



SCAA



SEYCHELLES CIVIL AVIATION AUTHORITY

2010 Annual Report



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CORPORATE PROFILE

With an established heritage that stretches back to 1971, SCAA is responsible for regulating all civil aviation activities in the Seychelles in a safe and secure manner. SCAA's core business lies in the management of the Seychelles Airports (SIA & Ile de Palme) with special emphasis on aviation security, as well as providing efficient air traffic services in the vast oceanic Seychelles airspace.

Over the past four decades SCAA, previously DCA, has ear-marked its successes through sustained development and steady revenue growth. Capacity building through infrastructure development has been a continuous process, with a current international passenger throughput of 464,524 per annum and still climbing, necessitating further expansion. It has capitalized on technological innovations and revamped its operations with the implementation of sophisticated IT and communication systems ensuring that its strong track records in safety and security are maintained.

SCAA strives to be supportive of broader government goals. The building of regional and international air links seeks to assist in the promotion of trade and access to various markets. Thus SCAA's vision remains:

VISION

An Indian Ocean Gateway to Africa and beyond

MISSION

To deliver on our promise of highest standards in safety, security and quality of service for the customer

CORPORATE VALUES

OUR PEOPLE

*Provide equal opportunity for everyone
Treat everyone fairly and equally*

ENVIRONMENT

Protect our environment and heritage

INTEGRITY

Be open, honest and keep your promises

CUSTOMER

Treat every customer as you would like to be treated

INNOVATION

Think out of the box and make it happen

SOCIAL COMMITMENT

Be a responsible neighbour and invest in our community

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BOARD OF DIRECTORS

Chairman	Mr. Maurice Loustau Lalanne	Appointed 2007
Directors	Mr. Conrad Mederic	Appointed 2009
	Mr. Hans Aglae	Appointed 2005
	Mrs. Veronique Herminie	Appointed 2009
	Mr. Alain St. Ange	Appointed 2009
	Mr. John Esther	Appointed 2009
	Ms. Dora Zatte	Appointed 2009
	Mrs. Fiona Robinson	Appointed 2009
	Ms. Samanta Aglae	Appointed 2010
	Mr. Damien Thesee	Appointed 2010
	Mr. David Bianchi	Appointed 2010
Chief Executive	Mr. Wills Agricole	Appointed 2010
	Mr. Gilbert Faure	Appointed 2005
Company Secretary	Ms. Lise Morel	Appointed 2009
Auditors	Auditor General	
	Office of the Auditor General	
Bankers	Seychelles International Mercantile Banking Corporation Ltd	
	The Mauritius Commercial Bank (Seychelles) Ltd	
	Bank of Baroda	



Mr. Maurice Loustau Lalanne
 Chairman

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CHAIRMAN'S STATEMENT



It is an honour after serving for several years on the SCAA board to deliver this annual message. SCAA strategically remains the major gateway to trade and tourism and a valuable contributor to the country's economy. Our business is inherently long-term and our 'Master Plans' articulate our forward thinking. They are based on feedback from wide consultation, independent expert analysis and our vision for sustainable growth. This is a necessity for the responsible growth of air transport development, sustainable business growth, where long-term development, profitability and customer experience are prioritised ahead of short-term passenger growth at any price.

Our investment and efforts continue to pay off with the company reaping solid financial performance. Total income ended 31 December 2010 amounted to SR243.5 million and after paying the operational costs, a net income of SR 105.3 million was realized. SCAA was able to pay a higher share of its profit than expected to Government in the form of business tax and dividend amounting to SR 69.6 million.

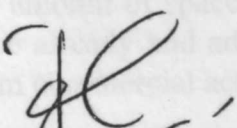
Looking ahead, the year 2011 will be both an exciting and challenging year. The Seychelles International Airport will welcome some very important national events such as the 'Carnavale Internationale de Victoria' in March and 'Jeux des Iles' in August 2011. Most importantly we will be celebrating 40 years of civil aviation in Seychelles. We now consider ourselves young enough to go the distance, experienced enough to know how.

SCAA will gear up to meet the continuous growth in international traffic with focus on development of the passenger and cargo terminal facilities of the Seychelles International Airport and Domestic Terminal. Other projects planned include the establishment of a quick reaction security team and an airside control and management centre to ensure successful implementation of security and safety policies, procedures and control over operations; a new IT high-availability server infrastructure and introducing a cost-centre based accounting system.

The Board is in full support of, and is committed to, ensuring the transformation of SCAA with adoption of policies of good governance, economic empowerment and employment equity as well as the effective use of our procurement power.

