authority at the inception of the lease, they are treated as if they had been purchased outright and classified as Leasehold. The total lease rental paid for the period of lease are recognised as long term investments and the advance lease rent is appropriated over the period of the lease term.

(e) Retirement benefit obligations

Retirement benefit obligations comprise of end-of-contract gratuities and Labour Act length of service compensation. The Authority computes this liability in respect of eligible employees at the end of each year based on the current salaries of those employees. Excess/shortfall to the provision is adjusted to the Income Statement.

(f) Tax

Tax on the profit or loss for the year comprises current tax. Current tax is the expected amount of tax payable in respect of the taxable profit and is measured using the tax rates applicable at the balance sheet date. No provision is made for deferred tax as the Authority has applied for exemption from payment of business tax.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(g) Provisions**

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(h) 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.

(i) Port services income

Port services and related income are recognised based on the offer and use of facilities by customers net of discounts.

(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 investment agreements with the banks and per terms of offer of the Government Securities.

(iv) Other revenues

Surcharges and other revenues are recognised on an accrual basis based on the substance of the transaction.

(i) 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 which is the Authority's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(i) Foreign currencies (Cont'd)*****Transactions and balances***

Foreign currency transactions are translated in the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in a currency other than the presentation currency, are recognised in the Income Statement. Such monetary assets and liabilities are translated into presentation currency using the exchange rates prevailing at the balance sheet date.

Non-monetary assets which are denominated in a currency other than the presentation currency are translated at exchange rates prevailing at the date these assets were recognised in the Financial Statements.

3. FINANCIAL RISK MANAGEMENT

The Authority's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Authority's activities whilst managing its interest rate, foreign exchange, liquidity and credit. The Authority operates within clearly defined guidelines set in the Seychelles Ports Authority Act, 2004 and Regulations associated with the said Act and the Authority's policy is not to engage in any speculative transactions.

The Authority's activities expose it to a variety of financial risks including the following:

(a) Interest rate risk

The Authority finances its operations through operating cash flows which are denominated in foreign currencies and Seychelles Rupees. Interest rate risk is considered low as the cash inflows in Seychelles rupees are sufficient to meet the Authority's obligations.

(b) Foreign exchange risk

The Authority's activities are exposed to currency risk with respect mainly to US Dollars and Euros. The Authority requires foreign exchange for developing its infrastructure and acquisition of property and equipment which are met through the surplus from foreign currency income, and the support of Government of Seychelles. Foreign currency risk is not hedged.

(c) Liquidity risk

This refers to the possibility of the Authority being unable to meet its obligations because of unavailability of funds for operational payments. In order to ensure adequacy of its funding, cash flow forecasts are prepared regularly and actions taken appropriately. Moreover, the Authority is supported by the Government of Seychelles to ensure that its objectives are met.

3. FINANCIAL RISK MANAGEMENT (CONT'D)**(c) Liquidity risk (Cont'd)**

Procedures have also been established throughout the Authority so that all users channel their requirements to the treasury function. This ensures that cash flow forecast exercise is carried out based on real-time information from users. The Authority also has a portfolio of liquid assets, the maturities of which falls either before or concurrent to the maturity of its obligations.

(d) Credit risk

Credit risk relates to the possibility of default by tenants and shipping agents in settling their obligations to the Authority. The Authority has established internal policies to determine the creditworthiness and reliability of potential tenants. The Authority also seeks to control credit risk by ensuring that rental agreements are made with entities with an appropriate credit history. The Authority considers that the risk of material loss in the event of non-performance by a financial counter-party to be mitigated.

(e) Fair values

The carrying amounts of financial assets and financial liabilities of the Authority at the balance sheet date approximate their fair values.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future are made in the preparation of the Financial Statements. They affect the application of the Authority's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Dividends

Payment of Dividends to the Government of Seychelles is as per directives of the Ministry of Finance, which is vested with the powers under Section 11 (3) of the Seychelles Ports Authority Act, 2004. The Authority does not have any discretionary powers to recommend the amount of dividends to be paid.

(ii) Tax provision

The Authority has applied for exemption from payment of Business Tax in December 2006 and is still awaiting a reply from the Seychelles Revenue Commission. The Authority has made provisions for tax at the applicable tax rates for prior periods and the current financial year. Should the Authority be granted exemption from payment of Business Tax at a future date, the amount provided would be credited back to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**(ii) Tax provision (Cont'd)**

No penalty has however been provided in respect of late payment of tax since the amount cannot be reasonably estimated.

