

SEYCHELLES PENSION FUND

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

SEYCHELLES PENSION FUND
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SEYCHELLES PENSION FUND
BOARD OF TRUSTEES' REPORT

The Board of Trustees of the Seychelles Pension Fund (SPF) is pleased to present its report together with the auditors report and the audited Financial Statements for the year ended December 31, 2021. As per the Seychelles Pension Fund, 2005 (SPF Act 2005), Section 54, the annual report is presented to the Minister responsible for Finance, the National Assembly and a copy is made available on SPF's website.

BACKGROUND INFORMATION

Seychelles Pension Scheme commenced its operations under the Seychelles Pension Scheme Act, 1990, CAP 220 with effect from January 1, 1991. In August 2005, the Seychelles Pension Scheme Act, 1990 was repealed and was replaced by Seychelles Pension Fund Act, 2005 under which the scheme became a statutory body and was renamed as SPF.

REGISTERED OFFICE OF SPF

The registered office of SPF is at Caravelle House, second floor, PO Box 576, Victoria, Mahé, Seychelles.

PRINCIPAL ACTIVITIES

The principal activity of SPF is to collect contributions from members and pay benefits mostly to retiring members. It includes payment of monthly pension to pensioners and the dependents of the deceased members, as well as other benefits under various schemes as per Section 4 of the Act and applicable Regulations.

RESULTS FOR THE YEAR

	<u>2021</u>	<u>2020</u>
	SCR	SCR
Surplus for the year before fair value changes	1,459,610	80,918,991
Net changes in fair values of investments	17,243,131	(11,699,391)
Retained surplus brought forward	<u>1,012,628,514</u>	<u>943,408,914</u>
Retained surplus carried forward	<u><u>1,031,331,255</u></u>	<u><u>1,012,628,514</u></u>

INTEREST ON MEMBERS' FUND

Interest rate for the year 01.01.2021 to 31.12.2021 was 2.53% and 5.00% for Mandatory and Voluntary contributions respectively. The rates are based on average 91 days treasury bills and average saving rates for the previous year end 2020, as published by Central Bank of Seychelles. (01.01.2020 to 31.03.2020: Mandatory 2.72%, Voluntary 5.99% and 01.04.2020 to 31.12.2020: Mandatory 2.72%, Voluntary 5.00%).

PLANT AND EQUIPMENT

SPF acquired property and equipment amounting to **SCR 2.6m** during the year, comprising mainly of equipment (2020: SCR 3.5m).

The Board is of the opinion that the fair value of property and equipment as at December 31, 2021 did not differ materially from their carrying amounts as per the Statement of Net Assets available for benefits at that date.

INVESTMENT PROPERTIES

SPF has invested substantial amounts in properties for rental and capital appreciation purposes. As at December 31, 2021, these totaled to **SCR 1.41b** (2020: SCR 1.39b). During the year, additions amounted to **SCR 36.8m** (2020: SCR 72.37m). The net deficit on change in fair value on investment properties as at December 31, 2021 amounted to **SCR 19.2m** (2020: Deficit of SCR 9.33m).

**SEYCHELLES PENSION FUND
BOARD OF TRUSTEES' REPORT (CONT...)**

BOARD OF TRUSTEES

The Board of Trustees since the date of the last report and the date of this report are:

Existing members

Marc Houareau- Chairman (From 1st March 2021)
Patrick Payet (From February 2018)
Elsie Morel (From 1st March 2018)
Jovinella Rath (From 1st March 2021)
Shannon Jolicoeur (From 01st March 2021)
Jose St Ange (From 01st March 2021)
Shella Mohideen (From 01st March 2021)
Brenda Morin (From 01st March 2021)
Sarah Lang (From 01st March 2021)

No members resigned during the course of the year

STATEMENT OF BOARD OF TRUSTEES' RESPONSIBILITY

The Board of Trustees is responsible for the overall management of the affairs of SPF and all its investment decisions. The Board also ensures that proper accounts and other books and records in relation thereto are maintained. In preparing these financial statements, the Board has a general responsibility to:

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

The Chief Executive Officer of SPF is, as defined in the Seychelles Pension Fund Act, 2005, responsible for the day to day administration, including the collection of contributions, payment of pensions and other benefits, investment of surplus monies and accounting for all monies collected, paid or invested by the SPF.

The Board and the Chief Executive Officer also have the general responsibility for taking reasonable steps to safeguard the assets of SPF and detect fraud and other irregularities.

The Board and the Chief Executive Officer consider that they have met their aforesaid responsibilities.

AUDITORS

The Auditor General of Seychelles is mandated to carry out the audit of the SPF under Section 53(2) of the Seychelles Pension Fund Act, 2005. They have outsourced the services to BakerTilly Seychelles for the year 2021.

TRUSTEES


Marc Houareau


Patrick Payet


Elsie Morel


Brenda Morin


Jovinella Rath


Shannon Jolicoeur


Jose St Ange


Sarah Lang


Shella Mohideen

Date:



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OPINION OF AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE SEYCHELLES PENSION FUND

Opinion

The accompanying financial statements of the Seychelles Pension Fund, set out on pages 4 to 39, which comprise of the statement of financial position as at 31 December 2021; statement of surplus and other comprehensive income; statement of changes in net assets available for benefits; and statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies, have been audited on my behalf by Baker Tilly Chartered Accountants (auditors), appointed under Section 19 of the Auditor General Act, 2010 read with Section 53(2) of the Seychelles Pension Fund Act, 2005 as amended. As per the agreement with the auditors, they have reported to me the results of their audit and on the basis of their report, I am satisfied that all information and explanations which, to the best of my knowledge and belief, where necessary for the purpose of the audit, have been obtained.

Accordingly, in our opinion,

- (c) proper accounting records have been kept by the Fund as far as it appeared from examination of those records; and
- (d) the financial statements on pages 4 to 39 present fairly, in all material aspects, the financial position of the Fund as at 31 December 2021 and of its financial performance and its cash flows for the year then ended, in accordance with the applicable International Financial Reporting Standards, Seychelles Pension Fund Act, 2005 and Public Enterprise Monitoring Commission Act, 2013.

Basis for Opinion

The audit was conducted in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the '*Auditor-General's responsibilities for the audit of financial statements*' section of this report. I am independent of the Fund in accordance with the INTOSAI Code of Ethics applicable to its members, together with other ethical requirements that are relevant to the audit of financial statements in Seychelles. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Going concern basis

Attention is drawn to note 36 of the financial statements which indicates that as a result of spread of Covid-19, economic uncertainties have risen which have negatively impacted on all businesses in the Seychelles. The extent of the impact on the Fund's operations and financial performance will depend on the duration and spread of the outbreak and its effect on the economy, employees, customers and suppliers, all of which remains uncertain presently.

The financial statements have been prepared on the basis of the SPF being a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

➤ *Fair valuation of financial assets and investment properties based on IFRS 13:*

Our audit considered fair valuation of financial assets and investment properties as a key audit matter. The materiality of the reported amounts in the financial statements, inherent subjectivity due to the estimates used in determining the fair values and use of inputs from various sources in the fair value calculation underpinned our basis for considering it as a key audit matter.