Finally, I would like to take this opportunity to recognize the continued efforts and contribution of all our board members, the CEO, the management and staff colleagues, together with that of our commercial partner and other stakeholders.

I wish you all the best for the challenging year ahead.


Mr Maurice Loustau Lalanne
Chairman

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CHIEF EXECUTIVE'S REPORT



I am pleased to announce that SCAA has produced a solid performance and has continued to invest in order to take full advantage of the global economic upturn as it gathers pace.

It has been very rewarding to see a resultant increase in international air transport capacity to the Seychelles International Airport

Air Seychelles continues to be our number one passenger traffic contributor with links to Europe, Asia and Africa. A key international player, the Emirates Airline, increased its number of weekly operations to Seychelles from 4 to 7 flights per week and also increased its seat capacity by 10% at the start of the winter schedule. Another important competitor, Qatar Airways also increased its seat capacity by operating on average one out of four flights a week with an Airbus 330 aircraft instead of the smaller Airbus 319, whilst our longest serving airline Kenya Airways, steady and faithful, remains our primary link to the African Continent. More importantly, the majority of airlines were able to maintain a significant load factor on average above 70% for the majority of the time.

As a result, 29,189 more passengers travelled to/from Seychelles in 2010, representing 6.7 % growth compared to 2009 figures. The growth is due to increases both in visitor and resident passengers at 11% and 16% respectively. Furthermore a 5% growth has been recorded in passenger movements to other islands. These are in itself an achievement for Seychelles and proof of healthy economic conditions on the ground.

The increase in air transport capacity coupled with the strong business environment locally also spurred an increase in air freight 18% higher than the year 2009.

The above has impacted positively on both aeronautical and non-aeronautical revenue which has resulted to an overall increase of 10% in total revenue.

SCAA saw a growth of 10% in air navigation income as further innovative technologies, in the form of ADS-C/CPDLC, were implemented and airline operators gained confidence in the quality of service offered in the Seychelles FIR.

Non-aeronautical revenue continues to play a vital role in SCAA's success, contributing to 11% of the airports total revenue. We have widened the retail and tenant mix resulting in an improvement of the product and service offerings at the airport. Our efforts to further increase retail and other commercial activities at the airport has somewhat been limited given the amount of space available in the current terminal. However, by maximising on what we have already and adopting new pricing structures, we have been able to collect fair income from commercial activities.

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In summary, revenue yield was stable at SR 243.5 million, only 0.9% lower compared to the SR 245.7 million in 2009. This is due to an appreciation of the Seychelles Rupees. Important accomplishment was made in terms of revenue generation from non-aeronautical sources which grew by 6% underlining the ongoing efforts launched to develop new business opportunities at the Seychelles International Airport.

Actual expenditure for 2010 was down by SR 1.3 against a SR 114.5 million budget. In general SCAA's operating cost continues to increase as SCAA's activities expand. The increase in expenditure is 27% over the 2009 figure, from SR 87m to SR 110m, a situation that management is closely monitoring as we aim to have a balance budget over the next three years.

Looking forward, one of our goals for 2011 is to continue to invest in our airport infrastructure and facilities to meet our objectives to provide an improved passenger experience through enhanced retail environment and better passenger facilities and comfort. To that effect, a number of capital projects are planned for implementation in 2011. One important project is the extension and renovation of the Seychelles International and Domestic Terminals which includes expansion of the current international departure, arrival and concourse facilities and improvement of the Mahé Domestic Terminal. The aim is to boost the static capacity of the Terminal facilities and enhance the level of services to our customers.

Expanding our Cargo Terminal Facilities is a key enabler of Seychelles' inport /export market and enhances the country's economic role by connecting us to the world. This is especially important now that Seychelles has started the process of becoming a member of the WTO.

With the aim to boost airside capacity for domestic operations, the domestic apron will be extended by 2280 sq m to allow additional space for parking of domestic aircraft and minimise the current constraints imposed by international flights on domestic operations during peak operating periods.

Optimal resourcing remains as a top priority. In a competitive labour market the management of our talent is integrated into all management processes, ensuring attraction and retention of top calibre people. The continuous growth and development of our staff has been a contributing factor in staff retention. In 2010 SCAA experienced a 9.3% of labour turn-over, the majority of which were non-aviation professionals.

In 2010 SCAA established a Remuneration Committee which has been working on schemes of service based on a new pay philosophy with the aim of further strengthening a performance-driven culture amongst our employees, supported by a reward and recognition system that appreciates outstanding performance and customer service.

