



SEYCHELLES PORTS AUTHORITY

Financial Statements

Year ended 31st December 2020

SEYCHELLES PORT AUTHORITY

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CORPORATE INFORMATION

DIRECTORS	:	Mr. Paul Hodoul	Chairman
		Mr. Ronny Brutus	CEO / Member
		Ms. Doreen Bradburn	Member
		Lt Col. Leslie Benoiton	Member
		Col. Andre Ciseau	Member
		Mr. Alexandre Antonakas	Member
SECRETARY	:	Mr. Neil Lalande-Rene	
REGISTERED OFFICE	:	P.O. Box 47, Victoria, Mahe, Republic of Seychelles	
PRINCIPAL PLACE OF BUSINESS	:	Commercial Port, Victoria, Mahe, Republic of Seychelles	
AUDITORS	:	Auditor General P.O. Box 49, Unity House Victoria, Mahe Seychelles	
MAIN BANKER	:	Seychelles International Mercantile Banking Corporation Limited	

DIRECTORS' REPORT - 31 DECEMBER 2020

The Board of Directors has pleasure in submitting its annual report together with the audited financial statements for the year ended 31 December 2020.

THE AUTHORITY

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

PRINCIPAL ACTIVITIES

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

RESULTS

	<u>2020</u>
	SCR
Profit for the year	117,737,726
Prior year adjustment	4,173,264
Retained earnings brought forward	<u>385,484,850</u>
Retained earnings carried forward	<u><u>507,395,840</u></u>

DIVIDENDS

No dividends have been declared during the year under review (2019: Nil).

PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY

Additions to property and equipment during the year amounted to **SCR 144,026,912** (2019: SCR 20,053,891). Major classes are disclosed under note 5(a). Assets with a net book value of SCR 276,112,540.

The Directors are of the opinion that the carrying amounts of property and equipment of the Authority at 31 December 2020 do not differ materially from their fair value at the end of the reporting period and no impairment is required.

DIRECTORS' REPORT (CONT'D)

IMPACT OF COVID 19

The pandemic of Covid 19 had caused instabilities on the economic outlook. The Authority had to undergo some relevant measures to minimise the impact of the pandemic spread which included the cancellations of cruise-ships remaining port calls, reduce contacts with mariners amongst others. This caused the drop in the number of ship calls by 13%, which includes container vessels, reefer vessels, fishing vessels and yachts.

Furthermore, the revenue dropped by 12% without considering the unrealised gain following foreign currency revaluation at year-end. This pandemic had also forced clients to request for waiver or deferment of payment which the Authority had assessed and granted thus impacting cash-flow as well as increasing provision for impairment of trade receivables, especially in the 90-365 days bracket.

Despite the unfavourable impact of the pandemic, the Board members are of the view that the going concern basis of preparation of these financial statements remains appropriate for the foreseeable future as the Authority is a Government owned entity which provides essential services to the country.

DIRECTORS

The Directors of the Authority from the date of the last annual report to date are as follows:

Mr. Paul Hodoul	Chairman
Mr. Ronny Brutus	CEO / Member
Ms. Doreen Bradburn	Member
Lt Col. Leslie Benoiton	Member
Col. Andre Ciseau	Member
Mr. Alexandre Antonakas	Member

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in compliance with Seychelles Ports Authority Act 2004 and the Public Enterprise Monitoring Commission Act, 2013. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that fall within the accounting policies adopted by the Authority; and making accounting estimates that are reasonable in the circumstances. The Directors have the general responsibility of safeguarding the assets, both owned by the Authority and those that are held in trust and used by the Authority.

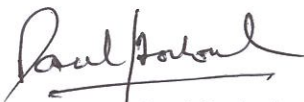
The Directors consider that they have met their aforesaid responsibilities.

DIRECTORS' REPORT (CONT'D)

AUDITORS

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

BOARD APPROVAL



Mr. Paul Hodoul - Chairman
Director



Mr. Ronny Brutus
Director



Ms. Doreen Bradburn
Director

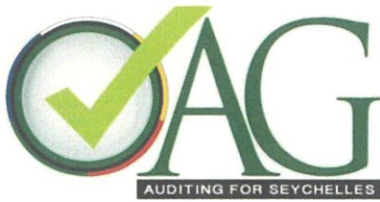


Lt Col. Leslie Benoiton
Director

Col. Andre Ciseau
Director

Mr. Alexandre Antonakas
Director

Dated: 13/09/2021
Mahé, Seychelles



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OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE SEYCHELLES PORTS AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

The accompanying financial statements set out on pages 4 to 39 which comprise the statement of financial position as at 31 December 2020, statement of profit or loss and other comprehensive income, statement of changes in equity 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 by me in terms of Section 16 (3) of Seychelles Ports Authority Act, 2004.

Accordingly, in my opinion,

- (a) proper accounting records have been kept by the Authority as far as it appears from examination of those records; and
- (b) the financial statements on pages 4 to 39 give a true and fair view of the financial position of the Authority as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Seychelles Ports Authority Act, 2004.

Basis for Opinion

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described below in the section - '*Responsibilities of the Auditor-General*'. I am independent of the Authority in accordance with the INTOSAI Code of Ethics, 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.



Emphasis of Matter***Effects of COVID-19 pandemic***

Despite the ongoing COVID-19 pandemic and its effects on the economy in general, the Authority's Board and Management are confident and of the opinion that the going concern basis of preparation of these financial statements remains appropriate in the foreseeable future.

My opinion is not qualified in respect of the above matter.

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 Ports Authority Act, 2004 and Public Enterprise Monitoring Commission Act, 2013 and for such internal control as members 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 Authority'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 management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Responsibilities of the Auditor General

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 a report including my opinion in accordance with the Seychelles Ports Authority Act. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

3 (b)

As part of the audit in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess 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;
- obtain 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 Authority's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of the management and board'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 Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my 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 Authority 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;
- obtains sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Authority to express an opinion on the financial statements;
- communicate with directors, 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.

