

**SEYCHELLES PORTS AUTHORITY**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2016**

SEYCHELLES PORTS AUTHORITY

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REPORT OF THE BOARD

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The Board has pleasure in submitting its Annual Report together with the audited financial statements of the Authority for the year ended December 31, 2016.

**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 82.6million** (2015: SR 64.4million).

**DIVIDENDS**

Dividends amounting to **SR 25million** were paid in the financial year under review (2015: SR 25million).

**PROPERTY AND EQUIPMENT**

Additions of **SR 4.9million** to property and equipment during the year comprised mainly work in progress, machinery equipment, office equipment, motor vehicles, furniture and fittings, pontoons, other assets and building improvements. (2015: SR 27.2million)

The Board is of the opinion that the carrying amounts of the property and equipment at December 31, 2016 approximate their fair value.

**COMPOSITION OF THE BOARD**

None of the Board members held any interest in the Authority. The members of the Board since the date of the last Annual Report and to date are:

- Andre Ciseaux

**Appointments effective July 1, 2016**

- Leslie Benoiton  
- Rebecca Lousteau-Lalange  
- Reyond St Ange

**Appointments effective January 1, 2017**

- Paul Hodoul - Chairman  
- Doreen Bradburn



## OFFICE OF THE AUDITOR GENERAL

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Please address all correspondence to the Auditor General

### REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS 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 Seychelles Ports Authority for the year ended 31 December 2016, as set out on pages 3 to 21.

#### Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in Seychelles and in compliance with the requirements of the Seychelles Ports Authority Act and the Public Enterprise Monitoring Commission Act and for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Responsibility of the Auditor General

My responsibility is to express an opinion on these financial statements based on the audit. The audit was conducted in accordance with INTOSAI auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

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

#### Audit Opinion

In my opinion, the financial statements set out on pages 3 to 21 give a true and fair view of the financial position of the Authority as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting practice in Seychelles and comply with the provisions of the Seychelles Ports Authority Act, 2004.

Gamini Herath  
Auditor General

03 May 2018  
Victoria, Seychelles



## **SEYCHELLES PORTS AUTHORITY**

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### **INDEPENDENT AUDITORS' REPORT TO THE AUDITOR GENERAL**

This report is made solely to the Auditor General in terms of our engagement to conduct the audit on his behalf. Our audit work has been undertaken so that we might state to the Auditor General those matters which we are required to state to him in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Auditor General, for our audit work, for this report, or for the opinions we have formed.

#### **Report on the Financial Statements**

We have audited the attached financial statements of Seychelles Ports Authority set out on pages 3 to 21 which comprise the Balance Sheet at December 31, 2016, the Income Statement, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and explanatory notes.

#### **Board's Responsibility for the Financial Statements**

As stated on page 1(a) of the Board's Report, the Board is responsible for preparation of the financial statements.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion based on our audit. We conducted our audit in accordance with International Organisation of the Supreme Audit Institutions (INTOSAI) auditing standards. 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 auditors' judgement, 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.

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



SEYCHELLES PORTS AUTHORITY

INDEPENDENT AUDITORS' REPORT TO THE AUDITOR GENERAL (CONT'D)

2(a)

**Opinion**

In our opinion, the financial statements on pages 3 to 21 give a true and fair view of the financial position of the Authority at December 31, 2016 and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Standards and provisions of the Seychelles Ports Authority Act, 2004.

*BDO Associates*  
BDO ASSOCIATES  
Chartered Accountants

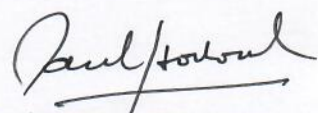
Dated: 19 APR 2018  
Victoria, Seychelles

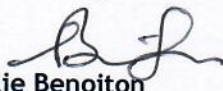
## BALANCE SHEET AS AT DECEMBER 31, 2016

