



# ISLANDS DEVELOPMENT COMPANY LTD

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## DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

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# ISLANDS DEVELOPMENT COMPANY LIMITED

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2012

The directors present herewith their report and audited financial statements of the company for the year ended 31 March 2012.

### Activities

The principal activity of the company during the year was the management of outlying islands, the transportation related thereto on behalf of the Seychelles Government and construction activities.

The company is also actively engaged in promoting tourism and private investment which has resulted in the company engaging itself in construction activities of resorts and villas on island managed by itself.

### Results

As shown in the statement of income on page 5 activities of the current year give the company a profit of R 7,270,266 after exceptional items and taxation.

### Application of profits and revenue reserves

The results for the current year and revenue reserves from prior years give the company R 34,655,165 available for distribution.

The directors do not propose to distribute a dividend for the current year.

### Fixed assets

Major additions to fixed assets represents additions to:

Generator set	-	R 1.2m
Passenger terminal at aircraft department	-	R 293k
Generator room/staff house/water tank/airstrip - Assumption	-	R 6.8m
Cold store main building & others - Desnoeuf	-	R 2.8m
Grand Kaz & Cook's house - Desroches	-	R 2.1m
One 5 bedroom house - Silhouette	-	R 677k
Desalination plant - Remire	-	R 795k

The carrying amounts of property, plant and equipment are reviewed to determine whether they are in excess of their market or recoverable amount at balance sheet date. If the carrying amount exceeds the recoverable amount, the asset is written down to the lower amount.

### Directors and their interest in the company

The directors of the company during the year and their interests in accordance with the register maintained under Section 117 of the Companies Act 1972, were as follows:-

	SHARES HELD	
	1 April	31 March
Mr. G.M. Savy	0	0
Mr. P. Lablache	0	0
Mr. R. Renaud	0	0
Mr. D. Dogley	0	0
Mr. H. Aglae	0	0
Mr. L. Desaubin	0	0
Mr. S. Renaud	0	0
Mr. P. Payet	0	0

Mr. D. Renaud and Mr. P. Payet retire from the board in accordance with Articles of Association and being eligible offer themselves for re-election.

No conflict of significance subsisted with the company at any time during the year in which the directors had directly or indirectly, a material interest.



**ISLANDS DEVELOPMENT COMPANY LIMITED**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2012**

**Statement of directors responsibilities**

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

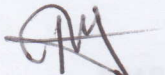
- prepare financial statements on the going concern basis unless it is inappropriate to assume continuance of business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- disclose and explain any material departures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

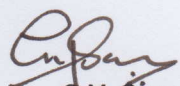
The Companies Act 1972 also requires the directors to keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They also have the general responsibility for taking reasonable steps to safeguard the assets of the company and detect fraud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

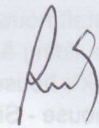
**Auditors**

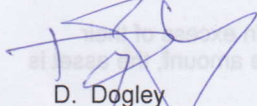
The retiring auditors are Pool & Patel who are eligible for re-appointment.

**DIRECTORS**

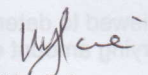
  
P. Lablache  
Chairman


  
G.M. Savy  
Chief Executive Officer

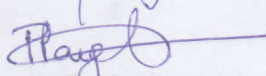
  
R. Renaud  
Deputy Chief Executive Officer

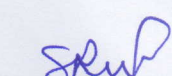


D. Dogley

  
H. Aglae

  
L. Desaubin

  
P. Payet

  
S. Renaud

19 June 2012





**Pool & Patel**  
Chartered Accountants

Maison La Rosiere; P.O.Box 117; Victoria; Mahe; Seychelles

Tel: +248 4323201

Fax: +248 4323518

Email: [pnp@seychelles.net](mailto:pnp@seychelles.net)

Website: [www.moorestephens.com](http://www.moorestephens.com)

Bernard L. Pool FCA . Suketu Patel FCA . Gémma Roberts FCCA

## INDEPENDENT AUDITOR'S REPORT

### ISLANDS DEVELOPMENT COMPANY LIMITED

We have audited the accompanying financial statements of Islands Development Company Limited on pages 4 to 14 which comprise the statement of financial position as at March 31, 2012, the statement of income by nature of expenses and retained earnings and cash flow statement for the year then ended, a five year financial summary and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management, under the historical cost convention and the financial reporting provisions of the Seychelles Companies Act 1972.

