



## ISLANDS DEVELOPMENT COMPANY LTD

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### DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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# ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2016

The directors present herewith their report and audited financial statements of the company and the group for the year ended 31 March 2016.

### 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 islands managed by itself.

The wholly owned subsidiaries, the Green Island Construction Company Limited and Green Tree Investment Company Limited carry on the business of building contractor and financing, developing, managing and leasing immovable properties, respectively.

### Results

As shown in the statement of income on page 5 activities of the current year give the group a profit of R 18,628,103 (2015 - R 20,010,333) and the company a profit of R 8,330,385 (2015 - R 17,131,276) after taxation.

### Application of profits and revenue reserves (company)

The profit for the year with revenue reserves from prior years give the company R 60,663,059 (2015 - R 55,332,674) available for distribution.

The directors distributed a dividend of R 3,000,000 during the year, giving a distribution of R 14.06 (2015 - R 14.06) per share.

### Fixed assets

Major changes to fixed assets of the group during the year represents:

- Extension of workers comp of - R 2.39 m
- Generator room, managers house and staff accomodation on Astove - R 8.39 m
- Plane parking facility - R 1.06 m
- Purchase of 2 Generators - R 0.948 m
- Sundry construction equipment - R 5.68 m

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 111 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
Ms. L. Desaubin	0	0
Ms. S. Naiken	0	0
Mr. P. Payet	0	0
	<u>0</u>	<u>0</u>

All directors of the company are citizens of Seychelles.

MS. S. Naiken and Ms.L.Desaubin retires from the board in accordance with Articles of Association and being eligible offer themselves for re-election.

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

**ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2016**

***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**



Mr. P. Lablache  
Chairman



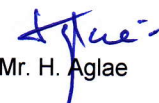
Mr. G.M. Savy  
Chief Executive Officer



Mr. R. Renaud  
Deputy Chief Executive Officer



Mr. D. Dogley



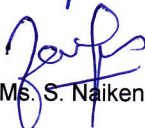
Mr. H. Aglae



Ms. L. Desaubin



Mr. P. Payet



Ms. S. Naiken

28 July 2016



## INDEPENDENT AUDITOR'S REPORT

### ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

We have audited the accompanying financial statements of Islands Development Company Limited & subsidiaries on pages 4 to 17, which comprise the balance sheet for the Parent Company and the Group as at March 31, 2016, the income statement including the cash flow statement for the year then ended, 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 International Financial Reporting standards for small and medium sized entities IFRS for SME'S) and 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 have no relation with, or material interest in the Company (or any of its subsidiaries), other than in our capacities as auditors, tax and business advisors and arm's length dealings with the company in the ordinary course of business.

#### Opinion

In our opinion:

- the accompanying financial statements set out on pages 4 to 17 give a true and fair view of the financial position of Islands Development Company Limited & subsidiaries for the year ended 31 March, 2016, 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, the Public Enterprise Monitoring Commission Act 2013, and International Financial Reporting Standards for small and medium sized entities (IFRS for SME'S).
- the company has maintained proper and adequate accounting records during the year
- we have been availed all information necessary for the purposes of our audit and were satisfied with the information received.
- The information given by the Directors in the annual report in relation to the financial year under reference is consistent with the accounts.

*Pool & Patel*

POOL & PATEL  
CHARTERED ACCOUNTANTS

28 July 2016

**ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES**

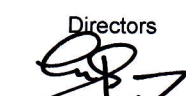
**Consolidated statement of financial position**