	Notes	2016 SR'000	2015 SR'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5(a)	171,512	177,111
Intangible asset	6	167	167
Investment in associate	7	19,296	-
		<u>190,975</u>	<u>177,278</u>
<b>Current assets</b>			
Inventories		2,934	4,450
Trade and other receivables	8	66,632	44,438
Cash and cash equivalents	9	154,659	109,751
		<u>224,225</u>	<u>158,639</u>
<b>Total assets</b>		<u><u>415,200</u></u>	<u><u>335,917</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Capital reserve	10	14,647	15,947
Capital grant	7	19,296	-
Retained earnings		261,507	187,347
		<u>295,450</u>	<u>203,294</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Retirement benefit obligations	11	5,720	7,150
Tax liability	12	101,343	120,500
		<u>107,063</u>	<u>127,650</u>
<b>Current liability</b>			
Trade and other payables	13	12,687	4,973
<b>Total liabilities</b>		<u>119,750</u>	<u>132,623</u>
<b>Total equity and liabilities</b>		<u><u>415,200</u></u>	<u><u>335,917</u></u>

These financial statements have been approved for issue by the Board on 19 APR 2018

  
Andre Ciseaux - Chief Executive Officer  
Director

  
Paul Hodoul - Chairman

  
Leslie Benoiton  
Director

  
Doreen Bradburn



The notes on pages 7 to 21 form an integral part of these financial statements  
Auditors' report on pages 2 and 2(a)

## INCOME STATEMENT - YEAR ENDED DECEMBER 31, 2016

	Notes	2016	2015
		SR'000	SR'000
Port related services	2(l)(i)	168,322	133,933
Hire of boats		1,741	1,457
Rental income	2(l)(ii)	9,548	6,573
Other income	14	850	1,941
Gross income		180,461	143,904
Cost of services		(24,322)	(11,166)
		156,139	132,738
Staff costs	15	(50,862)	(42,950)
Premises costs	16	(4,274)	(4,816)
Operating overheads	17	(9,300)	(8,369)
Foreign exchange losses		(670)	(3,649)
Movement in provision for credit impairment	8(b)	(1,815)	(635)
Net depreciation	5(b)	(9,159)	(7,859)
Amortisation	6	(56)	(49)
<b>Profit before tax</b>		<b>80,003</b>	<b>64,411</b>
Tax reversal/(expense)	12	19,157	(10,000)
<b>Profit for the year</b>		<b>99,160</b>	<b>54,411</b>





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

	Notes	Capital grant SR'000	Capital reserve SR'000	Retained earnings SR'000	Total SR'000
Balance at January 1, 2016		-	15,947	187,347	203,294
Grant of shares in Ile Du Port Handling Service Ltd	7	19,296	-	-	19,296
Profit for the year		-	-	99,160	99,160
Dividends paid	18	-	-	(25,000)	(25,000)
Release to income statement in respect of depreciation charged	5(b)	-	(1,300)	-	(1,300)
<b>Balance at December 31, 2016</b>		<b>19,296</b>	<b>14,647</b>	<b>261,507</b>	<b>295,450</b>
Balance at January 1, 2015			17,246	157,936	175,182
Profit for the year			-	54,411	54,411
Dividends paid	18		-	(25,000)	(25,000)
Release to income statement in respect of depreciation charged	5(b)		(1,299)	-	(1,299)
<b>Balance at December 31, 2015</b>			<b>15,947</b>	<b>187,347</b>	<b>203,294</b>



## CASH FLOW STATEMENT - YEAR ENDED DECEMBER 31, 2016

	Notes	2016 SR'000	2015 SR'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		80,003	64,411
<i>Adjustments for non-cash items:</i>			
Depreciation	5(b)	9,159	7,859
Amortisation	6	56	49
Increase in provision for credit impairment	8(b)	1,815	635
Retirement benefit obligations charge	11	3,200	3,695
Write-off of property and equipment	5	22	-
Profit on disposal of property and equipment	14	-	(243)
		<u>94,255</u>	<u>76,406</u>
<i>Changes in working capital:</i>			
Increase in inventories		1,516	(2,019)
Increase in trade and other receivables		(24,009)	(1,478)
Increase/(Decrease) in trade and other payables		7,714	(5,856)
Gratuity and compensation paid	11	(4,630)	(1,906)
<b>Net cash inflow from operating activities</b>		<u>74,846</u>	<u>65,147</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property and equipment	5(a)	(4,882)	(27,203)
Proceeds from disposal of property and equipment		-	243
Additions to intangible assets	6	(56)	(15)
<b>Net cash outflow from investing activities</b>		<u>(4,938)</u>	<u>(26,975)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Dividends paid and net cash outflow from financing activity	18	(25,000)	(25,000)
<b>Net increase in cash and cash equivalents</b>		<u>44,908</u>	<u>13,172</u>
<b>Movements in cash and cash equivalents:</b>			
At January 1,		109,751	96,579
Increase		44,908	13,172
<b>At December 31,</b>	9	<u>154,659</u>	<u>109,751</u>