To assess the reasonableness of the fair value of financial assets and investment properties, the audit procedures (among others) were designed to obtain sufficient and appropriate audit evidence, including the following:

- Evaluating the design effectiveness of controls over estimation of impairment of financial assets, which included assessing the level of oversight, review and approval of impairment policies of the Fund;
- Test-checking the underlying calculations and data;
- Assessing the valuation expert's competency, experience, qualifications and independence where necessary;
- Verifying the reasonability of the assumptions used in fair valuation;
- Obtaining a written representation in regard to the valuation decisions and assumptions;
- Assessing the adequacy of the related financial statement disclosures.

➤ *Impairment allowance for Financial assets based on IFRS 9:*

The audit considered impairment allowance for financial assets as a key audit matter. The materiality of the reported amounts in the financial statements, subjectivity associated with Management's impairment estimation, probable impacts of COVID -19 outbreak and related government relief measures on the key assumptions underpinned our basis for considering it as a key audit matter.

To assess the reasonableness of the impairment allowance, the audit procedures (among others) were designed to obtain sufficient and appropriate audit evidence, including the following:

- Performing procedures in order to assist our understanding of the methodology applied by management in their IFRS 9 model;
- Evaluating the impairment methodology applied against the requirements of IFRS 9; financial instruments;
- Evaluating the completeness of data in the impairment model by reconciling the data used in the impairment model to the debtor's source;
- Agreeing source data used in the modelling to supporting documentation on a sample basis to assess accuracy and validity;
- Testing the assumptions and calculations used in the ECL, including, but not limited to performing an assessment of the developed methodology applied in calculating the ECL allowance and reasonableness of the overlays that management calculated to determine the potential impact of Covid-19 and other legislation on the impairment allowance.

As a result of the above audit procedures, no material differences were noted.

Responsibilities of management and those charged with governance for the Financial Statements

The management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Seychelles Pension Fund Act, 2005 as amended and for such internal control as management determine, is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Trustees are also responsible for the overall management of the affairs of the Fund including the operation of the Fund and making investment decisions and financial reporting process.

Responsibilities of the Auditor General

My responsibility is to express an opinion on those financial statements based on our audit and report it to the Board of Trustees.

The audit objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and issue an auditor's report in accordance with the Seychelles Pension Fund Act, 2005 as amended. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit in accordance with ISAs, the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses that risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the opinion. The risk of not detecting material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission or misrepresentation, or the override of internal control;
- obtains an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SPF's internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- concludes on the appropriateness of the management's use of going concern basis of accounting and, based on the audit evidence obtained, concludes whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify the opinion. My conclusions are based on audit evidence obtained to the date of my auditor's report. However, future unforeseeable events or conditions may cause the fund to cease to continue as a going concern;

- evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicates with those charged with governance among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.



Gamini Herath
Auditor General


10 May 2022
Victoria, Seychelles

SEYCHELLES PENSION FUND
STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2021

	Notes	2021 SCR	2020 SCR
ASSETS			
Non-current assets			
Property and equipment	7	17,809,512	20,789,806
Investment properties	8	1,408,297,206	1,395,698,478
Right of use on assets	9	41,623,711	42,139,175
Investment in subsidiary - Opportunity Investment Company Limited	10	40,562,865	40,562,865
Investment in associates - Seychelles Breweries Limited	11	264,339,829	265,135,334
Investment in associates - Al Salam Bank Seychelles Limited	11	25,333,715	36,111,891
Investment in associates - Cable & Wireless Seychelles Limited	11	294,435,792	154,934,990
Investment in financial assets	14	564,242,410	613,641,987
Loans receivable	16	71,946,931	90,778,933
		<u>2,728,591,971</u>	<u>2,659,793,459</u>
Current assets			
Investment in financial assets	14	336,280,046	410,949,766
Receivables and prepayments	15	78,597,741	81,564,966
Assets held for sale	12	206,565,978	203,923,578
Loans receivable	16	18,832,001	17,257,127
Cash and bank balances	13	143,932,704	158,988,060
		<u>784,208,470</u>	<u>872,683,497</u>
Total assets		<u>3,512,800,441</u>	<u>3,532,476,956</u>
Current liability			
Other payables	17	20,951,340	81,349,149
Non-current liability			
Retirement benefit obligations	18	8,225,665	8,632,172
Deferred property lease	19	6,418,035	6,526,715
Net assets	20	<u>3,477,205,401</u>	<u>3,435,968,920</u>
Made up as follows:			
Member's fund	21	1,744,099,632	1,721,565,892
Other fund	22	533,279,754	533,279,754
Reserve funds	23	14,568,591	14,568,591
Other reserves	24	153,926,169	153,926,169
Retained surplus		<u>1,031,331,255</u>	<u>1,012,628,514</u>
		<u>3,477,205,401</u>	<u>3,435,968,920</u>

These Financial Statements have been approved for issue by the Board of Trustees on

6th May 2022



Marc Houareau
Chairperson



Nisreen Abdulmajid
Chief Executive Officer

The notes on pages 8 to 39 form an integral part of these financial statements.

SEYCHELLES PENSION FUND

STATEMENT OF SURPLUS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2021

	Notes	2021 SCR	2020 SCR
Income			
Interest income	25	47,391,176	45,427,219
Dividend income	26	21,350,691	22,311,789
Rental income	8d	94,098,444	114,219,599
Profit on sale of investment properties and other financial assets	33	286,778	17,573,504
Profit on disposal of property and equipment		-	130,000
Other income - Surcharges		566,019	980,453
Change in provision for bad debts	14	-	-
Amortisation of deferred Government Grant	19	108,680	108,680
		<u>163,801,788</u>	<u>200,751,244</u>
Expenditure			
Interest credited to members	27	37,306,953	35,595,498
Administrative expenses	28	44,448,384	48,629,326
Investment fees		1,122,597	220,448
Events and marketing		1,601,639	2,529,726
Property management expenses	8 (d)	21,964,936	32,069,385
Covid -19 related expenses		271,046	303,239
Depreciation of property and equipment	7	5,557,161	6,049,692
Amortisation of right of use of assets	9	515,464	515,464
Loss on disposal of property and equipment		-	-
Provision charge for bad and doubtful debts	15 (ii)	1,142,001	4,886,240
Auditors' remuneration		385,000	400,000
Other professional fees	29	3,195,882	3,204,711
		<u>117,511,063</u>	<u>134,403,729</u>
Surplus for the year before fair value changes and exchange differences		46,290,725	66,347,515
(Loss)/gain on exchange		<u>(44,831,115)</u>	<u>14,571,476</u>
Surplus for the year before fair value changes		1,459,610	80,918,991
Decrease in fair value of quoted equities	14 (d)	(2,533,531)	(33,307)
Decrease in fair value of subsidiaries (Opportunity Investment Co Ltd)	10	-	(3,863,161)
Decrease in fair value of investment properties	8d	(15,678,063)	(9,328,282)
(Decrease) /Increase in fair value of associate (Seybrew)	11 (a) (i)	(795,505)	16,539,884
(Decrease)/Increase in fair value of associate (Al Salam Bank)	11 (a) (i)	(10,778,176)	13,708,224
(Decrease)/Increase in fair value of associate (Cable & Wireless)	11 (a) (i)	139,500,802	(175,469,110)
Total fair value changes		<u>109,715,527</u>	<u>(158,445,752)</u>
Other comprehensive income			
(Decrease)/Increase in fair value of unquoted equities	14 (d)	(92,472,396)	146,746,361
Total other comprehensive income		<u>(92,472,396)</u>	<u>146,746,361</u>
Net changes in fair values of investment		17,243,131	(11,699,391)
Surplus for the year		18,702,741	69,219,600
Retained surplus brought forward		<u>1,012,628,514</u>	<u>943,408,914</u>
Retained surplus carried forward		<u>1,031,331,255</u>	<u>1,012,628,514</u>

The notes on pages 8 to 39 form an integral part of these financial statements.