Financial statements are prepared in Seychelles Rupees


	Note	CONSOLIDATED		COMPANY	
		2016	2015	2016	2015
<b>As at 31 March</b>					
<b>Assets</b>					
Property, plant and equipment	12	92,789,672	88,708,338	74,040,956	68,269,583
Investments	13	3,951,527	50,237	4,051,527	150,237
Lendings	20	94,021,812	2,169,690	-	2,169,690
Due from associate	21	12,335,014	16,156,853	12,335,014	16,156,853
Capital work in progress	22	3,825,177	51,227,671	3,594,442	6,779,823
Deferred income tax asset	10	1,534,267	873,181	987,824	672,335
<b>Non-current assets</b>		<b>208,457,469</b>	<b>159,185,970</b>	<b>95,009,763</b>	<b>94,198,521</b>
Lendings	20	2,206,466	-	-	-
Inventories	15	43,141,332	16,581,710	33,216,333	9,761,927
Taxation	10	-	1,939,363	2,655,031	701,581
Trade and other receivables	16	82,545,300	86,956,262	52,799,594	46,018,378
Cash and cash equivalent		128,249,508	31,737,242	108,592,007	30,109,972
<b>Current assets</b>		<b>256,142,606</b>	<b>137,214,577</b>	<b>197,262,965</b>	<b>86,591,858</b>
<b>Total assets</b>		<b>464,600,075</b>	<b>296,400,547</b>	<b>292,272,728</b>	<b>180,790,379</b>
<b>Liabilities</b>					
Employee benefit obligations	17	2,251,120	2,416,288	2,032,229	2,317,343
Deferred tax liability	10	203,993	368,541	-	-
Deferred grants	14	21,930,668	23,624,549	21,930,668	23,624,549
Borrowings	18	107,455,233	76,702,117	13,690,136	12,952,025
<b>Non-current liabilities</b>		<b>131,841,014</b>	<b>103,111,495</b>	<b>37,653,033</b>	<b>38,893,917</b>
Borrowings	18	33,922,263	25,492,146	11,799,080	11,468,930
Taxation	10	47,302	-	-	-
Trade and other payables	19	200,938,016	85,573,529	163,826,632	56,763,934
<b>Current liabilities</b>		<b>234,907,581</b>	<b>111,065,675</b>	<b>175,625,712</b>	<b>68,232,864</b>
<b>Total liabilities</b>		<b>366,748,595</b>	<b>214,177,170</b>	<b>213,278,745</b>	<b>107,126,781</b>
Share capital	11	21,330,924	21,330,924	21,330,924	21,330,924
Retained earnings		76,520,556	60,892,453	57,663,059	52,332,674
<b>Equity</b>		<b>97,851,480</b>	<b>82,223,377</b>	<b>78,993,983</b>	<b>73,663,598</b>
<b>Total liabilities and equity</b>		<b>464,600,075</b>	<b>296,400,547</b>	<b>292,272,728</b>	<b>180,790,379</b>

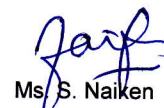
The notes on pages 8 to 17 are an integral part of these financial statements.

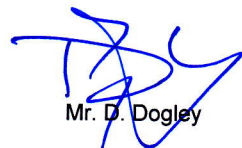
Directors

  
Mr. G. Savy


  
Mr. R. Renaud

  
Mr. P. Lablache

  
Ms. S. Naiken

  
Mr. D. Dogley

  
Mr. H. Aglae

  
Ms. L. Desaubin

  
Mr. P. Payet

28 July 2016

**ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES**
**Cash flow statement**

Financial statements are prepared in Seychelles Rupees.