The notes on pages 7 to 21 form an integral part of these financial statements  
Auditors' report on pages 2 and 2(a)

**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.

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.

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Property and equipment (Cont'd)**

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	4
Furniture and fittings	4
Motor vehicles	5
Other assets	4

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) Intangible assets***Computer software*

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. They are amortised over a useful life of five years.

**(d) Investment in associate**

An associate is an entity over which the Authority has significant influence but not control, or joint control, generally accompanying a shareholding between 20% to 50% voting rights.

Investment in associate is stated at cost and provision is made, where in the opinion of the Directors, there has been a permanent diminution in the value of shares. The Directors estimate that the carrying amounts of investment in associate approximate its fair value.

**(e) Inventories**

Inventories comprising of spares, cleaning materials, fuel, stationery and consumable stores, are stated at the lower of cost and net realisable value. In general cost is determined on a first in first out basis. Provisions are made for obsolete inventories based on management's appraisal.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(f) 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.

**(ii) 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.

**(iii) 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.

**(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.

**(v) Derecognition**

The Authority derecognises a financial asset where the contractual rights to cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Authority derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) Leases**

Where immovable 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.

**(h) Impairment of assets**

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

**(i) 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.

**(j) Taxation**

Taxation charge for the year comprises current and deferred tax.

Current tax is the expected amount of taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date; and any adjustments to the tax payable in respect of previous years.

No provision is made for deferred tax as the Authority has been granted an exemption from payment of business tax up to December 31, 2016.

**(k) 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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(l) Revenue recognition**

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

**(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.

**(m) 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.

***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. Foreign exchange 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.

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 applied to the Seychelles Revenue Commission ("SRC") in December 2006 for exemption from payment of Business Tax. An exemption was denied during the current period however a full waiver was obtained in respect of the cumulated tax liabilities up to December 31, 2009. From period January 2010 to December 2016, an agreement has been reached between the Authority, Ministry of Finance and Seychelles Revenue Commission whereby the tax liability of the Authority from year 2010 to 2016 amounting to SR 102,133,444 will be settled in two equal installments in March and September 2018.

##### (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) 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.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****(v) 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.

**(vi) Useful lives and residual values of equipment**

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

**(vii) Retirement benefit obligations**

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

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

## 5. PROPERTY AND EQUIPMENT

	Improvements to buildings		Tugs buoys & launches		Boats & outboard engine		Machinery equipment & tools		Office equipment & 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	SR'000	SR'000	SR'000	SR'000	SR'000	
At January 1, 2015	3,465	98,544	600	62	2,108	738	4,244	2,151	83,634	198,049							
Additions	239	35	-	-	609	295	219	924	18,825	27,203							
Disposals	-	-	-	-	-	-	-	-	-	(258)							(258)
At December 31, 2015	3,704	98,579	600	62	2,717	2,798	957	3,075	102,459	224,994							
Additions	134	34	39	-	816	290	272	796	2,036	4,882							
Write-off	-	-	-	-	-	-	-	(34)	-	(34)							
At December 31, 2016	3,838	98,613	639	62	3,533	3,088	1,229	3,837	104,495	229,842							

(a) COST/DEEMED COST

## ACCUMULATED DEPRECIATION

At January 1, 2015	909	30,847	308	54	1,004	1,952	480	1,406	-	38,983							
Charge for the year	179	6,567	30	0	388	279	121	418	-	9,158							
Disposal adjustment	-	-	-	-	-	-	-	-	-	(258)							(258)
At December 31, 2015	1,088	37,414	338	54	1,392	2,231	601	1,824	-	47,883							
Charge for the year	192	6,574	32	2	574	299	165	550	-	10,459							
Write-off adjustment	-	-	-	-	-	-	-	(12)	-	(12)							
At December 31, 2016	1,280	43,988	370	56	1,966	2,530	766	2,362	-	58,330							