SEYCHELLES PENSION FUND
STATEMENTS OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2021

	Notes	2021 SCR	2020 SCR
Cash generated from operations			
Net increase in assets available for benefits	Page 5	41,236,481	145,338,596
Net cash generated from operations		41,236,481	145,338,596
<i>Adjustments for :</i>			
Depreciation of property and equipment	7	5,557,161	6,049,691
Amortization of right of use	9	515,464	515,464
Amortization of deferred government grant	19	(108,680)	(108,680)
Write off of property plant and equipment		-	91,884
Profit on disposal of plant and equipment		-	(130,000)
Profit on disposal of held for sale assets	33	-286,778	(11,754,518)
Retirement benefit obligation charge	18	(406,507)	1,393,593
Revaluation of plant and equipment	7	-	-
Provision for bad and doubtful debts	15	1,142,001	4,886,240
Bad and doubtful debts written off against provision	15	-	(37,566)
Fair value loss on investment properties	8	19,224,282	9,328,282
Fair value gain/(loss) on quoted and unquoted equities	14 (d)	95,005,927	(146,713,054)
Fair value loss on associates	11	(127,927,121)	145,221,002
Fair value loss on subsidiary	10	-	3,863,161
Interest receivable	25	(47,391,176)	(45,427,219)
Dividend income	26	(21,350,691)	(22,311,789)
		(34,789,638)	90,205,087
<i>Changes in working capital:</i>			
- Decrease/(Increase) in receivables and prepayments		1,825,224	(13,086,363)
- Decrease in payables and accruals		(60,397,809)	(151,115,920)
Net cash used in operations		(93,362,222)	(73,997,196)
Cash flows from investing activities			
Purchase of property and equipment	7	(2,576,867)	(3,481,638)
Proceeds from disposal of property and equipment		-	130,000
Proceeds from disposal of asset held for sale		-	68,500,000
Proceeds from disposal of investment properties	8	5,261,000	-
Purchase of assets held for sale	12	(2,642,400)	(1,264,165)
Purchase of investment properties	8	(36,797,232)	(72,374,133)
Purchase of shares- Cable & Wireless	11a (iii)	-	-
Repayment of loans by PMC	16	25,109,336	25,109,335
Purchase of financial assets	14 (e)	(344,319,818)	(351,529,515)
Proceeds from redemption of financial assets	14 (e)	373,383,190	402,971,987
Interest received (net of interest on PMC loan)	16 & 25	39,538,966	36,252,450
Dividend received	26	21,350,691	22,311,789
Net cash generated from investing activities		78,306,866	126,626,110
Net (Decrease)/increase in cash and cash equivalents		(15,055,356)	52,628,914
Cash and cash equivalents at January 1,		158,988,060	106,359,146
Cash and cash equivalents at December 31,	13	143,932,704	158,988,060

The notes on pages 8 to 39 form an integral part of these financial statements.

SEYCHELLES PENSION FUND
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

1. General information

SPF is established under the Seychelles Pension Fund Act, 2005. SPF is domiciled in the Republic of Seychelles and the address of its registered office is P.O. Box 576, Caravelle House, Victoria, Mahé, Seychelles.

Investments made by SPF as required under Section 50 of the Seychelles Pension Fund Act, 2005 are disclosed in the notes to the financial statements.

These financial statements will be presented to the Minister responsible for Finance, laid before the National Assembly by the Minister responsible for Finance and made available under SPF's website in accordance with Section 53 of the SPF Act, 2005.

Type of pension system

SPF operates a Pay-As-You-Go pension plan, which is a solidarity between generations. This means that the working generation of today pays for retirees of today and the next generation pays for tomorrow's retirees. The pension plan is a Defined Benefits one where pensions are paid a pre-determined formula as per Regulation 8 (1B) of the SPF (Benefits) Regulations.

2. Funding policy

The overriding principle of the SPF's Funding policy is that contributions are increased in a steady and phased manner as recommended by SPF's Actuary and excess funds invested to yield maximum returns on the assets matching SPF's liabilities. In other words, funds which are not required for current benefit payments and administration expenses are invested to provide returns to assist in sustaining the SPF in the medium to long-term. As at 31.12.2021, SPF had around 65% of its members below the age of 45, which means that SPF can invest the same percentage of its funds for longer than 15 years, as it only needs to meet the long-term liabilities of these members after 15 years.

3. Valuation of SPF

Under Section 55 of the SPF Act 2005, an actuarial valuation of SPF shall be carried out every three years by an approved actuary. The last actuarial valuation exercise of SPF was undertaken by BBL World Actuaries from Quebec, Canada in 2019 for the year ending 31st December 2018. The next actuarial valuation will be undertaken in 2022 for the year ending 31st December 2021.

4. 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 year's presented unless otherwise stated.

The financial statements are presented in Seychelles Rupees (SCR).

The Financial Statements of SPF comply with the "Public Enterprise Monitoring Commission Act, 2013", including any amendments thereof, and have been prepared in accordance with International Financial Reporting Standards (IFRS). The Financial Statements have been prepared under the historical cost concept, except as disclosed in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(a) Basis of preparation

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the SPF's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5 (Critical accounting estimates and judgements). The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

4. Significant accounting policies (cont...)

(b) Going concern

The Board of Trustees have assessed SPF's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board of Trustees are not aware of any material uncertainties that may cast significant doubt upon SPF's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of SPF. Therefore, the financial statements continue to be prepared on the going concern basis.

(c) Comparative information

The previous year figures and phrases have been reclassified whenever necessary to conform to current year presentation.

(d) Changes in accounting policies

The accounting policies adopted are consistent with those used in the previous financial year, except for the following new standards and amendments to IFRS that are mandatorily effective for accounting periods beginning on or after January 1, 2021:

New standards, improvements, interpretations and amendments issued

- Amendments to IFRS 3 - Business Combinations
- Amendments to IFRS 4 - Insurance Contracts
- Amendments to IFRS 7 - Financial Instruments: Disclosures
- Amendments to IFRS 9 - Financial Instruments
- Amendments to IFRS 16 - Leases
- Amendments to IAS 39 - Financial Instruments: Recognition and Measurement
- Revisions to the Conceptual Framework: Amendments to IAS 1, IAS 32, IAS 36 and IAS 38

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond June 30, 2021 Amendments to IFRS 16

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification.

4. Significant accounting policies (cont...)

(e) Financial Instruments/ *Financial assets: Classification, subsequent measurement and gains and losses (cont...)*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI).

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

The financial statements do not include any debt investments measured at FVOCI.

On initial recognition of an equity investment that is not held for trading, SPF may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, SPF may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

SPF makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities, or expected cash outflows or realising cash flows through the sale of assets;
- the risks that affect performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or contractual cash flows collected; and
- The frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the SPF's continuing recognition of the assets.