This report is made solely for the Company's members as a body in accordance with Section 158 of the Companies Act 1972. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's Members as a body for our audit work, for this report or for the opinion we have formed.

#### Management's Responsibility for the Financial Statements

Management is responsible for keeping proper accounting records and for the preparation of financial statements that give a true and fair view of the company's affairs in accordance with the financial reporting provisions of the Seychelles Companies Act 1972, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

We have no relationship with, or material interest in the company other than in our capacity as auditors and tax and business advisors and arms length dealings with the company in the ordinary course of business.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and that these are in accordance with the accounting records maintained by the management. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion, the accompanying financial statements set out on pages 4 to 14 give a true and fair view of the financial position of Island Development Company Limited as at March 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting provisions of the Seychelles Companies Act 1972.

*Pool & Patel*  
POOL & PATEL  
CHARTERED ACCOUNTANTS

19 June 2012



ISLANDS DEVELOPMENT COMPANY LIMITED

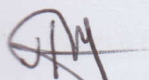
Statement of financial position

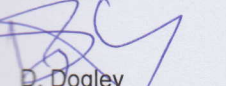
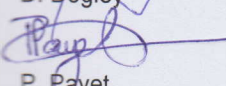
Financial statements are prepared in Seychelles Rupees

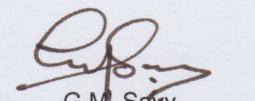
	Note	As at 31 March	
		2012	2011
<b>Assets</b>			
Property, plant and equipment	12	69,307,204	62,925,873
Investments	13	50,237	50,237
Lending to related party	20	1,885,000	1,885,000
Capital work in progress	21	901,863	107,901
Deferred income tax asset	10	2,524,170	4,047,902
<b>Non-current assets</b>		<b>74,668,474</b>	<b>69,016,913</b>
Inventories	15	7,560,420	5,239,367
Taxation	10	111,896	0
Trade and other receivables	16	45,909,223	52,790,941
Cash and cash equivalent		11,833,881	5,037,093
<b>Current assets</b>		<b>65,415,420</b>	<b>63,067,401</b>
<b>Total assets</b>		<b>140,083,894</b>	<b>132,084,314</b>
<b>Liabilities</b>			
Employee benefit obligations	17	1,521,240	827,315
Deferred tax liability	10	3,051,951	1,594,547
Deferred grants	14	29,412,998	31,883,038
Borrowings	18	7,750,012	7,476,376
<b>Non-current liabilities</b>		<b>41,736,201</b>	<b>41,781,276</b>
Borrowings	18	3,663,190	217,024
Trade and other payables	19	50,905,038	53,576,815
<b>Current liabilities</b>		<b>54,568,228</b>	<b>53,793,839</b>
<b>Total liabilities</b>		<b>96,304,429</b>	<b>95,575,115</b>
Share capital	11	13,634,300	13,634,300
Retained earnings		30,145,165	22,874,899
<b>Equity</b>		<b>43,779,465</b>	<b>36,509,199</b>
<b>Total liabilities and equity</b>		<b>140,083,894</b>	<b>132,084,314</b>

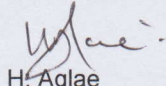
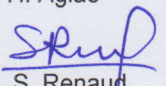
The notes on pages 8 to 14 are an integral part of these financial statements.

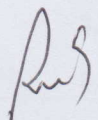
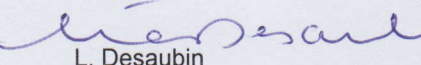
Directors