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



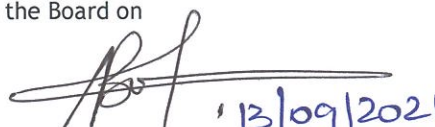
Gamini Herath
Auditor General

15 September 2021
Victoria, Seychelles

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020 SCR	2019 SCR
ASSETS			
Non-current assets			
Property and equipment	5	276,112,540	147,585,057
Investment property	6	18,370,516	19,520,299
Intangible assets	7	222,938	224,316
		<u>294,705,994</u>	<u>167,329,672</u>
Current assets			
Inventories	8	3,248,904	3,328,997
Investment in financial asset at amortised cost	9	23,540,000	-
Trade and other receivables	10	44,002,050	58,625,842
Cash and cash equivalents	11	204,328,619	227,006,417
		<u>275,119,573</u>	<u>288,961,256</u>
Total assets		<u><u>569,825,567</u></u>	<u><u>456,290,928</u></u>
EQUITY AND LIABILITIES			
Equity and reserves			
Capital reserve	12	9,450,340	10,749,482
Retained earnings		507,395,840	385,484,850
		<u>516,846,180</u>	<u>396,234,332</u>
LIABILITIES			
Non-current liabilities			
Borrowings	13	13,016,875	7,830,000
Deferred tax liabilities	14	501,860	6,295,876
Retirement benefit obligations	15(a)	5,214,111	8,034,034
		<u>18,732,846</u>	<u>22,159,910</u>
Current liabilities			
Retirement benefit obligations	15(a)	5,623,226	379,586
Tax liability	16(a)	16,023,168	27,354,823
Trade and other payables	17	12,600,147	10,162,277
		<u>34,246,541</u>	<u>37,896,686</u>
Total liabilities		<u>52,979,387</u>	<u>60,056,596</u>
Total equity and liabilities		<u><u>569,825,567</u></u>	<u><u>456,290,928</u></u>

Signed in accordance with authorisation from the Board on


Mr. Ronny Brutus
Chief Executive Officer

Mr. Ayiel Bonne
Financial Controller

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31
DECEMBER 2020

	Notes	2020 SCR	2019 SCR
INCOME			
Port related services		158,915,847	182,468,378
Hire of boats		764,200	1,841,555
Rental income		12,206,027	10,453,188
Other income		1,675,723	3,302,214
Foreign exchange gain		90,898,841	-
Gross income		264,460,638	198,065,335
Cost of services		(11,259,565)	(14,078,753)
Net Income		253,201,073	183,986,582
EXPENSE			
Employee costs	18	(74,241,414)	(70,961,479)
Premises costs	19	(6,327,758)	(3,752,488)
Operating overheads	20	(13,144,544)	(12,362,607)
Net Provision for credit impairment	10(d)	(13,625,346)	(1,816,885)
Foreign exchange (losses)		-	(5,239,537)
Depreciation of property and equipment	5(c)	(13,435,743)	(12,409,589)
Depreciation of investment property	6	(1,149,783)	(1,147,184)
Amortisation	7	(82,333)	(73,100)
Profit before tax		131,194,152	76,223,713
Taxation charge	16(b)	(13,456,426)	(69,444,353)
Profit for the year and other comprehensive income		117,737,726	6,779,360

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

SEYCHELLES PORT AUTHORITY

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STATEMENT OF CHANGES IN EQUITY - YEAR ENDED 31 DECEMBER 2020

	Notes	Capital	Retained	Total
		reserve	earnings	SCR
		SCR	SCR	SCR
At 1 January 2020		10,749,482	385,484,850	396,234,332
- Prior year adjustment - Others			(296,620)	(296,620)
- Prior year adjustment on IOT Revenue			4,469,884	4,469,884
Total Comprehensive Income for the year		-	117,737,726	117,737,726
Release to Statement of Profit or Loss	5(c)	(1,299,142)		(1,299,142)
At 31 December 2020		9,450,340	507,395,840	516,846,180
Balance at 1 January 2019		12,046,910	378,705,490	390,752,400
Total Comprehensive Income for the year		-	6,779,360	6,779,360
Release to Statement of Profit or Loss	5(c)	(1,297,428)	-	(1,297,428)
At 31 December 2019		10,749,482	385,484,850	396,234,332

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

STATEMENT OF CASH FLOWS - YEAR ENDED 31 DECEMBER 2020

	Notes	2020 SCR	2019 SCR
Cash flows from operating activities			
Profit before taxation		131,194,152	76,223,713
<i>Adjustments for:</i>			
Depreciation of property and equipment	5(c)	13,435,743	12,409,589
Depreciation of investment property	6	1,149,783	1,147,184
Amortisation	7	82,333	73,100
Provision for credit impairment	10(d)	13,625,346	613,732
Retirement benefit obligation charge	15(a)	7,535,108	5,625,155
Loss on disposal		25,915	148,883
Bad Debts written off	10(d)	153,846	-
Prior year adjustment on IOT Revenue		4,469,884	-
Interest accrued		(879,096)	-
VAT Credit Refund		(8,465,161)	
Prior year adjustment - Others		(296,620)	
Currency translation differences on borrowings		5,186,875	
Currency translation differences		(90,898,841)	3,624,509
		<u>76,319,267</u>	<u>99,865,865</u>
<i>Changes in working capital:</i>			
- (Increase)/Decrease in inventories		80,093	(641,240)
- Decrease/(Increase) in trade and other receivables		1,723,696	24,196,027
- Increase/(Decrease) in trade and other payables		2,437,870	(6,259,539)
		<u>80,560,926</u>	<u>117,161,113</u>
Tax paid	16(a)	(22,116,936)	(75,628,162)
Gratuity and compensation paid	15	(5,111,391)	(3,337,771)
Net cash inflow/(outflow) from operating activities		<u>53,332,600</u>	<u>38,195,180</u>
Cash flows from investing activities			
Purchase of property and equipment	5	(143,288,284)	(20,053,891)
Purchase of investment property	6	-	(506,583)
Purchase of intangible assets	7	(80,955)	(150,656)
Purchase of investment in financial assets	9	(23,540,000)	(101,940,082)
Proceeds from redemption of investment in financial asset	9	-	165,342,010
Prior year adjustment on fixed assets			
Net cash inflow/(outflow) from investing activities		<u>(166,909,239)</u>	<u>42,690,798</u>
Cash flows from financing activity			
Borrowings received	13		7,830,000
Increase/(Decrease) in cash and cash equivalents		<u>(113,576,639)</u>	<u>88,715,978</u>
Movement in cash and cash equivalents			
1 January,		227,006,417	141,914,948
Increase/(Decrease)		(113,576,639)	88,715,978
Currency translation differences		90,898,841	(3,624,509)
31 December,	11	<u>204,328,619</u>	<u>227,006,417</u>

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Seychelles Ports Authority was established as a statutory body under the Seychelles Ports Authority Act, 2004 effective October 2004. The Authority was vested with the assets and liabilities of the former Port and Marine Services Division at nil consideration. Its main activities are as detailed on page 2 of this report.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the Authority have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the Seychelles Ports Authority Act, 2004 and the Public Enterprise Monitoring Commission Act, 2013. These financial statements have been prepared under the historical cost convention as modified by the application of fair value measurements required or allowed by relevant accounting standards. Where necessary, comparative figures have been amended to conform with change in presentation in the current year.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving higher degree of judgement and complexity or areas where assumptions are significant to the financial statements are disclosed in note 4.