Assessment whether contractual cash flows are SPPIs

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

4. Significant accounting policies (cont...)

(e) Financial Instruments (cont...)

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. The financial statements do not include any FVTPL financial liabilities.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. This includes deposits from tenants and other payables.

Derecognition

Financial assets

SPF derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which SPF neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

SPF derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. SPF also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, SPF currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

The impairment for financial assets is derived based on an 'expected credit loss' (ECL) model and applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments.

ECL model is the impairment method prescribed under IFRS 9 on "Financial Instruments" and will be calculated by multiplying the current gross receivable balance by the probability adjusted loss rate. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, twelve month expected credit loss ('ECL') is used to provide for impairment loss, otherwise lifetime ECL is used. However, only in case of trade receivables, SPF applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables. SPF measures the impairment by applying a predetermined percentage to the receivables falling under different age buckets and is not significantly deviated had it been computed based on expected credit loss model.

4. Significant accounting policies (cont...)

(g) Investment properties

Properties held to earn rent/or for capital appreciation or both are classified as investment properties. Investment properties are carried at fair value, representing open-market value determined annually. Changes in fair values are recognized in the Income and Expenditure Account and subsequently in net assets available.

Investment properties are transferred to property and equipment, or asset held for sale when they cease to meet the recognition criteria.

(h) Investment in subsidiary

Consolidation

The subsidiaries of SPF are not consolidated due to the application of IFRS 10 consolidation exemption for 'investment entities'.

Separate financial statements

Investments in subsidiaries are measured and accounted for at FVTPL. Fair value gains or losses on subsidiaries are recognised on a separate line on the income statement.

(i) Investment in associates

Separate Financial Statements

Investments in associates are measured and accounted for at FVTPL. Fair value gains or losses on associated are recognised on a separate line on the income statement.

(j) Contributions receivable

Contributions receivable are recognized when due which is 21st of the second month. Contributions receivable are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

The nominal value of contributions receivable is assumed to approximate its fair value.

(k) Benefits payable

Benefits payable are stated at their nominal value.

The nominal value of benefits payable is assumed to approximate its fair value.

(l) Receivables

Receivables and prepayments are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(m) Cash and cash equivalents

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

(n) Foreign currencies

Transactions in foreign currencies are translated to Seychelles Rupees at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Seychelles Rupees at the exchange rate at that date.

4. Significant accounting policies (cont...)

(p) Leases

Leases as lessee

The amount paid at inception by SPF to acquire lease interest on land has been capitalized as right of use asset and depreciated over the lease term.

Leases as lessor

SPF leases out its investment properties and are classified as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Lease rental charges are charged to the income and expenditure account on a straight-line-basis over the period of lease.

(q) Revenue recognition

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The SPF recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the SPF's activities.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the SPF provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Interest income

Interest income or expense is recognised using the effective interest rate.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial assets to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, the interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Dividend income

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend.

Net income from financial instruments at FVTPL

Net income from financial instruments at FVTPL includes all realised and unrealised fair value changes and foreign exchange differences, interest, and dividend income.

5. Critical accounting estimates and judgements (cont...)

(d) Limitations of sensitivity analysis

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

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

(e) Contributions receivable

As per SPF Act 2005, contributions are due on the 21st day of the following month. At year end, contributions for the month of December are due to be paid in January the following year which is not in the financial year. Therefore, an estimate is made based on the actual contribution received of the preceding months.

(f) Fair Value Estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from for example, a stock exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the SPF is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value:

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6. Risk management

The Board of Trustees has the overall responsibility of determining the risk management objectives and policies of SPF. It also delegates the authority for designing and implementing risk management processes to the risk management function.

SPF's activities expose the institution to a variety of risks. The overall objective of the Board of Trustees is to set policies that seek to mitigate and reduce risks as far as possible, without unduly affecting the competitiveness and flexibility of the institution's operations. Further details regarding some of the main risks are set out below:

(a) Investment risk

There are some risks that are directly linked to the investments of SPF. Sustained poor performance would lead to insufficient returns that are necessary to support the institution's long-term sustainability. SPF has adopted a prudent approach to asset management that is likely to generate moderate, yet regular returns. The primary control measure is the regular appraisal of SPF's assets and investment policy by the Board of Trustees upon the advice of the Actuary and other external advisors as appropriate.

The following types of investment risks can be justified:

Interest rate risk

The risk that falling interest rates will reduce investment income on the assets or lead to falling values of fixed income instruments.

SPF finances its operations through operating cash flows which are principally denominated in Seychelles Rupee.

Several specific risk measures may be cited:

- SPF's primary interest rate risk relates to interest-bearing investments. The information on maturity dates and effective interest rates of financial assets are disclosed under Note 14.
- SPF does not borrow, so the cost of borrowing is nil and unaffected by rate rises.
- There is a loan portfolio of loans to PMC at "fixed" rates. Although these rates are adjusted where the spread between SPF's rates and bank rates becomes too significant, there is a certain inertia that tends to protect SPF from sudden or temporary falls.

Sensitivity analysis

If interest rates have been 100 basis points higher/lower and all other variables were kept constant, SPF's surplus for the year ended December 31, 2021 would be impacted as follows:

	Amortised Cost Financial Assets	
	2021 SR'000	2020 SR'000
Impact on surplus for the year (+/- 100 basis points)	47	46

6. Risk management (cont...)

(a) Investment risk/ Credit risk (cont...)

A Debtor Management Policy was implemented late in the year. The policy aims to put in place effective procedures for SPF to manage its debts in an efficient manner.

Currency risk

SPF's activities are not exposed to currency risk. However, SPF requires foreign exchange for developing its overseas investment which are met through requests with financial institutions.

Only a small percentage of the portfolio is invested overseas mainly in listed foreign market and recently a foreign bank.

Counter party risk

The risk that an external fund manager defaults on its contractual responsibilities.

The risk is mitigated via the following measures:

- All fund managers are subject to rigorous in-house assessment and due diligence from well known, independent external experts prior to appointment, and to regular appraisal thereafter.
- Overseas fund managers are generally large, well-established organisations with sound reputations and track records.
- SPF seeks independent professional advice on overseas fund managers and required regular reporting in accordance with its investment policy.

(b) Economic risk

This corresponds to the risk that external economic events (other than those specifically related to investments) will weaken SPF's financial position. Two examples of such risk are apparent:

Industry risk

The risk that the economy collapses, leading to redundancies, early retirements, and cessation of contributions, amongst other wider social, political, and economic effects in Seychelles. The primary likely effect on SPF of such an outcome would be an increase in benefits outgo (early retirements) and an accelerated shift from positive net cash flow to negative net cash flow. Cash flow analysis of this kind of scenario suggests that realization of assets of SPF would provide the necessary liquidity to counter the cash flow need.

Inflation risk

Whilst the Central Bank has a policy of price stability, one cannot assume that a small, isolated country such as Seychelles will always be able to control inflation. Inflation would not necessarily be a problem for SPF if it was accompanied by compensatory increase if one could not necessarily always count on the alignment of inflation and yields.