We believe that we need to strengthen the short-to medium-term measures to identify and manage risks. This is something which must be embedded in the strategic and operational processes of SCAA. In this regard, we shall focus on building the capacity of the risk management side of our business, which is also tasked with overseeing the overall compliance and internal audit environments.

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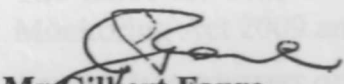
Being a responsible neighbour means contributing positively to the community. At SCAA, we strive to create jobs for the community and we also invest to improve the quality of life of our community. In 2010, our focus was on environment, education, well-being and sports activities. We sponsored the Seychelles' cyclist team; supported the Round Table charity activities and worked on the upkeep of the 'Foyer de la Charité' amongst others.

The "greening" of our operations will be another area of focus for the coming financial year.

Safety and security remains SCAA's priority. In our efforts to strengthen security measures and ensure the safety of flight operations, within the premises of the Seychelles International Airport, in 2011, the SCAA will put in place a Security Facility South of the Airport.

We shall continue to challenge ourselves to get even closer to our customers, and to engage with them in collaborative relationships, which are an essential part of our strategic plans for the long term success of the business.

Let us come together, to work harder for the betterment of the industry.



Mr Gilbert Faure
Chief Executive Officer

RESULTS FOR THE YEAR	31st December 2010	31st December 2009
	SCR	SCR
Operating Income	243,525,106	245,745,340
Operating Expenses	138,201,402	122,910,798
Profit before taxation	105,323,704	122,836,742
Taxation	(34,676,822)	(48,174,697)
Profit for the Year	70,646,882	74,662,045
Dividends	(35,000,000)	(17,300,000)
Retained Profit of end of Period	35,646,882	57,362,045

FIXED ASSETS

The Directors are of the opinion that the market or saleable value of the fixed assets at 31st December 2010 does not differ substantially from the amounts at which they are included in the accounts at that date.

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SUMMARY REPORT OF THE DIRECTORS

The Directors present their report together with the Auditor's Report and the Audited Financial Statements for the year ended 31st December 2010.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy, the financial position of the Authority. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accept responsibility for the maintenance of accounting records necessary for the preparation of financial statements that give a true and fair view of the financial affairs of the Authority and also implementing and maintaining internal controls for the prevention and detection of fraud and other irregularities.

The Directors consider that they have met their responsibilities as set out in the Public Monitoring Act 2009 and SCAA Act 2005.

PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities of the Company remain the provision of Aviation Regulatory and Safety Oversight, the provision of Air Navigation Services, the provision of Aviation Security Services and Management and provision of Operational Services at Seychelles International and Praslin Airports. It also facilitates business development opportunities.

<i>RESULTS FOR THE YEAR</i>	<i>31ST DECEMBER 2010</i>	<i>31ST DECEMBER 2009</i>
	SCR	SCR
Operating Income	243,525,106	245,745,540
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RESERVES

The current year's retained profit of SCR35,646,882 together with opening retained earnings and adjustment totaling to SCR174,324,172 makes a total of SCR209,971,054 in the Authority's reserves.

DIVIDEND

The Directors recommend the payment of dividend of SCR35, 000,000.

DIRECTORS

Details of the current members of the Board of directors are shown on page 1. The Directors are appointed every two years in accordance with Public Enterprise Monitoring Act 2009.

None of the Directors held interest in the share of the Authority during the financial year.

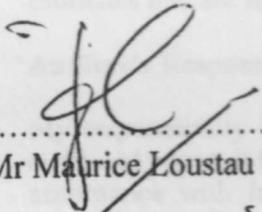
AUDITORS

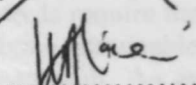
The Office of the Auditor General will continue in office in accordance with Section 12(3) of the Seychelles Civil Aviation Act, 2005

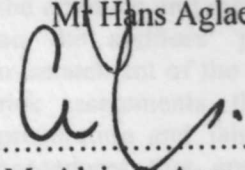
Responsibility of the Board for the Financial Statements

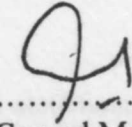
The Board is responsible for the preparation and the presentation of these financial statements in accordance with generally accepted accounting practice and in compliance with the provisions of the Seychelles Civil Aviation Authority Act, 2005 and the Public Enterprise Monitoring Act, 2009. This responsibility includes designing, implementing and maintaining a sound internal control system to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and applying appropriate policies, and making accounting estimates.