(b) New Standards and Interpretation not yet adopted**(b)(i)**

Standards, amendments to published standards and interpretations effective in the reporting period

Definition of a business- Amendments to IFRS 3

The amendment aims to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The amendments have no impact on the Authority's financial statements.

Interest Rate Benchmark Reform- Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR). The amendments have no impact on the Authority's financial statements.

Definition of Material-Amendments to IAS 1 and IAS 8

The amendments aim to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information or both.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Definition of Material-Amendments to IAS 1 and IAS 8 (Cont'd)**

An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. *The amendments have no significant impact on the Authority's financial statements.*

The Conceptual Framework for Financial Reporting (the Conceptual Framework)

The Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. *The revised Conceptual Framework has no significant impact on the Authority's financial statements.*

Covid-19-related Rent Concessions- Amendment to IFRS 16

The amendment aims to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment does not apply to lessors. *The amendment has no impact on the Authority's financial statements.*

(b)(ii) Annual Improvement to IFRS 2018-2020 Cycle***IFRS 1 First-time Adoption of International Financial Reporting Standards***

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 Financial Instruments

Fees in the '10 per cent' test for derecognition. The proposed amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. Applying the proposed amendment, an entity would include only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16, Leases

Lease incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41, Agriculture

Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendment has no impact on the Authority's financial statements.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(b) New Standards and Interpretation not yet adopted (Cont'd)****(b)(iii) Standards, Amendments to published Standards and Interpretations issued but not yet effective**

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2020 or later periods, but which the Authority has not early adopted.

The Authority has evaluated the standards and interpretations that were in issue but not yet effective for the year ended 31 December 2020 and has listed those below that are applicable to the Authority's operations and may have a possible impact on the financial statements.

- **Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16)**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

- **Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

General and administrative costs do not relate directly to a contract are excluded unless they are explicitly chargeable to the counterparty under the contract.

- **Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)**

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

- **Definition of Accounting Estimates (Amendments to IAS 8)**

The amendments aim to help entities distinguish between accounting policies and accounting estimates. The Authority is currently assessing the potential impact on the Financial statements resulting from the adoption of these amendments.

(c) Property and equipment

Property and equipment is initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amounts or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the entity and the costs can be measured reliably. All other repairs and maintenance costs are charged to Statement of Profit or Loss during the period in which they are incurred. Subsequent to initial measurement, equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

Annual depreciation is charged proportionately over the remaining useful life of an asset where its carrying amount is higher than its residual value. If the carrying amount is lower than the residual value, no depreciation is charged.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) Property and equipment (cont'd)**

Subject to the above, property and equipment is depreciated on a straight line basis over the remaining useful lives as follows:

	Years
Improvement to buildings	20
Tugs, buoys and launches	15
Pontoons	20
Boats and outboard engines	4
Machinery, equipment and tool	5
Office equipment	4
Furniture and fittings	4
Motor vehicles	5
Other assets	4

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from use or disposal.

Gains and losses on disposals of property and equipment are determined by comparing proceeds with carrying amount and are included in the Statement of Profit or Loss.

(d) Investment property

Properties held to earn rentals or for capital appreciation or both and not occupied by the Authority are initially measured at cost or deemed costs including transaction costs. Costs associated with maintaining investment properties are recognised as an expense in the Statement of Profit or Loss. Subsequent to initial measurement, investment properties are carried at historical cost less accumulated depreciation and impairment.

Investment properties are depreciated on straight line basis over a period of 20 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals of Investment Properties are determined by comparing the proceeds with their carrying amount and are included in the Statement of Profit or Loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(e) Intangible asset***Computer software*

Where computer software is not an integral part of a related item of property and equipment, the software is capitalised as an intangible asset.

All intangible assets acquired with an indefinite useful life are recorded under the cost model less impairment losses. The useful life is tested for impairment in each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment.

Capitalised computer software, licences and development costs are amortised over their estimated useful economic lives of 5 years and are reassessed on an annual basis.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value.

Inventories comprising of technical spares and consumable items, are stated at the lower of cost (determined on a moving average basis) and net realisable value. Net realisable value is the estimated selling price in ordinary course of business and applicable variable selling expenses. Provisions are made for obsolete stocks based on Management's appraisal.

(g) Financial instruments*Recognition and measurement*

Financial assets and liabilities are recognised on the Authority's Statement of Financial Position when the Authority has become a party to the contractual provisions of the instrument. The Authority's accounting policies in respect of the main financial instruments are set out below.

Financial assets and financial liabilities of the Authority are initially measured at fair value and subsequently at amortised cost.

(g)(i) Financial assets

A financial asset is measured at amortised cost only if both of the following conditions are met:

It is held within a business model whose objective is to hold assets in order to collect contractual and the contractual terms that gives rise to contractual cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(g) Financial instruments (Cont'd)****(g)(i) Financial assets (cont'd)**

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Authority determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Authority monitors financial assets measured at amortised cost prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Authority's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year under review.

The Authority's main financial assets are: Investments in financial assets at amortised cost, trade and other receivables and cash and cash equivalents.

Investment in financial asset at amortised cost

Investments are financial assets with fixed and determinable payments and fixed maturities and after initial measurement, they are subsequently measured at amortised cost less allowance for impairment. The Authority's main business purpose is to collect cash flows, which are usually payments of principal and interest, hence they fall within the 'at amortised cost' category under IFRS 9.

Trade and other receivables

The Authority's main business purpose with respect to trade and other receivables is to collect the cash flows associated therewith. These cash flows are usually only the repayment of the principal amount (amount of goods or services sold on credit). Therefore, most trade and other receivables will fall within the 'at amortised cost' category of IFRS 9.

Cash and cash equivalent

Cash and cash equivalents meet the business model of hold-to-collect and the SPPI test.

Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(g) Financial instruments (Cont'd)****(g)(i) Financial assets (Cont'd)*****Cash and cash equivalent (cont'd)***

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Authority to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Therefore, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Authority recognises a loss allowance for expected credit losses on investments in financial instruments that are measured at amortised cost, i.e., investment in financial assets at amortised cost, trade and other receivables and cash and cash equivalents. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Authority always recognise lifetime ECL for its financial assets which are estimated using a provision matrix based on the Authority's historical credit loss experience, adjusted for factors that are specific to the general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The Authority recognises an impairment loss in the Statement of Profit or Loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Definition of default

The Authority considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

When there is a breach of financial covenants by the debtor; or

Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Authority, in full (without taking into account any collateral held by the Authority); and

Irrespective of the above analysis, the Authority considers that default has occurred when a financial asset is more than 90 days past due unless the Authority has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(g) Financial instruments (Cont'd)****(g)(i) Financial assets (Cont'd)***Write-off policy*

The Authority writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Authority's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit or Loss.