SPF protects itself in the following ways:

- Real assets, (property) would be expected to appreciate in value both in terms of capital and income growth,
- Overseas holdings would tend to buoy up returns since one might expect local inflation to be closely linked to Rupee depreciation,
- When considering the purchase of Government debt instruments, SPF demands a significant yield compensation for inflation risk on long term instruments.
- For pension there is a capping of 5% inflation.

6. Risk management (cont...)

(f) Reputational risk (cont...)

SPF also plans to introduce a culture of best practice in every segment of its activities by benchmarking on whatever appropriate procedures are applied by enterprises around the world (e.g., custodians, independent fund managers, application of International Accounting Standards, etc.).

(g) Compliance risk/ Anti- Money Laundering and prevention of Terrorism financing

SPF complies fully with Anti- Money Laundering Act, 2020 and Countering of Financial Terrorism Act, 2020 and its amendments thereof. SPF observes all requirements and policies to ensure that there is no money laundering and terrorist financing sources of funds. SPF's main sources of funds come via the banking system through transactions from employers and employees mostly via SPF's bank accounts with minimal cash. The other source of funds is from investment returns all from banking system. All banks are supervised by Central Bank of Seychelles and have stringent Anti- Money Laundering systems in place. Other mechanisms that SPF observes are:

- Implementing its anti-money laundering and countering financing of terrorism anti-terrorism financing policies in place since 2019. This policy is being updated to ensure full compliance with the AML/CFT Act 2020 and its amendments.
- Employee training in AML.
- Independent audits.
- Policies and procedures to detect and report suspicious transactions and ensure compliance with the laws.
- Timely communications with the Financial Intelligence Unit (FIU).
- Submitting information to FIU, as requested.

There were no reported non-compliance cases concerning AML/ CFT at SPF in 2021.

7. PROPERTY AND EQUIPMENT

	Buildings on Leasehold land and improvements	Equipment	Furniture and fittings	Motor vehicles	Total
	SCR	SCR	SCR	SCR	SCR
COST					
At January 1, 2020	41,194,420	19,113,732	11,287,824	3,218,899	74,814,875
Additions	-	2,595,244	332,730	553,664	3,481,638
Transfer to investment properties	-7,941,302	-	-	-	-7,941,302
Direct write off	-	-	-91,884	-	-91,884
Disposal during the year	-	-137,278	-26,325	-518,675	-682,278
At December 31, 2020	33,253,118	21,571,698	11,502,345	3,253,888	69,581,049
Additions	1,003,649	1,491,562	81,656	-	2,576,867
At December 31, 2021	34,256,767	23,063,260	11,584,001	3,253,888	72,157,916
ACCUMULATED DEPRECIATION					
At January 1, 2020	23,997,539	11,201,065	5,490,424	2,734,802	43,423,830
Charge for the year	2,709,058	2,075,347	963,726	301,561	6,049,692
Disposals	-	-107,535	-56,069	-518,675	-682,279
At December 31, 2020	26,706,597	13,168,877	6,398,081	2,517,688	48,791,243
Charge for the year	2,180,194	2,188,601	967,837	220,529	5,557,161
At December 31, 2021	28,886,791	15,357,478	7,365,918	2,738,217	54,348,404
NET BOOK VALUE					
At December 31, 2021	5,369,976	7,705,782	4,218,083	515,671	17,809,512
At December 31, 2020	6,546,521	8,402,821	5,104,264	736,200	20,789,806

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(e) The land and buildings were valued at December 31, 2020 by an independent valuer. The value of the land and buildings is subject to review as per the revised Valuation Policy for Investment Assets approved by the Board of Trustees in November 2020. The valuation and accounting recommended approaches guided under IAS40 for valuation for investment properties and also as per IFRS 16 for leases.

8. INVESTMENT PROPERTIES

	2021	2020
	SCR	SCR
(a) At fair value		
The movement of the investment properties during the year is as follows,		
At January 1,	1,395,698,478	1,528,634,904
Additions	36,797,232	72,374,132
Transfer from property and equipment	-	7,941,302
<i>Decrease in fair values:</i>		
Investment properties	(15,678,063)	(9,328,282)
Assets held for sale	(2,642,400)	-
Revaluation of investment properties to reserve account (note (g))	(903,819.00)	-
Transfer to assets held for sale (note 12)	(4,974,222)	(203,923,578)
At December 31,	1,408,297,206	1,395,698,478

(b) The value of the investment properties are subject to review every two years by an independent professionally qualified valuer, on an open-market basis with existing tenancies based on a Valuation of Properties Policy approved by the Board. A Valuation Committee has also been set up since 2018 to review the value of the investment properties on an annual basis. The Valuation Committee is chaired by an independent, experienced and qualified professional who is well versed in valuation of land. All properties were revalued in Year 2021 for a total of re-evaluation loss SCR 19.2m for 25 properties. 1 property with a book value of SCR 4.9m was disposed for SCR 5.3m.

(c) The fair value of the properties has been valued by an external valuer and administered by the Investment Department under the Property Valuation Committee, chaired by an independent individual.

(d) If Investment properties had been carried at cost less accumulated depreciation, the carrying amount would have been as follows:

	2021			2020
	SCR	SCR	SCR	SCR
	Land	Building	Total	Total
Cost	176,774,099	755,237,622	932,011,721	932,011,721
Accumulated depreciation	-	(120,851,721)	(120,851,721)	(105,746,970)
Net book value	176,774,099	634,385,901	811,160,000	826,264,751

	2021	2020
	SCR	SCR
(e) The following amounts have been recognised in profit or loss:		
Rental income	110,129,927	118,368,343
Concession provided to tenants	(16,031,483)	(4,148,744)
Net rental income	94,098,444	114,219,599
Property Management expenses:		
Direct operating expenses generating rental income	-	-
Direct operating expenses	(21,964,936)	(32,069,385)
Profit arising from investment property	72,133,508	82,150,214
Decrease in fair value	(15,678,063)	(9,328,282)
Surplus after fair value changes	56,455,445	72,821,932

(f) As at 31 December 2021, 3 properties under construction are carried at cost for a total amount of SCR 175.3m (2020: SCR 138.9m) of which 1 is nearing completion and is expected to be completed early 2022. The 2 other properties are expected to be developed at a later stage.

(g) The fair value changes of the properties which are leased from the government of Seychelles at one rupee are directly recognised in other reserves. This relates to 4 properties with a total deferred income of SCR 108,680 (2020 : SCR 108,680).

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9. RIGHT OF USE ON ASSETS

SPF leased a land located at Caravelle House to run its business for a period of 97 years. The initial deposit on the lease amounting to SR 50 million paid in 2006 is being amortised over the term of lease. The movement during the year is as follows:

	2021	2020
	SCR	SCR
Cost		
As at 1 January & 31 December	50,000,000	50,000,000
Amortisation		
At 1 January,	7,860,825	7,345,361
Charge for the year	515,464	515,464
At 31 December	8,376,289	7,860,825
Net Book Value		
At 31 December	41,623,711	42,139,175

10. INVESTMENT IN SUBSIDIARY

- (a) Subsidiaries are investees controlled by SPF. The SPF "Controls" an investee if it is exposed to, or has right to, variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee.