  
P. Lablache  
Chairman

  
D. Dogley  
  
P. Payet

  
G.M. Savy  
Chief Executive Officer

  
H. Aglae  
  
S. Renaud

  
R. Renaud  
Deputy Chief Executive Office  
  
L. Desaubin

19 June 2012

# ISLANDS DEVELOPMENT COMPANY LIMITED

## Statement of income - by nature of expense and retained earnings

Financial statements are prepared in Seychelles Rupees

	Note	Year ended 31 March	
		2012	2011
Revenue	3	90,275,727	72,948,262
Other income	4	10,345,922	7,283,908
Direct costs for construction		(53,952,610)	(25,673,522)
Employee salaries and benefits expense (Excluding construction)		(19,391,790)	(17,230,115)
Depreciation and amortisation	12	(10,520,497)	(9,866,261)
Bad debts		(809,703)	0
Adjustment for deferred grants	14	2,470,040	2,470,040
Fuel for electricity generation & island use		(4,145,648)	(2,476,703)
Repairs and maintenance		(8,397,624)	(6,607,727)
Communication		(1,756,215)	(1,268,426)
External transportation		(1,869,333)	(3,855,594)
Exchange (losses)/gains (operating)		(41,029)	(2,238,377)
Utilities		(1,036,060)	(904,038)
Travelling		(1,096,095)	(661,805)
Insurances		(276,307)	(592,963)
Other expenses		(2,908,681)	(2,307,683)
<b>Operating profit/(loss) before exceptional item</b>		<b>(3,109,903)</b>	<b>9,018,996</b>
Exceptional item - liability written back	5	13,568,227	0
<b>Operating profit after exceptional item</b>		<b>10,458,324</b>	<b>9,018,996</b>
Finance income	8	66,713	3,454
Finance costs	9	(273,636)	(301,794)
<b>Finance costs - net</b>		<b>(206,923)</b>	<b>(298,340)</b>
<b>Profit before income tax</b>		<b>10,251,401</b>	<b>8,720,656</b>
Income tax expense	10	(2,981,135)	(3,840,829)
<b>Profit for the year</b>		<b>7,270,266</b>	<b>4,879,827</b>
Dividends		0	0
		<b>7,270,266</b>	<b>4,879,827</b>
Retained earnings 1 April		22,874,899	17,995,072
<b>Retained earnings 31 March</b>		<b>30,145,165</b>	<b>22,874,899</b>



# ISLANDS DEVELOPMENT COMPANY LIMITED

## Cash flow statement

Financial statements are prepared in Seychelles Rupees.

	Note	As at 31 March	
		2012	2011
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year before exceptional item		(3,109,903)	9,018,996
Adjustments for:-			
Taxation paid	10	(111,896)	0
Depreciation	12	10,520,497	9,866,261
Changes in provision for employee benefits	17	693,925	(608,630)
Profit on disposal of tangible fixed assets		0	(57,027)
Deferred grants	14	(2,470,040)	(2,470,040)
Finance costs	8 & 9	206,923	298,340
		5,729,506	16,047,900
Changes in working capital			
Increase in inventories		(2,321,053)	(3,636,995)
Increase in debtors		6,769,823	(1,314,557)
Decrease in creditors		10,751,978	(3,196,471)
<b>Cash generated from operations</b>		<b>20,930,254</b>	<b>7,899,877</b>
Interest received		66,713	3,454
Interest paid		(273,636)	0
<b>Net cash from operating activities</b>		<b>20,723,331</b>	<b>7,903,331</b>
<b>Cash flows from investing activities</b>			
Payments to acquire tangible fixed assets	12	(16,852,383)	(12,125,720)
Work in progress		(793,962)	81,805
Proceeds from sale of assets		0	57,027
<b>Net cash used in investing activities</b>		<b>(17,646,345)</b>	<b>(11,986,888)</b>
<b>Cash flow from financing activities</b>			
Loan received		0	0
Loan repaid		0	0
Dividend paid		0	0
<b>Net cash used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Increase in cash and cash equivalents</b>		<b>3,076,986</b>	<b>(4,083,557)</b>
Cash & cash equivalent at 1 April		4,820,069	8,903,626
<b>Cash &amp; cash equivalents 31 March</b>		<b>7,897,055</b>	<b>4,820,069</b>