The Authority's financial assets include:

(a) Financial asset at amortised cost

This include financial assets where the objective is to hold the asset in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

(b) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables.

(c) Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Derecognition of a financial asset

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(g) Financial instruments (Cont'd)****(g)(ii) Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method which has remained unchanged since previous period. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The main financial liabilities of the Authority comprise borrowings and trade and other payables.

(a) Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss over the period of the borrowings using the effective interest method.

Borrowings are classified as non-current liabilities unless the Authority has an unconditional right to settlement of the liability for less than twelve months after the date of the reporting period.

(b) Trade and other payables

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

The carrying amount of trade and other payables approximates its amortised costs.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when the Authority has a legal enforceable right to set off the recognised amounts and the Authority intends either to settle on a net basis, or to realise the asset and liability simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(i) Deferred Tax**

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax is determined using tax rates that have been enacted by the end of the reporting period and are expected to apply in the period when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

(j) Retirement benefit obligations

Retirement benefit obligations comprise of yearly gratuities and Employment Act, 1995 as amended, length of service compensation.

Current Liabilities;

The Authority computes this liability in respect of eligible employees at the end of each relevant yearly period based on the current salaries of those employees. Excess/shortfall to the provision is adjusted to the Statement of Profit and Loss.

Non-Current Liabilities;

The Authority computes this liability in respect of eligible employees at the end of their contract period (2-5years) based on the current salaries of those employees. Excess/shortfall to the provision is adjusted to the Statement of Profit and Loss.

(k) Borrowing costs

Borrowing costs are capitalised, net of interest received on cash drawn down yet to be expensed when they are directly attributable to the acquisition, contribution or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

(l) Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using Seychelles Rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Authority are presented in Seychelles Rupees, which is the Authority's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on 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 the Statement of Profit or Loss.

Foreign exchange gains and losses that relate to financial instruments and cash and cash equivalents are presented in the Statement of Profit or Loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in the Statement of Profit or Loss within 'other (losses)/gains - net'.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(l) Foreign currencies (Cont'd)**

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(m) Leases

Lease liabilities are usually measured at the present value (PV) of the contractual payments due to the lessor over the lease term, with the discount rate determined by the rate inherent in the lease unless this is not readily determinable, in which case, the Authority's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Right-of-use assets are initially measured at the amount of the lease liability reduced for any lease incentives received and increased for: lease payments made at or before commencement of the lease, indirect costs incurred and the amount of any provision recognised where the Authority is contractually required to dismantle, remove or restore the leased asset.

Land on lease was transferred to the Authority from Ports and Marine Services Division upon its inception in 2004 at negligible value. The Directors made use of the exemption clause under IFRS 16 in respect of leases for which the underlying asset is of low value and elected not to apply the requirements of that standard.

(n) Current Tax

Current tax is the expected amount of business tax payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the end of the reporting period.

(o) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(p) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Authority expects to be entitled in exchange for those goods or services.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(p) Revenue recognition (cont'd)**

Revenue of the Authority comprises the following:

Port Services income

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

Rental Income

Rental income is recognised on an accrual basis with the substance of the relevant agreements with the tenants.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Authority reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

Other revenues

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

(q) Capital reserve

The stated capital originates from the contra credit entries to net assets transferred from Port and Marine Services Division transferred to the Authority at nil consideration in 2004. Releases from capital reserve to the Statement of Profit or Loss are in respect of the depreciation of assets transferred.

(r) Provisions

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

3. FINANCIAL RISK MANAGEMENT

The Authority's activities expose it to a variety of financial risks: currency risk, credit risk and liquidity risk.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect of the Authority's financial performance.

A description of the significant risk factors is given below together with the risk management policies applicable.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

3. FINANCIAL RISK MANAGEMENT**(a) Currency risk**

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

If the above mentioned currencies had weakened/strengthened at year end against the above currencies by ± 5 basis points with all other variables remaining constant, the impact on the results for the year would have been mainly as a result of foreign exchange gains/(losses) as depicted in the table hereunder.

	Euro		US Dollar	
	2020	2019	2020	2019
	SCR	SCR	SCR	SCR
Cash and cash equivalent	86,891	72,312	2,482	4,900
Trade and other receivables	7,295	2,955	387	149
Borrowings	6,508	3,915		
Trade and other payables	-	-	-	-

(b) Credit risk

The Authority's credit risk is primarily attributable to its trade receivables.

The table below shows the credit concentration of the Authority at the end of the reporting period:

	2020	2019
	SCR	SCR
6-8 major counterparties	38,674,906	36,269,834
Others (diversified risk)	7,397,507	5,869,397
	46,072,413	42,139,231

In order to minimise credit risk, the Authority has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Authority reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the Directors of the Authority consider that the Authority's credit risk is significantly reduced. Trade receivables consist of a large number of customers although heavily concentrated amongst 6-8 debtors.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

3. FINANCIAL RISK MANAGEMENT (CONT'D)**(b) Credit risk (Cont'd)**

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating consistent to Seychelles' rating are accepted.

Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in note 10.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating consistent to Seychelles' rating are accepted.

(c) Liquidity risk

This refers to possibility of default by the Authority to meet its obligations because of unavailability of funds to meet both operational and capital requirements. In order to ensure adequacy of its funding, cash flow forecasts are prepared regularly and actions taken accordingly.

The table below analyses the Authority's financial exposure into relevant maturity groupings based on the remaining period at the date of the reporting period to the contractual maturity date.

	Less than 1 year SCR	Between 1 & 5 years SCR	Above 5 years SCR	Total SCR
At 31 December 2020				
Borrowings	-	-	13,016,875	13,016,875
Retirement benefit obligations	5,623,226	5,214,111	-	10,837,337
Trade and other payables	12,600,147	-	-	12,600,147
	<u>18,223,373</u>	<u>5,214,111</u>	<u>13,016,875</u>	<u>36,454,359</u>
At 31 December 2019				
Borrowings			7,830,000	7,830,000
Retirement benefit obligations	379,586	8,034,034	-	8,413,620
Trade and other payables	10,162,277	-	-	10,162,277
	<u>10,541,863</u>	<u>8,034,034</u>	<u>7,830,000</u>	<u>26,405,897</u>

3. FINANCIAL RISK MANAGEMENT (CONT'D)**(d) Interest rate risk**

Interest rate risk is defined as the risk that movements in interest rates adversely affect the value of the Authority. Interest rate risk is considered low as the cash inflows generated by the Authority are sufficient to meet its obligations while staff loans attract a fixed interest rate.

Since 31 December 2019 the Authority's operating cash flows became exposed to interest rate risk as it borrows at variable rates. However, interest paid to date was SCR30,017.62 this was deemed immaterial.