(iii) Depreciation of property and equipment

The deemed cost of property and equipment that were taken over by the Authority from the former Port and Marine Services Division is the net book value of those assets at the date of take over. Cost of assets acquired after the Authority came into existence is their actual cost of acquisition. Assets at cost and deemed cost are depreciated on a straight line basis at rates which are calculated to write down their stated cost to their estimated residual values at the end of their operational lives. Certain estimates regarding the operational lives and residual values of assets are made by the Authority based on past experience and their operational lives and residual values are reviewed on an annual basis.


(iv) Capital reserve

Upon establishment of the Authority as a Statutory Body in the year 2004, the Authority was vested with the assets and liabilities of the former Port and Marine Services Division at nil consideration. The net value of assets over liabilities was recognised as Capital Reserve and credited to the Capital Fund Account with an assumption that this amount was not payable in future to the Government of Seychelles.

The depreciation charge of these assets are offset by a corresponding release from capital reserve on a yearly basis so that impact on income statement is nil.

(v) Leasehold lands

Leasehold lands have been transferred to the Authority by the Government of Seychelles at a negligible value. Improvement to Buildings made by the Authority subsequent to the take over are stated at cost incurred for such improvements. Depreciation is provided on such cost over their estimated useful lives. Should the leasehold land together with buildings thereon be revalued, substantial adjustment may result to the carrying value of those assets.



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

5. PROPERTY AND EQUIPMENT

	Improvements to buildings	Tugs buoys & launches	Pontoons	Boats & outboard engine	Machinery equipment & tools	Office equipment	Furniture & fittings	Motor vehicles	Other assets	Work-in -progress	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
At January 1, 2012	2,291	103,421	600	62	481	1,592	394	635	973	-	110,449
Additions	337	2,784	-	-	620	378	92	2,584	515	76,024	83,334
Disposals	-	-	-	-	-	-	-	(298)	-	-	(298)
At December 31, 2012	2,628	106,205	600	62	1,101	1,970	486	2,921	1,488	76,024	193,485
Additions	108	-	-	-	414	287	35	742	254	273	2,113
Disposals	-	(7,661)	-	-	-	-	-	-	-	-	(7,661)
At December 31, 2013	2,736	98,544	600	62	1,515	2,257	521	3,663	1,742	76,297	187,937

(a) COST/DEEMED COST

ACCUMULATED DEPRECIATION

At January 1, 2012	495	15,591	218	46	348	1,236	356	476	527	-	19,293
Charge for the year	126	6,926	30	2	157	186	30	431	262	-	8,150
Disposal adjustment	-	-	-	-	-	-	-	(40)	-	-	(40)
At December 31, 2012	621	22,517	248	48	505	1,422	386	867	789	-	27,403
Charge for the year	132	6,740	30	2	191	236	37	599	311	-	8,278
Disposal adjustment	-	(4,384)	-	-	-	-	-	-	-	-	(4,384)
At December 31, 2013	753	24,873	278	50	696	1,658	423	1,466	1,100	-	31,297

NET BOOK VALUE

At December 31, 2013	1,983	73,671	322	12	819	599	98	2,197	642	76,297	156,640
At December 31, 2012	2,007	83,688	352	14	596	548	100	2,054	699	76,024	166,082

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

5. PROPERTY AND EQUIPMENT (CONT'D)

(b) Depreciation

	2013	2012
	SR'000	SR'000
Depreciation charge (note 5(a))	8,278	8,150
Release from capital reserve	(1,299)	(1,299)
Net charge for the year	6,979	6,851

Depreciation released from capital reserve is in respect of property and equipment transferred by Port and Marine Services Division to the Seychelles Ports Authority at nil consideration in the year 2004 (inception of Seychelles Ports Authority).

6. TRADE AND OTHER RECEIVABLES

	2013	2012
	SR'000	SR'000
Trade receivables:		
Port and other port related fees receivable	29,503	29,012
Rent receivable	1,706	1,667
Provision for credit impairment (see note (a) below)	(8,087)	(8,087)
	23,122	22,592
Other receivables:		
Prepayments	440	1,233
Others	9,358	5,706
	32,920	29,531

(a) Movement on the provision for credit impairment is as follows:

	2013	2012
	SR'000	SR'000
At January 1,	8,087	2,065
Charge for the year	-	6,022
At December 31,	8,087	8,087

(b) Trade and other receivables are denominated in several currencies

7. CASH AND BANK BALANCES

	2013	2012
	SR'000	SR'000
Call deposits	2	2
Cash at bank	59,704	31,216
Cash on hand	14	10
	59,720	31,228