	Note	CONSOLIDATED		COMPANY	
		As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
<b>Cash flows from operating activities</b>					
Profit /loss for the year before exceptional item		24,912,152	24,355,668	9,150,068	19,807,132
Adjustments for:-					
Taxation paid	10	(5,123,018)	(5,550,960)	(3,088,622)	(2,563,343)
Depreciation (net of adjustment for deferred grant)	12/14	14,667,877	11,467,270	10,402,099	8,224,844
Changes in provision for employee benefits	17	(165,168)	264,999	(285,114)	246,051
Deficit on disposal of property on finance lease		3,320,372	-	-	-
Finance costs	8/9	(547,781)	5,305,763	1,696,058	3,237,344
Changes in working capital		37,064,434	35,842,740	17,874,489	28,952,028
Decrease / (increase) in inventories		(26,559,621)	211,848	(23,454,407)	(1,672,109)
Decrease / (increase) in debtors		6,501,202	(24,219,406)	(4,690,978)	(12,570,110)
Increase / (decrease) in creditors and advances on contracts		115,364,489	13,687,309	107,062,697	13,036,183
<b>Cash generated from operations</b>		<b>132,370,504</b>	<b>25,522,491</b>	<b>96,791,801</b>	<b>27,745,992</b>
Interest received	8	7,419,972	12,563	136,436	10,919
Interest paid	9	(6,641,073)	(3,508,721)	(1,601,376)	(1,438,658)
<b>Net cash from operating activities</b>		<b>133,149,403</b>	<b>22,026,333</b>	<b>95,326,861</b>	<b>26,318,253</b>
<b>Cash flows from investing activities</b>					
Payments to acquire tangible fixed assets	12	(14,862,065)	-	(14,681,972)	(28,421,791)
Cost of buildings to be disposed under finance lease		(57,731,569)	(42,039,091)	3,185,381	-
Cost building for resale		(230,735)	-	-	-
Repayment under finance lease	20	235,121	-	-	-
<b>Net cash used in investing activities</b>		<b>(72,589,248)</b>	<b>(42,039,091)</b>	<b>(11,496,591)</b>	<b>(28,421,791)</b>
<b>Cash flow from financing activities</b>					
Loans repaid	20	(20,355,471)	(4,168,272)	(18,430,804)	(3,129,208)
Cost of building converted to finance lesae		-	(42,052,201)	-	-
Loans received	18	66,537,453	84,066,513	19,980,215	18,546,600
Dividend paid		(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
<b>Net cash from (used) in financing activities</b>		<b>43,181,982</b>	<b>34,846,040</b>	<b>(1,450,589)</b>	<b>12,417,392</b>
<b>Increase in cash and cash equivalents</b>		<b>103,742,137</b>	<b>14,833,282</b>	<b>82,379,681</b>	<b>10,313,854</b>
Exchange gains / losses on bank balances	8/9	(614,903)	449,113	(614,903)	449,113
Cash & cash equivalent at 1 April		14,083,733	(1,198,662)	23,365,130	12,602,163
<b>Cash &amp; cash equivalents 31 March</b>		<b>117,210,967</b>	<b>14,083,733</b>	<b>105,129,908</b>	<b>23,365,130</b>

**ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES**
**Statement of income - by nature of expense and retained earnings**

Financial statements are prepared in Seychelles Rupees

	Note	CONSOLIDATED		COMPANY	
		As at 31 March			
		2016	2015	2016	2015
Revenue	3	339,597,329	248,004,351	152,676,985	121,120,417
Direct costs	4	(227,951,176)	(149,356,945)	(87,954,468)	(61,910,796)
Other income	5	16,858,145	25,065,573	17,273,742	27,678,382
Administrative salaries and benefits	6	(46,150,616)	(43,866,162)	(32,700,906)	(28,800,657)
Depreciation (net of deferred grant credit)	12/14	(14,667,877)	(11,467,270)	(10,402,099)	(8,224,844)
Camp running expenses		(6,910,652)	(4,436,904)	-	-
Fuel for electricity generation & island use		(7,134,123)	(8,213,193)	(7,134,123)	(8,213,193)
Repairs and maintenance		(7,786,258)	(8,006,749)	(7,786,258)	(8,006,749)
Communication		(2,704,296)	(1,841,312)	(2,704,296)	(1,841,312)
External transportation		(3,790,995)	(4,339,961)	(3,790,995)	(4,339,961)
Exchange (losses)/gains (operating)		(1,013,452)	2,054,575	(1,498,447)	1,081,800
Utilities		(3,520,301)	(3,261,803)	(916,307)	(1,341,228)
Travelling		(3,658,588)	(4,754,576)	(1,350,907)	(1,644,138)
Insurances		(1,713,179)	(1,151,199)	(571,165)	(577,005)
Rental		(1,879,390)	(2,206,505)	(120,000)	(658,000)
Other expenses		(3,210,200)	(2,560,489)	(2,174,630)	(1,277,307)
<b>Operating profit</b>		<b>24,364,371</b>	<b>29,661,431</b>	<b>10,846,126</b>	<b>23,044,476</b>
Finance income	8	7,803,757	461,676	520,221	460,032
Finance costs	9	(7,255,976)	(5,767,439)	(2,216,279)	(3,697,376)
<b>Finance costs - net</b>		<b>547,781</b>	<b>(5,305,763)</b>	<b>(1,696,058)</b>	<b>(3,237,344)</b>
<b>Profit before income tax</b>		<b>24,912,152</b>	<b>24,355,668</b>	<b>9,150,068</b>	<b>19,807,132</b>
Income tax expense	10	(6,284,049)	(4,345,335)	(819,683)	(2,675,856)
<b>Profit for the year</b>		<b>18,628,103</b>	<b>20,010,333</b>	<b>8,330,385</b>	<b>17,131,276</b>
Dividends		(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
		<b>15,628,103</b>	<b>17,010,333</b>	<b>5,330,385</b>	<b>14,131,276</b>
Retained earnings 1 April		60,892,453	43,882,120	52,332,674	38,201,398
<b>Retained earnings 31 March</b>		<b>76,520,556</b>	<b>60,892,453</b>	<b>57,663,059</b>	<b>52,332,674</b>

**ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES**

**FIVE YEAR FINANCIAL SUMMARY - 31 MARCH 2016**

Financial statements are prepared in Seychelles Rupees

	2016	2015	2014	2013	2012
<b>Balance sheet</b>					
<b>Share capital</b>					
Authorised	21,331	21,331	13,635	<b>13,635</b>	<b>13,635</b>
Issued and fully paid	21,331	21,331	13,634	<b>13,634</b>	<b>13,634</b>
Retained earnings	57,662	52,332	38,201	<b>33,139</b>	<b>30,145</b>
Deferred grants	21,931	23,625	25,647	<b>27,550</b>	<b>29,413</b>
Long term loan	18,842	12,952	-	<b>8,034</b>	<b>7,750</b>
<b>Net assets employed</b>	<b>119,766</b>	<b>110,240</b>	<b>77,482</b>	<b>82,357</b>	<b>80,942</b>
<b>Profit and loss</b>					
Turnover	152,677	121,120	120,019	213,500	155,062
Profit before taxation	9,150	18,817	5,369	4,740	(3,316)
Exceptional item - creditor written back	-	-	-	-	13,568
	9,150	18,817	5,369	4,740	10,252
Taxation	(820)	(1,686)	(307)	(1,746)	(2,981)
	8,330	17,131	5,062	2,994	7,271
Dividends	(3,000)	(3,000)	-	-	-
	5,330	14,131	5,062	2,994	7,271
Retained earnings - 1 April	52,332	38,201	33,139	30,145	22,874
Retained earnings - 31 March	57,662	52,332	38,201	33,139	30,145



## ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Financial statements are prepared in Seychelles Rupees

#### **1 Reporting entity**

Island Development Company Limited, wholly owned by the Seychelles Government, is incorporated and domiciled in the Seychelles. The address of the company's registered office is at 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.

The wholly owned subsidiaries, the Green Island Construction Company Limited and the Green Tree Investments Company Limited, carry on the business of building contractor and of developing and leasing immovable properties, respectively.

#### **2 Summary of significant accounting policies**

The principal 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 the group 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. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements, are disclosed in the notes below.

##### **2.2 Basis of consolidation**

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than half of the voting rights.

Where a subsidiary either began or ceased to be a subsidiary, the results are included only from the date the control commenced or up to the date the control ceased.

Inter-company transactions, balances and unrealised gains within the group, which are related parties, are eliminated in full.

##### **2.3 Comparatives**

Where necessary comparatives figures have been adjusted to conform to changes in the current year.

##### **2.4 Functional and reporting currency**

The financial statements are presented in the Seychelles Rupee, which is the reporting currency under the Companies Act, 1972.

##### **2.5 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 statement of income.

##### **2.6 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 statement of income.

**ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Financial statements are prepared in Seychelles Rupees

**2.6 Foreign currency translation (cont...)**

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income within financial income or costs. All other exchange gains and losses are presented in the statement of income within other income or expenses.

The Banks mid-rates for the period were:

Currency	Exchange rates at 31 March			Changes in percent (Sr)	
	2016	2015	2014	2015-2016	2014-2015
US \$ / Sr	13.50	13.83	12.36	2%	-12%
Euro / Sr	15.27	14.95	16.99	-2%	12%

**2.7 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 intended 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 statement of income during the period in which they are incurred.