DIRECTORS

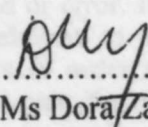

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Mr Maurice Loustau Lalanne


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Mr Hans Aglae


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Mr Alain St Ange


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Mr Conrad Mederic


.....
Mrs Veronique Herminie


.....
Ms Dorā/Zatte

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REPORT OF THE AUDITOR



OFFICE OF THE AUDITOR GENERAL

P.O. Box 49 - Victoria,
Mahe, Republic of Seychelles
Telephone: (248) 610360 Fax: (248) 610365
E-mail: auditgen@oag.sc

Please address all correspondence to the Auditor General

**REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE
THE SEYCHELLES CIVIL AVIATION AUTHORITY**

Scope

I have audited the financial statements of the Seychelles Civil Aviation Authority for the year ended 31 December 2010 as set out on pages 1-12.

Responsibility of the Board for the Financial Statements

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice and in compliance with the requirements of the Seychelles Civil Aviation Authority Act, 2005 and the Public Enterprise Monitoring Act, 2009. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit and report it to the Minister responsible for Transport. The audit was conducted in accordance with International Standards on Auditing issued by the INTOSAI. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the 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 Trustees, as well as evaluating the overall presentation of the financial statements.

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BALANCE SHEET

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

Opinion

In my opinion:

- the financial statements on pages 1-13 give a true and fair view of the financial position of the Authority as at 31 December 2010, and the results of its financial operations and cash flows for the year then ended;
- proper accounting records have been kept by the Authority as far as it appears from my examination of those records; and
- I have obtained the information necessary for the purpose of the audit and am satisfied with the information received.




Marc Benstrong
Auditor General

31 March 2011
Victoria, Seychelles

Trade Debtors	10	46,791,685		46,791,685	
Other Debtors	11	1,114,489		1,114,489	
Staff Loans	12	2,339,932		2,339,932	
Call and Bank Balances	13	50,077,762	112,348,968	102,417,724	98,143,662
Less:					
Trade Creditors		4,638,533		4,638,533	
Other Creditors & Accruals	14	136,668		136,668	
Provision for Terminal Benefits		4,106,312		4,106,312	
Provision for Business Tax	15	16,526,337	25,784,294	24,101,373	39,228,813
Net Current Assets				76,959,574	28,975,456
Total Assets Less Current Liabilities				304,570,017	264,963,379
Represented by:					
Government Capital Reserve	17	194,902,949		194,902,949	
Accrual Earnings	18	289,797,054		289,797,054	
				484,700,003	284,963,379

The accompanying notes 1-21 form part of these financial statements


 Chief Executive Officer
 (11 March 2011)

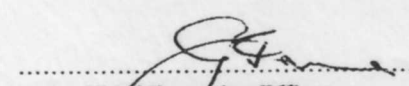

 Auditor General

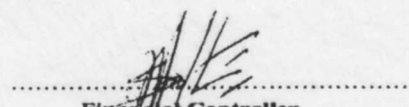
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BALANCE SHEET

	Notes	2010 SCR	2009 SCR
Assets			
Non-current Assets			
Property, Plant & Equipment	8	286,943,543	278,121,540
Capital Work in Progress	9	10,995,800	23,649,564
Long Term Deposit		10,000,000	-
Long Term Trade Debtors		-	3,336,641
		<u>307,939,343</u>	<u>305,107,745</u>
Current Assets			
Trade Debtors	10	58,301,685	56,755,157
Other Debtors & Prepayments	11	1,414,489	1,228,671
Staff Loans	12	2,555,032	1,033,623
Cash and Bank Balances	13	<u>50,077,762</u>	<u>39,178,212</u>
		112,348,968	98,195,663
Less:			
Current Liabilities			
Trade Creditors		4,638,557	4,688,759
Other Creditors & Accruals	14	136,068	7,193,084
Provision for Terminal Benefits		4,108,332	3,236,797
Provision for Business Tax	15	<u>16,526,337</u>	<u>24,101,373</u>
		25,409,294	39,220,013
Net Current Assets		<u>86,939,674</u>	<u>58,975,650</u>
Total Assets Less Current Liabilities		<u><u>394,879,017</u></u>	<u><u>364,083,395</u></u>
Represented By			
Government Capital Reserve	17	184,907,963	188,011,081
Retained Earnings	18	209,971,054	176,072,314
		<u>394,879,017</u>	<u>364,083,395</u>