(e) Capital risk management

The Authority is a Public Commercial Entity fully owned by the Government of Seychelles and its main objectives when managing capital remain:

- to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk;
- to ensure sufficient liquidity to support its financial obligations and execute the operational and strategic plans to continue to provide benefits shareholders and stakeholders to remain financially self-sufficient.

(f) Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Authority for similar financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follow.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**(a) Business model assessment**

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Authority determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Authority monitors financial assets measured at amortised cost prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Authority's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(b) Calculation of Loss allowance

When measuring ECL the Authority uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(c) Useful lives and residual values

Property and equipment are depreciated over their useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

(d) Impairment of other non-financial assets

At the end of each reporting period, Management reviews and assesses the carrying amounts of other assets and where relevant writes them down to their recoverable amounts based on best estimates.

(e) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**(e) Fair value estimation**

The Authority uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period.

The Authority uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

(f) Functional currency

The Board of Directors have determined the Seychelles Rupee (SCR) to be the functional currency of the Authority.

(g) Dividends

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

(h) Leasehold land

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

(i) Capital reserve

Upon establishment of the Authority as a statutory body in the year 2004, the Authority was vested with the assets and liabilities of the former Port and Marine Division at nil consideration. The net assets over liabilities was recognised in the books of the Authority as capital reserve under "Other Comprehensive Income" with the assumption that it would not be repayable in future to the Government of Seychelles.

Depreciation charge on those assets vested are offset by a corresponding release from capital reserve on an annual basis so that impact on the Statement of Profit or Loss is nil.

(j) Limitation 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.

(k) Going concern

The Board members consider that it remains appropriate for the Authority to continue to adopt the going concern basis in preparing these financial statements. The Board members are satisfied that the Authority has the resources to continue in business for the foreseeable future. Furthermore, the Board members are not aware of any material uncertainties that may cast significant doubt upon the Authority's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

5. PROPERTY AND EQUIPMENT (CONT'D)

(a) Asset movement schedule

	2020											Total	
	Freehold Property	Jetty Construction	Improvement to buildings	Tugs, buoys & launches	Pontoons	Boats & outboard engine	Machinery, equipment and tools	Office equipment	Furniture and fittings	Motor vehicles	Other assets		Work-in-progress
COST / DEEMED COST	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR
At 1 January 2020													
- As previously reported	75,725,011	16,364,498	98,873,872	639,150	113,693	4,050,533	4,902,007	2,216,663	10,351,229	5,886,197	27,685,781	246,808,634	
- Prior Year Adjustment	(3,471,015)	(9,738,500)	-	-	-	-	-	-	-	-	3,471,015	0	
- Prior period error	-	-	-	-	-	-	-	-	-	-	9,729,436	(9,064)	
- As restated	72,253,996	6,625,998	98,873,872	639,150	113,693	4,050,533	4,902,007	2,216,663	10,351,229	5,886,197	40,886,232	246,799,570	
Additions	4,200,100	0	104,457	119,594,206	13,667	1,561,764	1,562,505	223,333	-	653,306	16,113,574	144,026,912	
Transfer	13,324,271	-	-	-	-	-	-	-	-	-	(14,062,895)	(738,628)	
Disposal	-	-	(79,100)	-	-	(10,890)	(53,535)	(51,218)	-	(61,572)	-	(256,315)	
At 31 December 2020	4,200,100	85,578,267	6,730,455	218,388,978	639,150	127,360	6,410,977	2,388,778	10,351,229	6,477,931	42,936,906	389,831,539	
ACCUMULATED DEPRECIATION													
At 1 January 2020													
- As previously reported	12,156,654	1,650,053	63,670,140	63,642	63,642	3,334,161	3,392,215	1,498,861	8,921,365	4,071,156	-	99,223,577	
- Prior period error	(9,064)	(9,064)	-	-	-	-	-	-	-	-	-	(9,064)	
- As restated	12,156,654	1,640,989	63,670,140	63,642	63,642	3,334,161	3,392,215	1,498,861	8,921,365	4,071,156	-	99,214,513	
Charge for the year	3,299,644	1,003,988	6,918,971	31,958	3,992	576,277	762,194	326,833	1,086,278	724,751	-	14,734,885	
Disposal adjustment	-	-	(65,917)	-	-	(7,957)	(48,410)	(49,951)	-	(58,165)	-	(230,400)	
At 31 December 2020	15,456,298	2,644,977	70,523,194	497,288	67,634	3,902,481	4,105,995	1,775,743	10,007,643	4,737,742	-	113,718,999	
NET BOOK VALUE													
At 31 December 2020	4,200,100	70,121,969	4,085,478	147,865,784	141,862	1,698,926	2,304,978	613,035	343,586	1,740,189	42,936,906	276,112,540	

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

5. PROPERTY AND EQUIPMENT - Asset movement schedule (Cont'd)

2019

	Jetty Construction	Improvement to buildings	Tugs, buoys & launches	Pontoons	Boats & outboard engine	Machinery, equipment and tools	Office equipment	Furniture and fittings	Motor vehicles	Other assets	Work-in- progress	Total
	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR
COST / DEEMED COST												
At 1 January 2019	75,725,252	17,560,338	98,914,482	639,150	61,780	4,065,525	3,945,126	1,860,768	11,077,953	4,803,573	33,967,765	252,621,712
As restated	-	1,860,364	-	-	-	-	-	-	-	-	-	1,860,364
- Prior period error (note 28)	-	-	-	-	-	-	-	-	-	-	-	-
- Transfer to investment property (note b)	-	(13,266,223)	-	-	-	-	-	-	-	-	(9,222,853)	(22,489,076)
- Effect of value added tax adjustment	(241)	(82,434)	-	-	-	(242,857)	(110,578)	(44,371)	(726,724)	(172,927)	(3,480,741)	(4,860,873)
- As restated	75,725,011	6,072,045	98,914,482	639,150	61,780	3,822,668	3,834,548	1,816,397	10,351,229	4,630,646	21,264,171	227,132,127
Additions	-	49,990	-	-	51,913	289,226	1,153,734	444,958	-	1,335,338	16,728,732	20,053,891
Transfer	-	10,307,122	-	-	-	-	-	-	-	-	(10,307,122)	-
Disposal	-	(14,669)	(90,600)	-	-	(61,361)	(86,275)	(44,692)	-	(79,787)	-	(377,384)
At 31 December 2019	75,725,011	16,364,498	98,873,872	639,150	113,693	4,050,533	4,902,007	2,216,663	10,351,229	5,886,197	27,685,781	246,808,634
ACCUMULATED DEPRECIATION												
At 1 January 2019	9,128,752	3,384,484	57,140,873	433,373	60,280	3,083,018	3,154,813	1,262,528	7,963,247	3,544,699	-	89,156,067
- As previously reported	-	(2,328,176)	-	-	-	-	-	-	-	-	-	(2,328,176)
- To investment property	(60)	(18,784)	-	-	-	(182,249)	(105,312)	(38,364)	(569,726)	(168,334)	-	(1,082,829)
- Effect of VAT adjustment	9,128,692	1,037,524	57,140,873	433,373	60,280	2,900,769	3,049,501	1,224,164	7,393,521	3,376,365	-	85,745,062
- As restated	3,027,962	612,529	6,576,375	31,957	3,362	487,102	421,747	308,753	1,527,844	709,386	-	13,707,017
Charge for the year	-	-	(47,108)	-	-	(53,710)	(79,033)	(34,056)	-	(14,595)	-	(228,502)
Disposal adjustment	12,156,654	1,650,053	63,670,140	465,330	63,642	3,334,161	3,392,215	1,498,861	8,921,365	4,071,156	-	99,223,577
At 31 December 2019	63,568,357	14,714,445	35,203,732	173,820	50,051	716,372	1,509,792	717,802	1,429,864	1,815,041	27,685,781	147,585,057
NET BOOK VALUE												
At 31 December 2019	12,156,654	16,364,498	98,873,872	639,150	113,693	4,050,533	4,902,007	2,216,663	10,351,229	5,886,197	27,685,781	246,808,634