NET BOOK VALUE

At December 31, 2016	2,558	54,625	269	6	1,567	558	463	1,475	104,495	171,512							
At December 31, 2015	2,616	61,165	262	8	1,325	567	356	1,251	102,459	177,111							

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

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

## (b) Depreciation

	2016	2015
	SR'000	SR'000
Depreciation charge (note 5(a))	10,459	9,158
Release from capital reserve (note 10)	(1,300)	(1,299)
<b>Net charge for the year</b>	<b>9,159</b>	<b>7,859</b>

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).

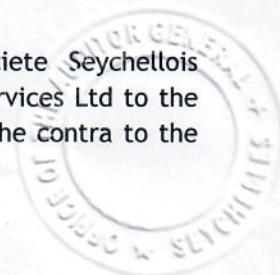
## 6. INTANGIBLE ASSET

	Computer software	
	2016	2015
	SR'000	SR'000
<b>COST</b>		
At January 1,	247	232
Additions	56	15
<b>At December 31,</b>	<b>303</b>	<b>247</b>
<b>AMORTISATION</b>		
At January 1,	80	31
Charge for the year	56	49
<b>At December 31,</b>	<b>136</b>	<b>80</b>
<b>NET BOOK VALUE</b>		
<b>At December 31,</b>	<b>167</b>	<b>167</b>

## 7. INVESTMENT IN ASSOCIATE

	Valuation method	Shares Held	Currency	% Holding	2016 SR'000
Ile Du Port Handling Services Ltd	Cost	1,440,000	USD	40%	<b>19,296</b>

On February 26, 2016, the Government through its investment vehicle, Societe Seychellois D'investissment Limited (SSI) transferred its shareholding in Ile Du Port Handling Services Ltd to the Authority at nil consideration which tantamounts to a capital grant and therefore the contra to the investment has been accounted as a capital grant under equity.



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

**8. TRADE AND OTHER RECEIVABLES**

	<u>2016</u>	<u>2015</u>
	SR'000	SR'000
<b>Trade receivable:</b>		
Port and other port related fees receivable	52,999	31,503
Provision for credit impairment (see note 8(b))	(3,537)	(1,722)
	<u>49,462</u>	<u>29,781</u>
<b>Other receivable:</b>		
Prepayments	3,175	2,039
Staff loan	13,059	11,886
Others	936	732
	<u>66,632</u>	<u>44,438</u>

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

	<u>2016</u>	<u>2015</u>
	SR'000	SR'000
Seychelles Rupee	59,022	41,071
Euro	6,773	3,173
US Dollar	837	194
	<u>66,632</u>	<u>44,438</u>

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

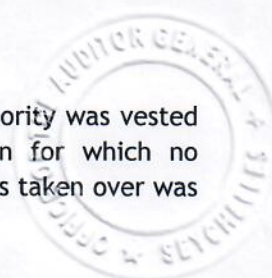
	<u>2016</u>	<u>2015</u>
	SR'000	SR'000
At January 1,	1,722	1,087
Charge of credit impairment	1,815	635
At December 31,	<u>3,537</u>	<u>1,722</u>

**9. CASH AND CASH EQUIVALENTS**

	<u>2016</u>	<u>2015</u>
	SR'000	SR'000
Bank balance	154,655	109,736
Cash in hand	4	15
	<u>154,659</u>	<u>109,751</u>

**10. 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, 2016

**10. CAPITAL RESERVE (CONT'D)**

The movement in capital reserve is as follows:

	<u>2016</u>	<u>2015</u>
	SR'000	SR'000
At January 1,	15,947	17,246
Charge for the year (note 5(b))	(1,300)	(1,299)
At December 31,	<u>14,647</u>	<u>15,947</u>

**11. 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:

	<u>2016</u>	<u>2015</u>
	SR'000	SR'000
At January 1,	7,150	5,361
Charge for the year (note 15)	3,200	3,695
Payments made during the year	(4,630)	(1,906)
At December 31,	<u>5,720</u>	<u>7,150</u>