The accompanying notes 1-21 form part of these financial statements


 Chief Executive Officer
 31 March 2011


 Financial Controller

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INCOME STATEMENT

	Notes	2010 SCR	2009 SCR
Income			
Aeronautical Revenue	4(a)	213,601,439	216,456,515
Non-Aeronautical Revenue	4(b)	23,583,318	21,094,126
Other Operating Income	4(c)	2,015,214	8,196,899
Exchange Gain		4,320,135	-
Profit on Disposal		<u>5,000</u>	<u>-</u>
Net Income		243,525,106	245,747,540
Operating Expenses			
Staff Costs	5	54,094,704	41,258,574
Repairs and Maintenance		15,303,817	10,739,201
Other Operating Expenses	7	41,394,864	33,262,876
Bad & Doubtful Debts		615,217	49,405
Exchange Losses		-	13,264,032
Loss on Disposal		-	43,750
Interest Expense		171,509	1,492,311
Depreciation	8	<u>26,621,291</u>	<u>22,800,649</u>
Profit before Business Tax		105,323,704	122,836,742
Business Tax	15	<u>(34,676,822)</u>	<u>(48,174,697)</u>
Net Profit After Tax		70,646,882	74,662,045
Distribution to Government	19	<u>(35,000,000)</u>	<u>(17,300,000)</u>
Retained Profit for the year		<u>35,646,882</u>	<u>57,362,045</u>

The accompanying notes 1-21 form part of these financial statements

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CASH FLOW

	2010 SCR	2009 SCR
Cash Flows from Operating Activities		
Profit Before Tax	105,323,704	122,836,742
Depreciation Expenses	26,621,291	22,800,649
Loss/(Profit) on Disposal	(5,000)	43,750
Bad & Doubtful Debts	(80,435)	49,405
Exchange Losses/(Gains) on Year End Transactions	5,324,183	(2,317,204)
Loan Interest	-	33,223
	<u>137,183,743</u>	<u>143,446,565</u>
Business Tax Paid	(44,000,000)	(30,500,000)
Movements in Working Capital		
(Increase) /Decrease in Accounts Receivable (including Staff Loans)	(7,383,215)	982,699
Increase/(Decrease) in Accounts Payable	(27,777)	(10,558,099)
Increase/(Decrease) in Provision for Terminal Benefits	871,535	3,236,797
	(6,539,457)	(6,338,603)
Cash Flows from Investing Activities		
Purchase of Assets & WIP	(22,789,530)	(56,507,260)
Sales of Assets	5,000	25,000
Security Deposit	(10,000,000)	30,000,000
	(32,784,530)	(26,482,260)
Cash Flows from Financing Activities		
Loan Repayment	(7,960,206)	(41,687,809)
Dividend Paid	(35,000,000)	(17,300,000)
	(42,960,206)	(58,987,809)
Net Increase/(Decrease) in Cash	10,899,550	21,137,893
Cash as at 1 st January	39,178,212	18,040,319
Cash as at 31st December	<u>50,077,762</u>	<u>39,178,212</u>

The accompanying notes 1-21 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENT

1 CORPORATE INFORMATION

The Seychelles Civil Aviation Authority (SCAA) was set up under the Seychelles Civil Aviation Authority Act, 2005 which came into force in April 2005. The Authority was vested with the assets and liabilities of the former Directorate of Civil Aviation for which a financial consideration was not paid. The net value of assets over the liabilities was credited to a Capital Reserve account.

The Authority is domiciled in Seychelles and its registered office is at Seychelles International Airport, Anse des Genets, Mahe.

The activities of the Authority are regulatory, with respect to regulation of civil aviation activities and safety oversight, as well as service provider in the provision of air navigation services and management of Seychelles International and Praslin Airports.

2 BASIS OF PREPARATION

The financial statements of the Authority have been prepared under the historical cost convention, modified to include the valuation of certain property, plant and equipment.

The financial statements of the Authority have been prepared in accordance with generally accepted accounting practice in Seychelles.

The financial statement values are presented in Seychelles Rupee (SCR) unless otherwise indicated.

3 SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of the financial statements are set out below:

(a) Property, Plant and Equipment and Depreciation

Apart from land which is purchased by the Authority, the value of land occupied by the Authority is not included in the Financial Statements. A number of sites occupied on Mahé including the land upon which the existing Seychelles International Airport is situated are held by the Authority on a lease for 99 years at a nominal rent. The transfer of other land ownership on Mahé and Praslin to the Authority is still under discussion with the Government.

Buildings and infrastructure are stated at revalued amount less accumulated depreciation, while plant and equipment, motor vehicles and others are stated at cost less accumulated depreciation.