# ISLANDS DEVELOPMENT COMPANY LIMITED

## FIVE YEAR FINANCIAL SUMMARY - 31 MARCH 2012

Financial statements are prepared in Seychelles Rupees

	2012	2011	2010	2009	2008
<b>Balance sheet</b>					
Share capital					
Authorised	13,635	13,635	13,635	13,635	13,635
Issued and fully paid	13,634	13,634	13,634	13,634	13,634
Retained earnings	30,145	22,874	17,996	(1,848)	(16,831)
Deferred grants	29,413	31,883	34,353	36,053	37,840
Long term loan	7,750	7,476	7,212	7,017	6,792
Net assets employed	80,942	75,867	73,195	54,856	41,435
<b>Profit and loss</b>					
Turnover	155,062	113,954	168,097	325,685	16,686
Profit/(loss) before taxation	(3,316)	8,721	13,549	14,983	5,445
Exceptional items - creditors written back	13,568	0	0	0	0
	10,252	8,721	13,549	14,983	5,445
Taxation	(2,981)	(3,841)	(1,890)	0	0
	7,271	4,880	11,659	14,983	5,445
Dividends	0	0	0	0	0
	7,271	4,880	11,659	14,983	5,445
Retained earnings - 1 April	22,874	17,994	(1,848)	(16,831)	(22,276)
First time recognition of deferred taxes	0	0	8,185	0	0
Restated retained earnings 1 April	22,874	17,994	6,337	(16,831)	(22,276)
Retained earnings - 31 December	30,145	22,874	17,996	(1,848)	(16,831)



# ISLANDS DEVELOPMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Financial statements are prepared in Seychelles Rupees

### 1 Reporting entity

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

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

### 2 Summary of significant accounting policies

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

#### 2.1 Basis of presentation

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

The preparation of financial statements in conformity with IFRS for SME's requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies.

#### 2.2 Functional and reporting currency

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

#### 2.3 Impairment of financial assets

The carrying amounts of the financial assets is reviewed by the directors periodically to determine whether it is in excess of its market or recoverable amount in the balance sheet. If there is any evidence of other than a temporary impairment in the carrying amount of an asset, it is written down to its fair value or recoverable amount and the loss recognised in the income statement.

#### 2.4 Foreign currency translation

Foreign currency transactions are translated in the Seychelles Rupee at the rate of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss within "finance income or costs". All other exchange gains and losses are presented in profit and loss within "other (losses)/ gains - net".

The Banks mid-rates for the period were:

Currency	Exchange rates at 31 December			Changes in percent	
	2012	2011	2010	2010-2011	2009-2010
US \$	14.27	11.65	12.03	-22%	3%
Euro	19.14	16.47	16.12	-16%	-2%



## ISLANDS DEVELOPMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Financial statements are prepared in Seychelles Rupees

#### 2.5 *Property, plant and equipment*

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

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

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. The estimated useful lives range as follows:

Machinery, furniture & equipment	10 years	Cold storage facilities	10 years
Motor vehicles	4 years	Staff houses	33 years
Office building	4 years	Hotels & airstrips	25 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/(losses)-net in the statement of comprehensive income.

#### 2.6 *Inventories*

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

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

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

#### 2.7 *Taxation*

The tax expense for the period comprises of current and deferred tax.

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

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

#### 2.8 *Cash and cash equivalents*

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturates of three months or less. Bank overdrafts are show within borrowings in current liabilities on the statement of financial position.

#### 2.9 *Trade receivables*

Trade receivables are initially recognised at the transaction price. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to original terms of the receivables.



## ISLANDS DEVELOPMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Financial statements are prepared in Seychelles Rupees

#### 2.10 Government grants

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

Grants towards acquisition of fixed assets - Amortised over estimated useful lives of the assets.

Grants for recurrent expenditure - Treated as revenue on an accrual basis.

Grants for managing Government assets - offset against operating costs.

#### 2.11 Revenue recognition

In relation to sale of goods, revenue is recognised where the ownership has been transferred to the buyer and no significant uncertainties remain regarding the derivation of consideration, associated costs or possible return of goods.

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

Retention withheld by clients is recognised in the income statement when received by the company.

#### 2.12 Borrowings

Borrowings are recognised initially at transaction price and subsequently at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance cost.

Borrowings are classified as current liabilities unless the company/group has an unconditional right to defer settlement of the liability for 12 months after the reporting date.

#### 2.13 Employee benefit obligations

Employment Amendments Act (1999) requires employees to be compensated upon retirement or resignation for continuous service from date of their employment. In addition, the Department of Public Administration requires that all public sector employees are paid a gratuity when they attain five, ten and fifteen years of service.