**12. TAX LIABILITY****(a) Balance Sheet**

	<u>2016</u>	<u>2015</u>
	SR'000	SR'000
At January 1,	120,500	110,500
Current tax (credit)/charge for the year (note 12(b))	(19,157)	10,000
At December 31,	<u>101,343</u>	<u>120,500</u>

**(b) Profit or Loss**

	<u>2016</u>	<u>2015</u>
	SR'000	SR'000
Current tax on the adjusted profit for the year at applicable rates (note 12(c))	24,969	10,000
Overprovision in a prior years	(44,126)	-
	<u>(19,157)</u>	<u>10,000</u>



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

**12. TAX LIABILITY (Cont'd)**

(c) Applicable tax rates are as follows:

Taxable income	2016 & 2015
	Tax rates - %
≤ SR. 1,000,000	25
> SR. 250,000	30

(d) The Authority applied to the Seychelles Revenue Commission ("SRC") in December 2006 for exemption from payment of Business Tax. An exemption was denied during the current period however a full waiver was obtained in respect of the cumulated tax liabilities up to December 31, 2009. From period January 2010 to December 2016, an agreement has been reached between the Authority, Ministry of Finance and Seychelles Revenue Commission whereby the tax liability of the Authority from year 2010 to 2016 amounting to SR 102,133,444 will be settled in two equal installments in March and September 2018.

**13. TRADE AND OTHER PAYABLES**

	2016	2015
	SR'000	SR'000
Trade payables	4,873	2,648
Other payables	7,051	1,839
Deposits	763	486
	12,687	4,973

**14. OTHER INCOME**

	2016	2015
	SR'000	SR'000
Profit on disposal of assets	-	243
Interest received	844	1,599
Miscellaneous income	6	99
	850	1,941

**15. STAFF COSTS**

	2016	2015
	SR'000	SR'000
Salaries and wages	44,827	37,090
Gratuity and length of service provision (note 11)	3,200	3,695
Other staff costs	2,835	2,165
	50,862	42,950



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

**16. PREMISES COSTS**

	<u>2016</u>	<u>2015</u>
	SR'000	SR'000
Rent	1,452	1,452
Electricity and water	1,316	1,584
Repairs and maintenance	1,448	1,712
Insurance	58	68
	<u>4,274</u>	<u>4,816</u>

**17. OPERATING OVERHEADS**

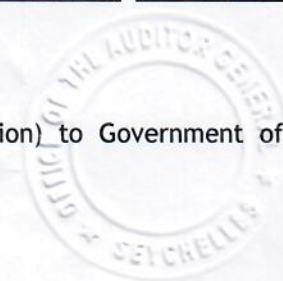
	<u>2016</u>	<u>2015</u>
	SR'000	SR'000
Advertising, entertainment and donations	1,633	2,621
Bank charges	22	100
Communication costs	761	654
Board members' fees (see note 17(a))	199	192
Local travel and conveyance	389	496
Office equipment maintenance	1,381	611
Other operating overheads	795	835
Overseas travel, subsistence and training	1,319	469
Professional and consultancy fees	1,628	1,310
Stationery, postage and subscriptions	464	351
Vehicle maintenance	709	730
	<u>9,300</u>	<u>8,369</u>

**17. OPERATING OVERHEADS (Cont'd)****(a) Board members' fees:**

	<u>2016</u>	<u>2015</u>
	SR'000	SR'000
Andre Ciseaux	36	36
Monica Bonvalet	18	36
Philippe Michaud	36	36
Conrad Benoiton	28	48
Jean Atalla	21	36
Leslie Benoiton	18	-
Rebecca Lousteau-Lalange	18	-
St Ange Reyond	24	-
	<u>199</u>	<u>192</u>

**18. DIVIDENDS**

The Authority paid dividend amounting to SR 25million (2015: SR 25million) to Government of Seychelles during the year under review.





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

**19. CAPITAL COMMITMENTS**

	<u>2016</u>	<u>2015</u>
	SR'000	SR'000
Authorised and contracted for	16,615	1,237
Authorised but not yet contracted for	96,521	68,852
Total capital commitments	<u>113,136</u>	<u>70,089</u>

**20. CONTINGENT LIABILITY**

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