The cost of an asset comprises its purchase price and any attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvement are capitalised and expenditure for maintenance and repairs are charged to the income statement.

Buildings and infrastructure are stated at fair value for existing use as ascertained by a professional valuer. These have been recognised on the grounds that the Authority has unrestricted right to the enjoyment of the future economic benefits arising from these assets.

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Depreciation of buildings and infrastructure is recognised in profit or loss. Depreciation on property, plant and equipment is calculated on a straight line basis such that rates used will write-off cost, less estimated residual value, of each asset evenly over their expected useful lives. Land is not depreciated.

The annual rates of depreciation are as follows:

- | | |
|--|-----|
| • Buildings and Infrastructure | 4% |
| • Plant & Machinery | 10% |
| • Furniture, Fittings And Office Equipment | 20% |
| • Motor vehicles | 20% |
| • Computers – Hardware And Software | 25% |
| • Others | 25% |

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset is included in the income statement in the year the asset is derecognised.

(b) Government Financial Assistance

Subventions and capital grants received from the Seychelles Government are treated as follows:

- Subvention for recurrent expenditure is treated as revenue on an accrual basis.
- Capital grants towards acquisition of fixed assets are amortised over the estimated useful lives of the assets.

(c) Foreign Currency

Transactions in currencies other than Seychelles Rupees are converted at the rate of exchange ruling at the transaction date. At the balance sheet date, foreign currency monetary assets and liabilities are converted at the rate ruling at that date. Exchange differences arising are taken to the income statement.

(d) Taxation

Business tax is provided at the rates ruling at the balance sheet date on profits of the Authority adjusted for items not allowed for taxation purposes.

(e) Cash and Bank Balances

Cash and bank balances comprise cash at bank, in hand and short-term deposits within an original maturity of one year or less in the balance sheet.

For the purpose of the cash flow, cash and cash equivalent consist of the cash and bank balances as define above net of outstanding bank overdrafts.

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(f) Provisions

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

(g) Going Concern

The management has made an assessment of its ability to continue as a going concern and is satisfied that the Authority has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Authority's ability to continue as going concern. Therefore the financial statements continue to be prepared on the going concern basis.

4 INCOME

(a) Aeronautical Revenues

Landing fees (International/Domestic)	18,663,397	17,601,705
Passenger Service Fees (International /Domestic)	117,820,169	120,526,618
Air Navigation Charges	79,756,838	81,170,526
IATA Charges	<u>(2,638,965)</u>	<u>(2,842,334)</u>
	<u>213,601,439</u>	<u>216,456,515</u>

(b) Non Aeronautical Revenue

Other Airport Charges	1,773,565	1,302,051
Licences and Registration	1,767,049	1,036,020
Concession Fees	9,168,193	9,622,374
Fuel Throughput Charges	3,773,793	3,454,448
Rent Airport Buildings	<u>7,100,718</u>	<u>5,679,233</u>
	<u>23,583,318</u>	<u>21,094,126</u>

(c) Other Income

Government Subvention	-	5,283,410
Interest Received	1,581,544	2,352,469
Miscellaneous	<u>433,670</u>	<u>561,020</u>
	<u>2,015,214</u>	<u>8,196,899</u>

Seychelles Civil Aviation Authority
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	2010	2009
	SCR	SCR
5 STAFF COSTS		
Payroll Expenses	39,336,223	31,260,348
Pension Contribution	276,900	230,300
Income Tax	7,516,095	5,844,344
Compensation & Gratuity	6,845,691	3,785,200
Directors & Secretary's Fees (see Note 6)	<u>119,795</u>	<u>138,382</u>
	<u>54,094,704</u>	<u>41,258,574</u>
<p>Compensation and Gratuity is paid to employees upon completion of a 2-year contract in line with the Employment Act and SCAA contract of service. Compensation and Gratuity are provided for in the accounts yearly and expensed under payroll costs. As of 31st December 2010 a sum of SCR5,966,794 were paid to employees.</p>		
6 DIRECTORS FEES & EXECUTIVE EMOLUMENTS		
Directors		
H. Algae (appointed July '07)	10,496	17,250
M. Loustau Lalanne (appointed July '07)	26,082	24,000
F. Robinson (appointed September '09)	4,500	4,500
V. Herminie (appointed January '09)	4,500	17,250
A. St Ange (appointed January '09)	20,462	17,250
J. Esther (appointed January '09)		12,750
D. Zatte (appointed January '09)	10,496	15,750
C. Mederic (appointed January '09)	16,121	17,250
Samanta Aglae (appointed November 2010)	3,441	-
D Thesee (appointed November 2010)	3,441	-
D Bianchi (appointed November 2010)	3,441	-
W Agricole (appointed November 2010)	3,441	-
Secretary fees	<u>13,374</u>	<u>12,382</u>
	<u>119,795</u>	<u>138,382</u>
Senior Executive Emoluments		
Chief Executive Officer	526,248	365,400
Other Senior Management	2,804,628	2,016,000