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

5. PROPERTY AND EQUIPMENT (CONT'D)

(b) The Directors have estimated that costs of property and equipment approximate their fair value and there is no need for any impairment at 31 December 2020, (2019: nil)

	2020	2019
	SCR	SCR
(c) Depreciation		
Depreciation (note 5(a))	14,734,885	13,707,017
Release from capital reserve (note 12)	(1,299,142)	(1,297,428)
	<u>13,435,743</u>	<u>12,409,589</u>

(d) Depreciation released from capital reserve is in respect of assets transferred from Port and Marine Services Division to the Authority at nil consideration in 2004.

6. INVESTMENT PROPERTY

	2020	2019
	SCR	SCR
COST		
At 1 January,	22,995,659	13,266,223
Additions	-	-
Reclassification	-	9,729,436
At 31 December,	<u>22,995,659</u>	<u>22,995,659</u>
ACCUMULATED DEPRECIATION		
At 1 January,	3,475,360	2,328,176
Charge for the year	1,149,783	1,147,184
At 31 December,	<u>4,625,143</u>	<u>3,475,360</u>
NET BOOK VALUE	<u>18,370,516</u>	<u>19,520,299</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

7. INTANGIBLE ASSETS

	Computer Software	
	2020	2019
	SCR	SCR
COST		
At 1 January,	563,656	413,000
Additions	80,955	150,656
At 31 December,	644,611	563,656
AMORTISATION		
At 1 January,	339,340	266,240
Charge for the year	82,333	73,100
At 31 December,	421,673	339,340
NET BOOK VALUE	222,938	224,316

8. INVENTORIES

	2020	2019
	SCR	SCR
Building, hardware and plumbing material	1,162,396	1,764,303
Spare parts	776,593	835,848
Consumables	1,143,644	652,879
Fuel and lubricants	136,790	73,227
Minor assets	29,481	2,740
	3,248,904	3,328,997

- (a) The cost of inventories recognised as an expense and included in cost of sales and overheads amounted to SCR 11.5m (2019: SCR 13.8m).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

9. INVESTMENT IN FINANCIAL ASSET AT AMORTISED COSTS

(a) The movement in financial assets is summarised as follows:

	2020	2019
	SCR	SCR
At 1 January,	-	63,401,928
Addition during the year	23,540,000	101,940,082
Redemption during the year	-	(165,342,010)
Interest accrued	879,096	-
At 31 December,	24,419,096	-

(b) The investment in financial asset at amortised costs was in respect of Treasury bills with interest ranging from 5% to 6.10%.

Terms of short-term deposit are detailed below:

	Amount(SCR)	Maturity	Interest rate
Central Bank of Seychelles - Treasury Bills	9,400,000	03 June 2021	6.0%
Central Bank of Seychelles - Treasury Bills	4,750,000	03 June 2021	5.0%
Central Bank of Seychelles - Treasury Bills	9,390,000	13 May 2021	6.1%
	<u>23,540,000</u>		

(c) The Directors have assumed that no provision for expected credit losses is expected since the risk of default of Treasury bills issued by the Central Bank of Seychelles is negligible.

10. TRADE AND OTHER RECEIVABLES

	2020	2019
	SCR	SCR
Trade receivables	46,072,413	42,139,231
less: provision for impairment (notes 10(b)(iii) & 10(d))	(18,514,890)	(4,889,544)
	27,557,523	37,249,687
Prepayments	10,654,507	6,133,504
Staff loans (note 10(e))	1,693,761	4,598,787
Other receivables	4,096,259	10,643,864
	<u>44,002,050</u>	<u>58,625,842</u>
Disclosed as follows:		
Non-current receivables	4,819,362	3,622,519
Current receivables	39,182,688	55,003,323
Total	<u>44,002,050</u>	<u>58,625,842</u>

(a) The carrying value of trade and other receivables measured at amortised cost approximates fair value and are denominated in the following currencies:

	2020	2019
	SCR	SCR
Seychelles Rupee	28,639,881	52,416,303
Euro	14,589,024	5,910,851
US Dollar	773,145	298,688
	<u>44,002,050</u>	<u>58,625,842</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Credit Loss Allowances

The Authority measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Authority writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. The average credit period on trade receivables is 30 days. No interest is charged on outstanding trade receivables.

The following table details the risk profile of Trade receivables based on the Authority's provision matrix. The customers of the Authority have been classified into only one group based on similar credit risk, characteristics and as detailed below:

(i) At 1 January 2019

	Trade Receivables-days past due					Total
	< 30 days	31-60 days	61-90 days	91-365 days	> 365 days	
Estimated gross carrying amount at default (SCR)	22,472,449	12,877,285	10,459,237	21,414,003	3,515,017	70,737,991
Expected credit loss rate (%)	0.59%	0.87%	1.09%	1.88%	100.00%	
Lifetime expected credit losses (SCR)	131,680	112,193	114,382	402,540	3,515,017	4,275,812

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Credit Loss Allowances (Cont'd)

(ii) At 31 December 2019

	Trade Receivables-days past due					Total
	< 30 days	31-60 days	61-90 days	91-365 days	> 365 days	
Estimated gross carrying amount at default (SCR)	17,452,798	9,647,503	7,281,592	3,515,526	4,275,812	42,173,231
Expected credit loss rate (%)	1.09%	1.55%	1.93%	3.78%	100.00%	
Lifetime expected credit losses (SCR)	190,822	149,500	140,695	132,715	4,275,812	4,889,544

(iii) At 31 December 2020

	Trade Receivables-days past due					Total
	< 30 days	31-60 days	61-90 days	91-365 days	> 365 days	
Estimated gross carrying amount at default (SCR)	21,814,646	6,056,238	4,743,554	8,889,119	4,568,857	46,072,413
Expected credit loss rate (%)	19.88%	28.70%	39.83%	67.30%	100.00%	
Lifetime expected credit losses (SCR)	4,336,451	1,738,236	1,889,181	5,982,165	4,568,857	18,514,890

c) Sensitivity analysis

If the ECL rates on trade receivables above 365 days past due had been 5 basis points higher / (lower) as of December 2020, the loss allowance would have been SCR 2,284 higher/(lower) (2019: SCR 2,138).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) Movement in allowance for credit loss

The following table shows the movement in lifetime ECL that has been recognised for Trade receivables in accordance with the simplified approach set out in IFRS 9.