	2021	2020
	SCR	SCR
<i>At fair value,</i>		
Shareholding	100%	100%
Opportunity Investment Company Limited -OICL	40,562,865	40,562,865
	2021	2020
	SCR	SCR
<i>The movement of the investment in subsidiary during the year is as follows.</i>		
Balance as at January 1,	40,562,865	44,426,026
Decrease in fair value	-	(3,863,161)
Balance as at December, 31	40,562,865	40,562,865

SPF holds 100 shares at SCR 100 per share in OICL as at 31 December 2021 representing a shareholding of 100%.

- (a) Details of the SPF's subsidiary (OICL), are given below:

	OICL
Class of shares held:	Ordinary
Year end:	31 December
Proportion of ownership interest and voting power held (direct):	100%
Country of incorporation and residence:	Seychelles
Activity:	Investment holding

OICL was incorporated as an investment vehicle solely for the purpose of acquiring shares in SACOS Group Limited (SACOS). OICL currently holds 386,313 shares in SACOS which represents an ownership interest of 19.31%.

The fair value of OICL is derived from the fair value of the SACOS shares it holds. At the end of the reporting period the value per SACOS share as listed on the stock exchange was SCR 105 per share. (2020: SCR 105 per share).

Total value of SACOS shares held in OICL as at 31 December 2021 is 386,313 at SCR 105 each (2020: SCR 105 per share).

The SPF has also directly invested in SACOS with a total investment of 26,569 shares which represents an ownership interest of 1.33%. This investment has been classified under financial assets measured at fair value through profit or loss.

As at 31 December 2021, SPF holds 20.64% in SACOS directly and indirectly.

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10. INVESTMENT IN SUBSIDIARY (CONT...)

(b) Details of the SPF's subsidiary at the end of the reporting period is as follows:

Name	Opportunity Investment Company Limited
Principal activity	Investment holding

(i) Summarized statement of Financial position and statement of profit or loss and other income as per audited financial statements:

	2021	2020
	SCR'000	SCR'000
Assets		
Current assets	147	129
Non-current assets	40,562	40,562
Liabilities		
Current liabilities	36	9
Equity	40,673	40,682
Revenue	-	-
Total comprehensive profit or (loss) for the year	1,890	(40,603)

(ii) Summarised cash flow information:

Operating activities	1,918	(71)
Investment activities	-	(192)
Financing activities	-	-
Net change in cash and cash equivalents	1,918	(263)

(iii) There were no commitment and contingencies as at the reporting period

11. INVESTMENT IN ASSOCIATES

(a) Associates are those entities in which the SPF has significant influence, but not control, over variable returns through its power over investee. Significant influence is presumed to exist when the SPF holds 20% or more of voting power of another entity.

<i>At fair value</i>	2021	2020	2021	2020
	% Held	% Held	SCR	SCR
Seychelles Breweries Limited (listed)	26%	26%	264,339,829	265,135,334
Al Salam Bank Seychelles Limited (non- listed)	30%	30%	25,333,715	36,111,891
Cable & Wireless Seychelles Limited (non - listed)	22%	22%	294,435,792	154,934,990
			2021	2020
			SCR	SCR
(i) Movements- Seybrew				
Balance as at January 1,			265,135,334	248,595,450
Fair value adjustments			(795,505)	16,539,884
Balance as at December, 31			264,339,829	265,135,334

Seychelles Breweries has a financial reporting period ending 30 June.

At 31 December 2021, the fair value of the SPF's interest in Seychelles Breweries Limited, which is listed on the MERJ exchange, was 3,314,606 shares at SCR 79.75 per share (2020: 3,314,606 shares at SCR 79.99) based on the quoted market price available, which is a level 1 input in terms of IFRS 13.

	2021	2020
	SCR	SCR
(ii) Movements- Al Salam bank		
Balance as at January 1,	36,111,891	22,403,667
Fair value adjustments	(10,778,176)	13,708,224
Balance as at December, 31	25,333,715	36,111,891

As at 31 December 2021, the fair value of the shares in respect of Al Salam Bank which is an non- listed were calculated using the adjusted net asset value method which is a level 3 input in terms of IFRS 13.

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11. INVESTMENT IN ASSOCIATES (CONT...)

	2021	2020
	SCR	SCR
(iii) Movements - Cable & Wireless		
Balance as at January 1,	154,934,990	330,404,100
Additions	-	-
Fair value adjustments	139,500,802	(175,469,110)
Balance as at December, 31	<u>294,435,792</u>	<u>154,934,990</u>

As at 31 December 2019, the fair value of the shares in respect of Cable & Wireless which is a non-listed company were calculated using the adjusted net asset value method which is a level 3 input in terms of IFRS 13. This is as per SPF's new policy on valuation of unlisted equities.

As at 31 December 2020, the fair value of the shares in respect of Cable & Wireless which is a non-listed company were calculated using the adjusted net asset value method which is a level 3 input in terms of IFRS 13. This is as per SPF's new policy on valuation of unlisted equities.

SPF purchased 22% of shareholdings in Cable and Wireless (Seychelles) Limited (the Company) in December 2019, for a consideration of SCR 330,404,100.

In line with the Adjusted Net Asset Value approach of IFRS 13, it is necessary that the material impact of the expected merger on the Company's Net Asset Value and on SPF's shareholdings is considered. An adjustment is made to the Net Asset Value of the Company for the year ended on December 31, 2019, from SCR 1,879,202,000 to SCR 892,427,000 taking into account the foreign currency obligation which was not taken into consideration initially. Correspondingly, the valuation of SPF's 22% shareholdings in the Company under this approach is determined as SCR 196,334,000, which reflects a premium of 168% paid by SPF for purchasing shares in the Company.

Considering the share purchase premium of 168% paid by SPF, the fair value of SPF's shareholdings in the Company for the year ended 31st December 2020 is calculated as SCR 154,934,990, which is a capital loss of SCR 175,469,110 or 53% year-on-year. For comparative purpose, if the exchange rates were to remain stable at their levels of 31st December 2019, the Company's Net Asset Value would otherwise be SCR 1,039,640 which would correspond to a year-on-year capital appreciation of 16% for SPF.

(b) Details of the SPF's associates at the end of the reporting period is as follows:

(1) Name	Seychelles Breweries Limited	
Principle Activities	Beverage manufacturing	
(i) Summarized statement of financial position and statement of profit or loss and other income as per the unaudited financial statements (Seychelles Breweries Limited has a financial reporting period ending 30th June).	30 June	30 June
	2021	2020
	SCR '000	SCR '000
Assets		
Current assets	204,098	192,522
Non-current assets	388,774	372,675
Liabilities		
Current liabilities	100,184	103,435
Non-current liabilities	70,167	61,395
Equity	422,521	400,367
Revenues	443,946	424,441
Profit before tax	94,514	112,826
Other comprehensive income	-	-
Total comprehensive income	69,404	81,902
Proportion of ownership interest and voting rights (Direct)	26%	26%
(ii) Summarised cash flow information:		
Operating activities	73,615	130,501
Investment activities	-50,733	-59,693
Financing activities	50,449	-30,855
Net change in cash and cash equivalents	<u>73,331</u>	<u>39,953</u>

(iii) There were no contingent liability as at the reporting period.

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 NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

11. INVESTMENT IN ASSOCIATES (CONT...)

(2) Name Al Salam Bank Seychelles
 Principle Activities Banking Services

(i) Summarised statement of financial position and statement of profit or loss and other income as per unaudited financial statements (Al Salam Bank Seychelles Limited has a financial reporting period ending 31st December).