The financial statements include liability accrued to the employee in full with the expense included as part employment costs.

#### 2.14 Leases

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

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

### 3 Revenue

Analysis of revenue by category	2012	2011
Construction and maintenance activities	74,591,116	54,220,097
Management of transportation (Net surplus)	2,855,841	6,230,424
Property rental	12,828,770	12,497,741
<b>Total</b>	<b>90,275,727</b>	<b>72,948,262</b>

### 4 Other income

	2012	2011
Guest house activities	2,761,946	1,531,604
Insurance claim	0	3,163,763
Surplus from sale of produce	(134,395)	284,052
Surplus from shop sales	185,916	178,520
Landing fees	274,755	404,336
Reimbursement for maintenance of island	6,243,574	1,721,633
Other	1,014,126	0
<b>Total</b>	<b>10,345,922</b>	<b>7,283,908</b>



ISLANDS DEVELOPMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

**5 Exceptional item**

The exceptional item relates to the write back of a liability (provided in 2009) previously claimed by one of the sub contractors. A settlement was reached out of court in the current year.

**6 Employee salaries and benefits expense**

	2012	2011
Wages and salaries	16,932,676	14,432,856
Employers Social Security	0	413,565
Pension costs	219,131	139,651
Employee benefits cost	2,239,983	2,244,042
<b>Total</b>	<b>19,391,790</b>	<b>17,230,114</b>

Personal taxation was introduced which required wages and salaries to be grossed up by 20 % and the employee is subjected to tax at a rate of 15%.

**7 Profit for the year**

	2012	2011
Profit for the year has been arrived at after charging/(crediting):		
Auditors remuneration	213,675	194,250
Depreciation	10,520,497	9,866,261
Directors remuneration (Note 19.5)	490,824	471,074
Profit on sale of fixed assets	0	27,960
Rents paid	488,667	745,500
Rents received	(13,400,177)	(12,497,741)

**8 Finance income**

	2012	2011
Interests on deposits and bonds	66,713	3,454

**9 Finance costs**

	2012	2011
Interest on loan	(273,636)	(263,974)
Overdraft interest	0	(37,820)
<b>Total</b>	<b>(273,636)</b>	<b>(301,794)</b>

**10 Taxation**

	Balance sheet		Profit & loss	
	2012	2011	2012	2011
<b>10.1 Current tax</b>				
Provision for the year	0	0	0	0
Deductions at source for current year	(111,896)	0	0	0
<b>Total</b>	<b>(111,896)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>10.2 Deferred tax asset</b>				
Employee compensation obligation	502,009	22,989	(479,020)	496,295
Tax losses and credits	1,751,053	1,981,822	230,769	3,368,133
Other temporary deductible differences	271,108	2,043,091	1,771,982	585,031
<b>Total</b>	<b>2,524,170</b>	<b>4,047,902</b>	<b>1,523,731</b>	<b>4,449,459</b>
<b>10.3 Deferred tax liability</b>				
Deferred due to accelerated tax depreciation	3,051,951	1,594,547	1,457,404	(608,630)
<b>Total deferred tax expense</b>			<b>2,981,135</b>	<b>3,840,829</b>
<b>Total income tax expense</b>			<b>2,981,135</b>	<b>3,840,829</b>



**ISLANDS DEVELOPMENT COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

Financial statements are prepared in Seychelles Rupees

**11 Authorised and issued capital**

Authorised and issued and fully paid 136,343 shares of R 100 each	<b>13,634,300</b>	<b>13,634,300</b>
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**12 Property, plant and equipment**