Seychelles Civil Aviation Authority
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	2010 SCR	2009 SCR
7 OTHER OPERATING EXPENSES		
Administration Costs	20,246,183	14,236,843
Communication Costs	2,346,396	2,095,817
Transportation Costs	2,435,880	1,496,072
Staff Training	7,312,785	4,726,604
Other General Expenses	<u>9,053,620</u>	<u>10,707,540</u>
	<u>41,394,864</u>	<u>33,262,876</u>
After charging:		
Audit Fees	65,000	65,000

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PROPERTY, PLANT AND EQUIPMENT

	Land	Building & Infrastructure	Plant & Machinery	Furniture, Fittings & Office Equipment	Motor Vehicles	Computer – Hardware & Software	Other Assets	Total
	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR
Costs								
As at 1 January 2009	1,558,050	230,497,944	14,892,760	6,886,357	20,818,758	24,206,960	10,772,687	309,633,516
Additions during the year	-	21,301,259	29,042,167	1,439,446	2,167,842	1,968,882	7,086,815	63,006,411
Disposals during the year	-	-	(125,000)	-	-	-	-	(125,000)
As at 31 December 2009	1,558,050	251,799,203	43,809,927	8,325,803	22,986,600	26,175,842	17,859,502	372,514,927
Additions during the year	-	13,535,034	622,529	2,113,522	733,000	17,159,585	1,279,624	35,443,294
Disposals during the year	-	-	-	-	-	(43,500)	(43,500)	(43,500)
As at 31 December 2010	1,558,050	265,334,237	44,432,456	10,439,325	23,719,600	43,335,427	19,095,626	407,914,721
Accumulated Depreciation								
As at 1 January 2009	-	31,256,737	4,700,548	3,495,334	10,417,291	16,244,445	5,534,633	71,648,988
Depreciation for the year	-	9,251,940	1,496,432	1,510,211	4,452,797	3,447,890	2,641,379	22,800,649
Adjustments relating to disposals	-	-	(56,250)	-	-	-	-	(56,250)
As at 31 December 2009	-	40,508,677	6,140,730	5,005,545	14,870,088	19,692,335	8,176,012	94,393,387
Depreciation for the year	-	10,129,038	4,393,994	1,587,601	3,657,342	2,784,514	4,068,802	26,621,291
Adjustments relating to disposals	-	-	-	-	-	(43,500)	(43,500)	(43,500)
As at 31 December 2010	-	50,637,715	10,534,724	6,593,146	18,527,430	22,476,849	12,201,314	120,971,178
Net Book Value								
As at 31 December 2009	1,558,050	211,290,526	37,669,197	3,320,258	8,116,512	6,483,507	9,683,490	278,121,540
As at 31 December 2010	1,558,050	214,696,522	33,897,732	3,846,179	5,192,170	20,858,578	6,894,312	286,943,543

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	2010 SCR	2009 SCR
9 CAPITAL WORK IN PROGRESS		
Work in Progress brought forward	23,649,564	30,148,715
Expenditure incurred during the year	14,494,768	42,644,248
Transfer to Fixed Assets	<u>(27,148,532)</u>	<u>(49,143,399)</u>
	<u>10,995,800</u>	<u>23,649,564</u>
10 TRADE RECEIVABLES		
Trade Debtors	57,733,721	51,824,210
Debtors' Exchange Rate Revaluation	678,997	5,122,415
Bad Debts Provisions	<u>(111,033)</u>	<u>(191,468)</u>
	<u>58,301,685</u>	<u>56,755,157</u>
11 OTHER DEBTORS AND PREPAYMENTS		
Prepayment	1,163,821	1,118,427
Treasury Account	76,993	87,244
Interest Receivables	91,175	-
Rent Deposit	<u>82,500</u>	<u>23,000</u>
	<u>1,414,489</u>	<u>1,228,671</u>
12 STAFF LOAN		
Vehicle Loans	2,252,569	826,931
General Purpose Loans	116,832	101,438
Other Loans	<u>185,631</u>	<u>105,254</u>
	<u>2,555,032</u>	<u>1,033,623</u>
13 CASH AND BANK BALANCES		
Cash on hand	15,000	15,000
Seychelles Rupee a/c Balance	1,390,815	7,990,877
Euro A/c Balance	5,962,265	3,314,048
US\$ Dollar a/c Balance	18,366,535	10,781,275
Short-Term Security Deposit	<u>24,343,147</u>	<u>17,077,012</u>
	<u>50,077,762</u>	<u>39,178,212</u>