	2021	2020
	SCR '000	SCR '000
Assets	895,522	1,089,385
Liabilities	810,209	1,007,638
Equity	85,313	81,747
Revenues	29,262	30,265
Profit before tax	3,606	3,936
Tax charge	-40	605
Total comprehensive income	3,566	4,540
Proportion of ownership interest and voting rights (Direct)	30%	30%
Proportion of ownership interest and voting rights (Direct)	30%	30%

(ii) Summarised cash flow information:

Operating activities	-83,700	196,252
Investment activities	-132	-188
Financing activities	-112,122	191,441
Net change in cash and cash equivalents	-195,954	387,505

(iii) There were no commitment and contingencies as at the reporting period.

(3) Name Cable & Wireless Seychelles Limited
 Principle Activities Telecommunication

(i) Summarised statement of financial position and statement of profit or loss and other income as per the unaudited financial statements (Cable & Wireless Seychelles Limited has a financial reporting period ending 31st December).

	2021	2020
	SCR'Mn	SCR'Mn
Assets		
Current assets	692	1,059
Non-current assets	1,204	1,260
Liabilities		
Current liabilities	436	507
Non-current liabilities	742	1,394
Equity	718	418

(ii) Summarised cash flow information:

Operating activities	91	216
Investment activities	(97)	(70)
Financing activities	(96)	(89)
Net change in cash and cash equivalents	(102)	57

(iii) There were no contingent liability as at the reporting period.

12. ASSETS HELD FOR SALE

The movement during the year is as follows:

	2021	2020
	SCR	SCR
Balance as at January 1,	203,923,578	55,481,321
Transfer from investment properties	4,974,222	203,923,577
Additions	2,642,400	1,264,165
Disposals	(4,974,222)	(56,745,485)
Balance as at December, 31	206,565,978	203,923,578
Transfer from investment properties as per note 8.	4,974,222	203,923,578

In 2021, SPF had the intention to dispose 7 investment properties as approved by the Board of Trustees in not more one year from the date of approval by the board of trustees. These assets were initially recognised at fair value when transferred. In 2021, only 1 of the properties was disposed.

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NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

13. CASH AND BANK BALANCES

	2021	2020
	SCR	SCR
Cash at bank	143,896,252	158,952,684
Cash in hand	36,452	35,376
	<u>143,932,704</u>	<u>158,988,060</u>

14. INVESTMENT IN FINANCIAL ASSETS

		2021	2020
		SCR	SCR
Non-current investments	Measurement category		
Fixed deposits	Amortised cost	32,092,071	32,092,071
Treasury bonds	Amortised cost	243,271,250	205,000,000
Equity securities	Fair value through OCI	288,879,089	376,549,916
		<u>564,242,410</u>	<u>613,641,987</u>
Current investments			
Fixed deposits	Amortised cost	298,713,470	332,398,655
Treasury Bills	Amortised cost	37,552,865	49,592,400
Treasury bonds	Amortised cost	-	28,945,000
Equity securities	Fair value through P&L	13,711	13,711
		<u>336,280,046</u>	<u>410,949,766</u>
Total financial assets		<u>900,522,456</u>	<u>1,024,591,753</u>

- (a) Investments in fixed deposits represent term deposits with banks with interest rates ranging from 0.13% to 2.80% for USD account (2020: USD 1% to 3.77%) and 1.45% to 7% (on local currency account) per annum (2020: SCR 4.90% to 7%) with maturity dates from 05th February 2021 to 24th April 2025.
- (b) Investments in Treasury Bonds comprise bonds with interest rates ranging from 3.5% to 12% per annum (2020 : 6% to 12%) and treasury bills from 4.91% to 6.25% for 365 days (2020 : 4.76% to 5.88%) maturity dates from 10th February 2021 to 15th March 2028.
- (c) Equity securities comprise of local securities listed on the MERJ Exchange and other unlisted securities. It also comprise of listed and unlisted foreign securities.
- (d) Hierarchy of fair value levels is detailed under note 5 (f). Due to limited information available for the fair value determination of the unquoted foreign securities, their fair values have been determined based on the adjusted net assets value which is a level 3 input in terms of IFRS 13. In December 2021, SPF purchased 263,158 shares in Africa Finance Corporation for the consideration of USD 500,000, in line with its diversification strategy.

The details of the fair value adjustments for the investments in unquoted equities are as follows;

	2021	2020
	SCR	SCR
Africa Finance Corporation	6,953	-
Afrexim Bank	-17,886,179	25,151,927
TDB Class B shares	-67,113,201	111,567,717
Seychelles Commercial Bank	863,391	375,236
Central Common Cold Store	-8,343,360	9,651,480
	<u>-92,472,396</u>	<u>146,746,360</u>

The details of the fair value adjustments for the investments in quoted equities are as follows;

	2021	2020
	SCR	SCR
GRIT	-2,533,531	232,383
SACOS	-	-265,690
Mauritius Stock Exchange	-	-
	<u>-2,533,531</u>	<u>-33,307</u>

- (e) The net movement in the financial assets including equity securities is shown below:

	2021	2020
	SCR	SCR
At January 1	1,024,591,753	929,321,171
Additions	344,319,820	351,529,515
Redemption	(373,383,190)	(402,971,987)
Fair value (loss)/gain	(95,005,927)	146,713,054
At December 31	<u>900,522,456</u>	<u>1,024,591,753</u>

SEYCHELLES PENSION FUND
NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

17. OTHER PAYABLES

	2021	2020
	SCR	SCR
Rental deposits	11,524,416	10,552,858
Advance on rent	1,216,240	1,763,003
Advance on Loan	6,277,333	6,277,334
Accrued expenses	1,933,351	7,190,118
Account payable-Apartment project	-	301,021
Account payable-Cable & Wireless (note c)	-	54,092,250
Sundry payables	-	1,172,565
	<u>20,951,340</u>	<u>81,349,149</u>

- (a) The carrying amount of other payables are denominated in Seychelles rupees and approximate their fair value.
(b) Sundry payables includes pension payments returned due to incorrect bank accounts/details of the pensioners/members.
(c) These are share purchase consideration payable to Cable and Wireless Seychelles Limited.

18. RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations is in respect of length-of-service compensation as per the Seychelles Employment Act 1995 as amended.

- (i) Amount recognised in the statement of financial position:

	2021	2020
	SCR	SCR
Present value of unfunded obligation	<u>8,225,665</u>	<u>8,632,172</u>

- (ii) Movement in liability recognised in statement of financial position:

Balance as at January, 1	8,632,172	7,238,579
Charge for the year	(406,507)	1,393,593
Balance as at December, 31	<u>8,225,665</u>	<u>8,632,172</u>

The retirement benefit obligation has not been valued by an actuary since the management decided that had it been valued by actuary the impact would not be material.

19. DEFERRED PROPERTY LEASE

	2021	2020
	SCR	SCR
Cost		
At 1 January & 31 December	<u>7,846,750</u>	<u>7,846,750</u>
Accumulated amortisation		
At 1 January ,	1,320,035	1,211,355
Charge for the year	108,680	108,680
At 31 December	<u>1,428,715</u>	<u>1,320,035</u>
At 31 December	<u>6,418,035</u>	<u>6,526,715</u>

The leasehold land was originally accounted for at SCR 1, the value at which it was transferred from the Government of Seychelles, this value has been restated to fair value at the time of acquisition. The leasehold properties are Providence Micro Enterprise, Providence Warehouse, Port- Glaud Micro Enterprise, Eve Island Enterprise. The fair value of the benefit is being taken to income over the life of the underlying assets (60 - 99 years).