	<u>2020</u>	<u>2019</u>
	SCR	SCR
Balance at 1 January	4,889,544	4,275,812
Charge during the year	13,779,192	1,816,885
Bad debts written off	(153,846)	(1,203,153)
Balance at 31 December	<u>18,514,890</u>	<u>4,889,544</u>

e) Short term staff loans are offset against their monthly salaries and risk of default has been estimated by the Directors as nil. Prepayments and other receivables were recovered in full subsequent to year end and risk of default has also been estimated by the Directors as nil.

(f) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Authority does not hold any collaterals as securities.

11. CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
	SCR	SCR
Cash at bank available on demand	204,324,716	181,546,639
Short-term deposits	-	45,449,778
Cash on hand	3,903	10,000
	<u>204,328,619</u>	<u>227,006,417</u>

12. CAPITAL RESERVE

	<u>2020</u>	<u>2019</u>
	SCR	SCR
At 1 January,	10,749,482	12,046,910
Release during the year (notes 5(c))	(1,299,142)	(1,297,428)
At 31 December,	<u>9,450,340</u>	<u>10,749,482</u>

(a) Upon its establishment of the Authority as a statutory body in 2004, the Authority was vested with the assets and liabilities of the former Port and Marine Services Division of the Government of Seychelles for nil consideration. Upon accounting for the net assets, the contra entry was recognised as a Capital Reserve.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

13. BORROWINGS

	2020	2019
	SCR	SCR
Non-current liability		
Balance as at 1 January	7,830,000	-
Amounts drawn down during the year	-	7,830,000
Repayment (Principal)	-	
Exchange rate adjustment at year end	5,186,875	
Agence Française de Développement (AFD) (note 13(a))	<u>13,016,875</u>	<u>7,830,000</u>

- (a) The amount above is the first drawdown of EUR 500,000.00 from the AFD loan which is part of the European Investment Bank (EIB) and Agence Française de Développement (AFD) support for upgrading and expanding Seychelles' commercial port, the Mahe Quay.

EIB will fund EUR 12.5 million loan together with a EUR 5 million European Union (EU) grant whilst AFD will provide a loan EUR 16.5 million for the project.

A floating interest rate being effective global rate as at 1st December 2020 - 0.523% is currently payable. This is either the aggregate of (reference rate + margin) or (ii) the Minimum Interest Rate when applicable. The loan repayment is subject to a moratorium period of 5 years whereby only interest is payable biannually and thereafter the loan shall be repaid from May 2025.

- (b) The above loans are secured by a guarantee from the Government of Seychelles for an amount of Euro 12.5m and Euro 16.5m in favour of a credit facility to Seychelles Port Authority with EIB and AFD respectively.
- (c) The maturity and exposure of the Authority's borrowings to interest rate changes are shown on note 3(a),(c) and (d).

14. DEFERRED TAXES

Deferred taxes are calculated on all temporary differences under the liability method at 30% (2019: 30%) for the Authority at 31 December 2020.

- (a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets and liabilities when the deferred taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the Statement of Financial Position:

	2020	2019
	SCR	SCR
Deferred tax assets (note 14(c)(i))	9,659,102	4,656,423
Deferred tax liabilities (note 14(c)(ii))	(10,160,962)	(10,952,299)
	<u>(501,860)</u>	<u>(6,295,876)</u>

- (b) The movement on the deferred tax account is as follows:

	2020	2019
	SCR	SCR
At 1 January,	(6,295,876)	(8,971,361)
Credit for the year (notes 16(b))	5,794,016	2,675,485
At 31 December	<u>(501,860)</u>	<u>(6,295,876)</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

14. DEFERRED TAXES (CONT'D)

(c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, is as follows:

(i) *Deferred tax assets*

	Provision for credit	Provision for leave	Retirement benefit obligation	Total
	SCR	SCR	SCR	SCR
At 1 January 2019	1,282,744	610,564	1,837,871	3,731,179
Credit/(Charge) for the year	184,119	54,910	686,215	925,244
At 31 December 2019	1,466,863	665,474	2,524,086	4,656,423
(Charge)/Credit for the year	4,087,604	187,960	727,115	5,002,679
At 31 December 2020	5,554,467	853,434	3,251,201	9,659,102

(ii) *Deferred tax liabilities*

	2020	2019
	SCR	SCR
At 1 January,	10,952,299	12,702,540
Credit for the year	(791,337)	(1,750,241)
At 31 December,	10,160,962	10,952,299

15. RETIREMENT BENEFIT OBLIGATIONS

Non current portion of retirement benefit obligation relates to Compensation of length of service provision calculated in accordance with Public Service order 175(i) of the 2011 version upon end of contract basis (2-5 years)

Current portion relates to yearly gratuity calculated in accordance with Management Contract of 5% of annual basic pay of Senior Officers employed on a contract basis as well as long service gratuities falling due in the next 12 months.