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	2010 SCR	2009 SCR
14 OTHER CREDITORS & ACCRUALS		
Sundry creditors and accruals	136,068	113,643
Loan account	<u>-</u>	<u>7,079,441</u>
	<u>136,068</u>	<u>7,193,084</u>
15 TAXATION		
Tax Balance Brought Forward	24,101,373	6,426,676
<i>Charge for current year:</i>		
Provision for business tax based on profit for the period	34,676,822	48,174,697
Adjustment of under provision 2008/9	1,748,142	-
Provisional Tax Paid	<u>(44,000,000)</u>	<u>(30,500,000)</u>
	<u>16,526,337</u>	<u>24,101,373</u>
16 LOANS		
Nouvobanq		
Balance as at 1 January	7,079,441	52,160,502
Repayments	(7,960,206)	(41,687,809)
Exchange rate adjustment	<u>880,765</u>	<u>(3,393,252)</u>
Balance as at 31 December	<u>-</u>	<u>7,079,441</u>
17 CAPITAL RESERVE		

This represents the value of assets and liabilities transferred from former Directorate of Civil Aviation when the Authority was established. The amount of SCR184,907,963 is made up of the following:

	Property, Plant and Equipment SCR	Accounts Receivable SCR	Accounts Payable SCR	Provisions SCR	Total SCR
Balance at 31/12/2008	211,552,461	6,324,572	(8,723,570)	(5,755,581)	203,397,882
Revision in year 2009	(15,386,801)				(15,386,801)
Balance at 31/12/2009	196,165,660	6,324,572	(8,723,570)	(5,755,581)	188,011,081
Bad Debts Written off	-	(3,103,118)	-	-	(3,103,118)
Balance at 31/12/2010	196,165,660	3,221,454	(8,723,570)	(5,755,581)	184,907,963

The sum of SCR3,103,118 has been adjusted against Government Reserve as the foreign currency receivable included in the total of accounts receivable during the pre-incorporation of the former DCA is now irrecoverable.

Seychelles Civil Aviation Authority
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	2010	2009
	SCR	SCR
18 RETAINED EARNINGS		
Balance brought forward as at 1st Jan	176,072,314	118,710,269
Adjustment of Provisional Tax (note 15)	(1,748,142)	-
Profit during the year	70,646,882	74,662,045
Less: Distribution to Government	<u>(35,000,000)</u>	<u>(17,300,000)</u>
Retained earnings for the year	<u>209,971,054</u>	<u>176,072,314</u>

19 DISTRIBUTION TO GOVERNMENT

Distribution to Government is made in accordance with directions given by the Minister under Section 11 (3) of the Seychelles Civil Aviation Authority Act, 2005. Such directions were pending at the time of finalising the financial statements

20 COMPARATIVE FIGURES

Certain comparative figures have been classified to conform to the current year presentation

21 FINANCIAL RISK MANAGEMENT

(d) Currency risk

Some of the Authority's assets and liabilities are denominated in foreign currencies. There is a resultant exposure to foreign exchange fluctuations which may affect the Authority's assets and liabilities in a material manner.

The Authority's financial assets and liabilities are denominated as follows:

	Asset	Liabilities
	SCR	SCR
US Dollar	66,454,284	1,126,034
Euro	6,707,357	24,820
Seychelles Rupees	<u>49,187,328</u>	<u>24,258,441</u>
Total	<u>122,348,969</u>	<u>25,409,295</u>

(e) Liquidity Risk

SCAA practices prudent liquidity risk management by maintaining adequate funds to meet its funding needs

(f) Credit Risk

SCAA seeks to invest cash assets safely and profitably. SCAA also seeks to control credit risk by setting limits and ensuring that credit facilities are made to customers with appropriate credit history and monitoring customers' financial standing through credit review. SCAA considers the risk of material loss in the event of non-performance to be minimal.

(g) Fair Value

The carrying amount of the Authority's financial assets and liabilities at the Balance Sheet date approximates the fair value.

FINANCIAL HIGHLIGHTS AND STATISTICS