8. CAPITAL RESERVE

Upon establishment of the Authority as a Statutory Body in the year 2004, the Authority was vested with the assets and liabilities of the former Port and Marine Services Division for which no consideration was paid to the Government of Seychelles. The contra to the net assets taken over was recognised as a Capital Reserve.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

8. CAPITAL RESERVE (CONTN'D)

The movement in capital reserve is as follows:

	2013	2012
	SR'000	SR'000
At January 1,	19,844	21,143
Charge for the year (note 5(b))	1,299	1,299
At December 31,	18,545	19,844

9. RETIREMENT BENEFIT OBLIGATIONS

Gratuity and length of service provision is calculated in accordance with the Ministry of Administration and Manpower, Circular 9A of 1993, superseded by Circular 6 of 2006, and 15% of gross salary in respect of senior officers employed on contract basis.

The movement is as follows:

	2013	2012
	SR'000	SR'000
At January 1,	2,087	925
Charge for the year (note 14)	2,995	1,948
Payments made during the year	(1,853)	(786)
At December 31,	3,229	2,087

10. OTHER PAYABLE

	2013	2012
	SR'000	SR'000
Long term payables	3,586	7,171

Other payable represents long term payable to Seychelles Petroleum Company Limited spread out over the period of two years.

11. TAX

	2013	2012
	SR'000	SR'000
At January 1,	89,000	77,500
Current tax based on the profit for the year	10,500	11,500
At December 31,	99,500	89,000

Disclosed as follows:

Current	10,500	11,500
Non Current	89,000	77,500
	99,500	89,000

The Authority applied to the Seychelles Revenue Commission ("SRC") in December 2006 for exemption from payment of Business Tax and is still awaiting a response. In the meantime, provision for tax has been made for prior periods and for the financial year under review. However, it is the intention of the Authority to pursue the matter with SRC to obtain exemption. The Directors have decided to classify prior years tax liabilities as non current until the matter is resolved with SRC.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

12. TRADE AND OTHER PAYABLES

	<u>2013</u>	<u>2012</u>
	SR'000	SR'000
Trade payables	7,552	4,230
Accrued expenses	1,245	135
Deposits	240	182
	<u>9,037</u>	<u>4,547</u>

Other payables are denominated in seychelles ruppe and the carrying amount approximate their amortised cost.

13. SUNDRY INCOME

	<u>2013</u>	<u>2012</u>
	SR'000	SR'000
Profit on disposal of assets	1,702	-
Bank interest	276	422
Miscellaneous income	1,313	2,475
	<u>3,291</u>	<u>2,897</u>

14. STAFF COSTS

	<u>2013</u>	<u>2012</u>
	SR'000	SR'000
Salaries and wages	25,451	22,466
Social security and pension	366	287
Gratuity and length of service provision	2,995	1,948
Other staff costs	1,318	1,672
	<u>30,130</u>	<u>26,373</u>

15. PREMISES COSTS

	<u>2013</u>	<u>2012</u>
	SR'000	SR'000
Rent	223	375
Electricity and water	1,863	1,327
Cleaning costs	108	430
Insurance	23	22
	<u>2,217</u>	<u>2,154</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

16. OPERATING OVERHEADS

	<u>2013</u>	<u>2012</u>
	SR'000	SR'000
Advertising, entertainment and donations	1,112	487
Bank charges	28	30
Communication costs	429	382
Board members' fees (see note (a) below)	116	114
Local travel and conveyance	401	493
Loss on disposal of property and equipment	-	31
Office equipment maintenance	1,019	303
Exchange loss	312	79
Other operating overheads	215	256
Overseas travel and subsistence	747	608
Professional and consultancy fees	475	112
Stationery, postage and subscriptions	606	552
Vehicle maintenance	523	666
	<u>5,983</u>	<u>4,113</u>

(a) Board members' fees:

	<u>2013</u>	<u>2012</u>
	SR'000	SR'000
Andre Ciseaux	22	22
Monica Bonvalet	22	22
Philippe Michaud	22	22
Ina Henriette	-	2
Conrad Benoiton	28	23
Guy Adam	-	2
Jean Atalla	22	22
	<u>116</u>	<u>114</u>

17. DIVIDENDS

The Authority paid dividend amounting to **SR 25 Million** (2012: SR 30 Million) to Government of Seychelles during the year under review.

18. CAPITAL COMMITMENTS

There were no capital commitments as at December 31, 2013 (2012: Nil).

19. CONTINGENT LIABILITY

There were no contingent liability as at December 31, 2013 (2012: Nil).