(a) The movement is as follows:

	2020	2019
	SCR	SCR
At 1 January,	8,413,620	6,126,236
Charge for the year (note 18)	7,535,108	5,625,155
Payments made during the year	(5,111,391)	(3,337,771)
At 31 December,	10,837,337	8,413,620
Analysed as:		
Non-current	5,214,111	8,034,034
Current	5,623,226	379,586
	10,837,337	8,413,620

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

16. TAX LIABILITY/ EXPENSE**(a) Statement of Financial Position**

	<u>2020</u>	<u>2019</u>
	SCR	SCR
At 1 January,	27,354,823	30,863,147
Charge for the year		
Current tax on the adjusted profit for the year (note 16(b))	19,250,442	27,042,358
Prior year interest and penalties (note 16(b))		45,077,480
As restated	19,250,442	72,119,838
Paid during the year	(22,116,936)	(75,628,162)
VAT Credit Refund	(8,465,161)	
At 31 December,	<u>16,023,168</u>	<u>27,354,823</u>

(b) Statement of Profit or Loss

	<u>2020</u>	<u>2019</u>
	SCR	SCR
Current tax on the profit for the year at applicable rates	19,250,442	27,042,358
- Prior year interest and penalties	-	45,077,480
Deferred tax credit (note 14(b))	(5,794,016)	(2,675,485)
	<u>13,456,426</u>	<u>69,444,353</u>

(c) Reconciliation between taxable and accounting profits is as follows:

	<u>2020</u>	<u>2019</u>
	SCR	SCR
Profit before tax	131,194,152	76,223,713
Tax calculated at applicable tax rates	39,308,245	22,817,114
Expenses not deductible for tax purposes	5,277,329	2,907,953
Excess of depreciation over capital allowance	2,314,503	1,317,291
Allowable Deduction for tax purposes	(27,649,635)	-
	<u>19,250,442</u>	<u>27,042,358</u>

(d) Applicable tax rates for the Authority are as follows:**Taxable Income threshold 2020 & 2019**

≤ SCR. 1,000,000	25%
> SCR. 1,000,000	30%

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

17. TRADE AND OTHER PAYABLES

	2020	2019
	SCR	SCR
Trade payables	5,888,321	5,387,099
Other payables and accruals	5,083,951	3,392,548
Deposits	1,627,875	1,382,630
	<u>12,600,147</u>	<u>10,162,277</u>

- (a) The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.
- (b) The carrying amounts of the Authority's trade and other payables are denominated in the following currencies:

	2020	2019
	SCR	SCR
Seychelles Rupee	10,086,152	10,162,277
Euro	-	-
US Dollar	2,513,995	-
	<u>12,600,147</u>	<u>10,162,277</u>

18. EMPLOYEE COSTS

	2020	2019
	SCR	SCR
Salaries and wages	62,815,528	60,091,207
Gratuity and length of service charge (note 15)	7,535,108	5,625,155
Other staff costs	3,890,778	5,245,117
	<u>74,241,414</u>	<u>70,961,479</u>

19. PREMISES COSTS

	2020	2019
	SCR	SCR
Rent	1,335,000	400
Electricity and water	3,349,193	3,206,307
Repairs and maintenance	1,381,445	437,683
Insurance	133,845	108,098
Security Services	128,275	-
	<u>6,327,758</u>	<u>3,752,488</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

20. OPERATING OVERHEADS

(a)	2020	2019
	SCR	SCR
Advertising, entertainment and donations	964,992	1,382,526
Bank charges	65,448	33,108
Directors' emoluments (note 20(b))	275,823	372,800
Communication costs	830,397	715,538
Bad debts written off	153,846	250,100
Local travel and conveyance	590,565	1,004,701
Loss on disposal of assets	25,914	134,215
Office equipment maintenance	2,750,346	2,316,733
Other operating overheads	1,505,861	959,110
Overseas travel, subsistence and training	540,215	2,578,024
Professional and consultancy fees	3,159,713	302,443
Stationery, postage and subscriptions	936,934	1,090,940
Vehicle maintenance	1,219,490	1,097,369
Auditor's Remuneration	125,000	125,000
	13,144,544	12,362,607

(b) Directors' emoluments

	2020	2019
	SCR	SCR
Brutus Ronny	43,920	52,800
Andre Ciseau	18,000	60,000
Antonakas Alexandre	-	-
Doreen Bradburn	43,920	60,000
Paul Houdoul	-	-
Leslie Benoiton	43,920	60,000
	149,760	232,800

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 2020

21. RELATED PARTY TRANSACTIONS AND BALANCES

(a) In the normal course of its operations, the Authority enters into transactions with related parties. Related parties includes Government and key management personnel, consisting of members of the Board of Directors. Unless stated, all transactions with related parties take place at arm's length.

(b) As the main port of Seychelles, the following are major transactions handled by the Authority.

- Receipt of medical equipment and drugs for the Ministry of Health;
- Receipt of capital goods and equipment of Ministry of Habitat, Infrastructure & Land Transport;
- Handling of goods and services for other government ministries, departments and agencies.

However, yearly transactions and balances for volumes handled and fees collected is not readily available as it is handled by a third party.

(c) Key Management Personnel

Key management personnel comprises the Chief Executive Officer, the Deputy Chief Executive Officer and Board members. The latter are considered to be part of the key management personnel as they have authority and responsibility for the planning, directing and controlling the activities of the Authority.

The aggregate remuneration provided for and paid to key management personnel comprised:

	<u>2020</u>	<u>2019</u>
	SCR	SCR
Salaries and allowances	2,035,090	1,717,796
Gratuity and end of contract payments	88,885	311,903
Board members' fees (note 20(b))	149,760	232,800
Pension	58,332	49,122
Others	63,196	108,521
	<u>2,395,263</u>	<u>2,420,141</u>

(d) Loan and advances to key management personnel are approved and disbursed as per the Authority's loan policy. As at 31 December 2020 loans and advances to key Management was nil (2019: SCR 3,298). There was new loan issued in 2020 SCR15,000.00 (2019: Nil). Repayments of principal together with 4% monthly interest on outstanding balance amounted to SCR17,364.51 (2019: SCR 22,990.46). There were no loans advanced to Board of Directors.

22. CAPITAL COMMITMENTS

	<u>2020</u>	<u>2019</u>
	SCR'000	SCR'000
Authorised and contracted for	32,672	19,244
Authorised and not contracted for	88,281	314,077
	<u>120,953</u>	<u>333,321</u>

23. CONTINGENT LIABILITIES

On 31 December 2020, there were pending court cases against the Authority of approximately SCR 3.5M for termination of employees since 2017. These cases are pending the final court outcome.

24 Prior year adjustment

- (i) The Investment Property adjustment was erroneously treated in the Financial Statement which of which after transferring the value from Work-In-Progress (WIP) to Building Improvement account the transfer was not undertaken to move the value SCR 9.7M to the Investment Property Account. The WIP was further reduced to reflect the value of SCR 9.7M which was accounted twice. The corrective measure was to add back the sum from WIP by transferring the SCR9.7M from Building Improvement.
- (ii) Further to the VAT adjustments for the years 2015-2019 with adjustments made in 2019, a sum of SCR3.4M was again deducted as VAT for assets' value which since had been capitalised. To remedy this over-deduction of VAT which was mainly attributed to Port Structure, a transfer was made to addback the sum from Port Structure to WIP.
- (iii) Indian Ocean Tuna Co. Ltd (IOT) had land lease arrears which was settled in 2020 following a long discussion with IOT Management. A total sum of SCR4.5M which pertains to prior years was adjusted to 2019 retained earnings as at December 2020.