20. Valuation of net assets against actuarial value of promised retirement benefits

As per the actuary valuation the accrued benefits are separated between vested and non vested benefits. The vested benefits are the present value of all expected future payments to current pensioners and future spouses' pension on the death of current pensioners. Non vested benefit is the measure of the value of the amount standing in member accounts at valuation date. SPF will be able to meet all benefit obligations in the future if this is followed as SPF operates a 'pay-as-you-go' pension plan. Actuarial evaluation is done for the next 60 years.

21. MEMBERS' FUND

Member's fund represents the balance due to members who have contributed to the SPF (which also includes the Seychelles Pension Scheme from 1991). This includes mandatory and voluntary contributions from employer and employee and contributions from self-employed with accumulated interest over the years. The members fund is used to finance pension payment on a monthly basis and lump sum refunds for members not qualifying for a monthly pension.

	2021	2020
	SCR	SCR
Details of members fund are as follows:		
Opening Balance	1,721,565,892	1,646,364,573
Mandatory contribution	428,247,697	422,716,236
Voluntary contribution	38,762,383	37,267,713
Pension and Benefit payments	(465,135,811)	(411,311,760)
Other refunds (overpayments)	(16,647,482)	(9,066,368)
Interest for the year	37,306,953	35,595,498
At December 31,	<u>1,744,099,632</u>	<u>1,721,565,892</u>

SEYCHELLES PENSION FUND

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

22. OTHER FUNDS

	2021	2020
	SCR	SCR
Net contributions from Social Security carried forward (note a)	11,703,935	11,703,935
Receipts from National Provident Fund	71,215,276	71,215,276
SSF Investment Funds transferred to SPF	406,870,976	406,870,976
SPF contribution from the Government	43,489,567	43,489,567
At December 31,	<u>533,279,754</u>	<u>533,279,754</u>
(a) Net contributions from Social Security includes following,		
Contributions from Social Security Division	532,099,144	532,099,144
Payments made for Social Security Pension	<u>(520,395,209)</u>	<u>(520,395,209)</u>
	<u>11,703,935</u>	<u>11,703,935</u>

(b) The National Provident Fund Act was repealed and after refunding the contributions to the persons entitled under the Act, the balance was transferred to SPF as required under Section 73(2) of the Seychelles Pension Fund Act, 2005.

23. RESERVE FUND

	2021	2020
	SCR	SCR
Reserve Fund	<u>14,568,591</u>	<u>14,568,591</u>

The Chief Executive Officer, acting on the advice of the Board of Trustees, has not made any annual transfer which up to the year 2006 on the amount set aside which was 30% of the difference between the interest earned by SPF and the interest paid to the members.

The transfer to the Reserve Fund was made in order to increase the distributable reserve.

24. OTHER RESERVES

	2021		2020	
	Fair value	Other	Total	Total
	SCR	SCR	SCR	SCR
At January 1,	153,926,169	-	153,926,169	153,926,169
Net change in FV	-	-	-	-
At December 31,	<u>153,926,169</u>	<u>-</u>	<u>153,926,169</u>	<u>153,926,169</u>

25. INTEREST INCOME

	2021	2020
	SCR	SCR
- Fixed deposits	15,870,795	14,691,426
- Treasury bonds and bills	22,491,122	21,223,895
- Equity securities	-	40,496
- Bank balances	1,008,744	39,717
- Staff loans	168,307	256,915
- Loan and receivable from PMC	7,852,208	9,174,770
	<u>47,391,176</u>	<u>45,427,219</u>

26. DIVIDEND INCOME

	2021	2020
	SCR	SCR
Dividends on local equity investments	14,462,417	12,429,773
Dividends on foreign equity investments	6,888,274	9,882,016
	<u>21,350,691</u>	<u>22,311,789</u>

SEYCHELLES PENSION FUND
NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

30. RELATED PARTY TRANSACTIONS

	2021	2020
	SCR	SCR
<i>Balances owing from related parties:</i>		
<i>Other related parties</i>		
Government of Seychelles	4,731,403	3,846,745
Loans and receivable from PMC	90,778,932	108,036,059
<i>Transactions</i>		
<i>Dividends received</i>		
Opportunity Investment Company Limited	-	-
Seychelles Breweries Limited	12,429,773	12,429,773
<i>Rental received:</i>		
Government of Seychelles	31,386,669	76,956,498
<i>Key management personnel</i>		
- Gross salaries (strategic management personnel)	3,528,487	3,876,520
Board of Trustees' remuneration (note 31)	682,000	816,000

- (a) Transactions with related parties are within the normal course of business.
- (b) For the year ended December 31, 2021, the SPF has not recorded any impairment of receivables relating to amounts owed by related parties as its carrying value approximates their fair value. (2020: Nil). This assessment is undertaken at the end of each financial year through examining the financial position of the related party and the market in which the latter operates.

31. BOARD OF TRUSTEES' REMUNERATION AND SECRETARIAT EXPENSES

		2021	2020
		SCR	SCR
M.Houareau	(1st March 2021)	80,000	-
J. Dugasse	(18th September 2018-31st Jan 2021)	8,000	96,000
P Payet	(February 2018 onwards)	66,000	72,000
C Mangroo	(January 2015-31st Jan 2021)	6,000	72,000
R Valmont	(1st March 2018-31st Jan 2021)	6,000	72,000
B Morin	(1st March 2018-31st Jan 2021)	60,000	-
C Vidot	(1st March 2018-31st Jan 2021)	6,000	72,000
P Sinon	(1st March 2018-31st Jan 2021)	6,000	72,000
M C Marie	(1st August 2017-31st Jan 2021)	6,000	72,000
B Adonis	(1st February 2015-31st Jan 2021)	6,000	72,000
A Robinson	(1st February 2015-31st Jan 2021)	6,000	72,000
Elsie Morel	(1st March 2018 onwards)	66,000	72,000
S.Mohideen	(1st March 2021 onwards)	60,000	-
Jose St Ange	(1st March 2021 onwards)	60,000	-
Sarah Lang	(1st March 2021 onwards)	60,000	-
S.Jolicoeur	(1st March 2021 onwards)	60,000	-
J. Rath	(1st March 2021 onwards)	60,000	-
Secretariat			
Audrey Nanon	(From May 1, 2017-31st Jan 2021) Secretary	6,000	72,000
M.Pillay	(From May 1, 2021) Secretary	54,000	-
		682,000	816,000

32. CAPITAL COMMITMENTS

	2021	2020
	SCR'000	SCR'000
Capital commitments		
Approved and contracted for	126,045	190,621
Approved but not contracted for	516,900	424,207
	642,945	614,828

Capital commitments are ongoing projects which have been approved by the Board of Trustees as at the reporting date. It includes both contracted out projects as well as those yet to be contracted out. In view of the economic uncertainties, as result of the Covid-19 pandemic, the capital cost of the uncontracted projects maybe subjected to significant changes.