	Buildings & utilities	Boats & engines	Machinery & fittings	Vehicles & trailers	Total
<b>Cost</b>					
At 1 April 2011	101,334,292	5,688,096	33,528,578	8,890,232	<b>149,441,198</b>
Additions	13,614,865	79,250	3,158,268		<b>16,852,383</b>
Disposal					<b>0</b>
<b>At 31 March 2012</b>	<b>114,949,157</b>	<b>5,767,346</b>	<b>36,686,846</b>	<b>8,890,232</b>	<b>166,293,581</b>
<b>Accumulated depreciation and impairment</b>					
At 1 April 2011	60,503,038	4,032,344	13,571,044	8,359,454	<b>86,465,880</b>
Annual depreciation	3,968,079	524,750	5,860,970	166,698	<b>10,520,497</b>
Disposals					<b>0</b>
<b>At 31 March 2012</b>	<b>64,471,117</b>	<b>4,557,094</b>	<b>19,432,014</b>	<b>8,526,152</b>	<b>96,986,377</b>
<b>Carrying amount</b>					
At 1 April 2011	40,831,254	1,655,752	19,957,534	530,778	<b>62,925,873</b>
<b>At 31 March 2012</b>	<b>50,478,040</b>	<b>1,210,252</b>	<b>17,254,832</b>	<b>364,080</b>	<b>69,307,204</b>

**13 Investments**

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

	% Holding	2012	2011
Desroches Island Lodge Limited	1%	48,237	48,237
Paradise Marine Limited	20%	2,000	2,000
<b>Total</b>		<b>50,237</b>	<b>50,237</b>

A joint venture to purchase Enterprise II was incorporated as Paradise Marine Limited (in 2011) the company's initial investment was converted to share capital of R 2,000 and the balance as a long term loan. (Note 20.4)

**14 Grants & subventions**

	2012	2011
Balance 1 April	31,883,038	34,353,078
Amortisation for the year	2,470,040	2,470,040
<b>Balance 31 March</b>	<b>29,412,998</b>	<b>31,883,038</b>

**15 Inventories**

	2012	2011
Copra	52,000	0
Employee shop stocks	674,055	743,906
Live stock & livestock products	43,000	46,300
Engineering spares	3,760,423	2,710,419
Materials on site	1,161,647	0
Fuel and sundry	1,869,295	1,738,742
<b>Total</b>	<b>7,560,420</b>	<b>5,239,367</b>



**ISLANDS DEVELOPMENT COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

Financial statements are prepared in Seychelles Rupees

**16 Trade and other receivables**

	2012	2011
Receivables from related parties	4,656,454	1,735,427
Trade receivables	16,020,794	13,462,964
Construction debtors	23,000,105	35,015,004
Other receivables	2,231,870	2,577,546
<b>Total</b>	<b>45,909,223</b>	<b>52,790,941</b>

**17 Employee benefit obligations**

	2012	2011
1 April	827,315	2,922,764
Benefits paid	(447,650)	(2,165,114)
Current service cost	1,141,575	69,665
<b>Total</b>	<b>1,521,240</b>	<b>827,315</b>

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

**18 Borrowings**

	2012	2011
<b>Non current</b>		
Loan from Seychelles Housing Corporation	7,750,012	7,476,376
	<b>7,750,012</b>	<b>7,476,376</b>
<b>Current</b>		
Bank overdrafts	3,663,190	217,024
	<b>3,663,190</b>	<b>217,024</b>
<b>Total borrowings</b>	<b>11,413,202</b>	<b>7,693,400</b>

The loan from Seychelles Housing Corporation is unsecured and bears interest of 3%.

**19 Trade and other payables**

	2012	2011
Trade payables	21,508,464	22,814,927
Construction creditors	21,169,544	24,016,986
Salaries payable - construction workers	2,892,048	3,059,989
Deferred revenue	1,651,797	1,740,022
Other accruals	3,683,185	1,944,891
<b>Total</b>	<b>50,905,038</b>	<b>53,576,815</b>

**20 Related parties and transactions**

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

**20.1 Loans to associated company**

	2012	2011
<b>At 1 April</b>	1,885,000	0
Conversion of advances to joint venture to loan	0	1,885,000
Loan repaid	0	0
<b>At 31 December</b>	<b>1,885,000</b>	<b>1,885,000</b>

Loans and advances from shareholders are free of interest and have no specific repayment terms.



**ISLANDS DEVELOPMENT COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

Financial statements are prepared in Seychelles Rupees

**20.2 Year end balances arising from purchase of services**

	2012	2011
From associated company	4,656,454	1,735,427

**20.3 Directors emoluments, pensions or compensation**

	Salary for Management		Fees, Pensions & Others	
	2012	2011	2012	2011
Mr. G.M. Savy	342,576	328,302	0	0
Mr. R. Renaud		0	0	10,500
Mr. P. Lablache		0	42,358	35,649
Mr. D. Dogley		0	21,178	19,325
Mr. H. Aglae		0	21,178	19,325
Ms. L. Desaubin		0	21,178	19,325
Ms. S. Renaud		0	21,178	19,325
Mr. P. Payet		0	21,178	19,325
<b>Total</b>	<b>342,576</b>	<b>328,302</b>	<b>148,248</b>	<b>142,774</b>

**21 Commitments**

**21.1 Capital commitments**

Capital work in progress represents works being undertaken towards the renovation of 5 staff houses and a generator room on Assumption Island and a warehouse at Providence Industrial Estate. The cost of completion for both projects is estimated at R3M, being financed entirely by the company. Both projects are expected to be completed by 2012.

**21.2 Operating lease commitments - company as a lessor**

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

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

	Euro	US\$	Rupees
Receivable no later than 1 year	180,000	578,016	500,400
Receivable later than 1 year and no later than 5 years	900,000	2,415,600	1,530,000
Receivable later than 5 years	8,640,000	24,669,000	10,080,000
<b>Total</b>	<b>9,720,000</b>	<b>27,662,616</b>	<b>12,110,400</b>

**22 Contingencies**

The directors are not aware of any significant contingent liabilities at 31 March 2012.

Printing, stationery & postage	465,792		
Repairs & maintenance	8,397,624		
Warehouse rent	120,000		
Telephone & communications	1,756,215		
Transportation & fuel costs	1,869,333		
Travelling	1,098,095		
		(80,233,859)	55,098,847
		18,301,857	16,116,880
Depreciation adjustment			
Charge for the year	10,520,496		
Less: adjustment for deferred grant	(2,470,040)		
		(8,050,456)	(7,366,231)
Profit/(loss) for the year		10,251,401	8,750,657



ISLANDS DEVELOPMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

Financial Statements are prepared in Seychelles Rupees

	REF		2011
<b>Contribution from transportation activities</b>	B	2,855,841	5,173,739
<b>Other income</b>	A	19,146,424	14,472,296
<b>Surplus from construction activities</b>	C	25,354,709	23,884,300
<b>Rental from hotels</b>		12,828,770	12,497,741
<b>Sale of fuel</b>		12,673,598	14,721,625
		<b>72,859,342</b>	70,749,701
<b>Produce</b>			
Income	D	2,839,950	598,787
Less: direct expenses	E	(2,974,345)	(314,735)
		<b>(134,395)</b>	284,052
<b>Shop</b>			
Sales		2,467,168	2,479,263
Less: cost of sales		(2,281,252)	(2,300,743)
		<b>185,916</b>	178,520
<b>Other Income</b>			
Interest received		66,712	3,454
Exchange gain		5,558,140	0
		<b>5,624,852</b>	3,454
		<b>78,535,715</b>	71,215,727
<b>Overheads</b>			
Advertisement		291,302	34,905
Audit		218,658	186,500
Bank charges & interest		179,588	138,448
Bad debts		809,703	0
Directors fees		148,247	142,772
Donations & subscriptions		683,390	457,145
Electricity & water		1,036,060	904,038
Employment costs		19,391,790	17,230,115
Entertainment & accommodation		502,742	35,808
Exchange loss		5,599,169	2,238,374
Fuel for electricity generation & island use		16,819,246	19,130,328
Insurance		276,307	592,963
Legal & professional expenses		197,768	165,623
Licences		101,194	94,662
Loan interest		273,635	263,974
Printing, stationery & postage		465,792	969,639
Repairs & maintenance	F	8,397,624	6,607,727
Warehouse rent		120,000	120,000
Telephone & communications		1,756,215	1,268,426
Transportation & fuel costs	G	1,869,333	3,855,594
Travelling		1,096,095	661,805
		<b>(60,233,859)</b>	55,098,847
		<b>18,301,857</b>	16,116,880
<b>Depreciation adjustment</b>			
Charge for the year		10,520,496	9,866,261
Less: adjustment for deferred grant		(2,470,040)	(2,470,040)
		<b>(8,050,456)</b>	(7,396,221)
<b>Profit/(loss) for the year</b>		<b>10,251,401</b>	8,720,659