Land is not depreciated. 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	5 -10 years	Computers	5 years
Motor vehicles	4 years	Staff houses	33 years
Office building	25 years	Hotels & airstrips	25 years
Aircraft	10 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 income or expenses in the statement of income.

**2.8 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 costs to complete and sell; the impairment loss is recognised immediately in statement of income.

**2.9 Taxation**

The tax expense for the period comprises of current business, corporate social responsibility and deferred taxes.

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.

**ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

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**2.10 Cash and cash equivalents**

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

**2.11 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.

**2.12 Government grants**

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

- Grants towards acquisition of fixed assets - Deferred and amortised over estimated
- Grants for recurrent expenditure - Treated as revenue on an accrual basis.
- Grants for managing Government assets - offset against

**2.13 Revenue recognition**

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 for construction activities is recognised in the income statement when received.

**2.14 Borrowings & lendings**

Borrowings and lendings 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 or income.

Borrowings and lendings are classified as current liabilities or assets unless there is an unconditional right to defer settlement of the liability or asset for 12 months after the reporting date.

**2.15 Employee benefit obligations**

Employment Amendments Act (1999) requires employees to be compensated upon retirement or resignation for continuous service from date of their employment. The financial statements include liability accrued to the employee in full with the expense included as part employment costs.

**2.16 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 sub leases.

Leases of property are classified as finance leases where the terms of the lease transfer substantially all the benefits and risks of ownership to the leasee. Financial leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding.

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss account on a straight line basis over the period of the lease.

**3 Revenue**

**Analysis of revenue by category**

	Consolidated		Company	
	2016	2015	2016	2015
Construction				
Sale of leased property	142,034,096	150,372,373	51,577,151	23,488,439
Transportation	96,463,399	-	-	-
Maintenance of villas & upkeep of Islands	52,488,110	55,905,499	52,488,110	55,905,499
Property rental	24,458,444	25,457,189	24,458,444	25,457,189
<b>Total</b>	<b>24,153,280</b>	<b>16,269,290</b>	<b>24,153,280</b>	<b>16,269,290</b>
	<b>339,597,329</b>	<b>248,004,351</b>	<b>152,676,985</b>	<b>121,120,417</b>

## ISLANDS DEVELOPMENT COMPANY LIMITED &amp; SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

4	Cost of sales	Consolidated		Company	
		2016	2015	2016	2015
<b>Analysis of cost by category</b>					
<b>Construction</b>					
Material	135,517,915	71,806,586	25,799,479	8,421,760	
Labour	37,109,948	31,938,017	6,831,676	7,876,694	
<b>Total</b>	<b>172,627,863</b>	<b>103,744,603</b>	<b>32,631,155</b>	<b>16,298,454</b>	
<b>Transportation</b>					
Insurance	2,850,594	3,139,161	2,850,594	3,139,161	
Repairs & maintenance	23,289,215	15,629,730	23,289,215	15,629,730	
Staff costs	11,884,504	10,645,859	11,884,504	10,645,859	
Fuel and oil	9,537,486	12,300,901	9,537,486	12,300,901	
Other operational costs	7,761,514	3,896,691	7,761,514	3,896,691	
<b>Total</b>	<b>55,323,313</b>	<b>45,612,342</b>	<b>55,323,313</b>	<b>45,612,342</b>	
<b>Total</b>	<b>227,951,176</b>	<b>149,356,945</b>	<b>87,954,468</b>	<b>61,910,796</b>	
<b>5 Other income</b>					
<b>Guest house activities</b>					
Surplus from sale of produce	5,624,222	3,982,701	5,624,222	3,982,701	
Surplus from shop sales	1,693,565	1,800,677	1,693,565	1,800,677	
Landing fees	198,576	122,224	198,576	122,224	
Recharges to subsidiary	1,811,266	1,149,265	1,811,266	1,149,265	
Late development penalty	-	-	415,597	2,612,809	
Income from coral fill	-	3,771,647	-	3,771,647	
Profit on asset disposal	6,303,365	4,480,931	6,303,365	4,480,931	
Social security refund	-	3,159,539	-	3,159,539	
Other	-	6,598,589	-	6,598,589	
<b>Total</b>	<b>1,227,151</b>	<b>-</b>	<b>1,227,151</b>	<b>-</b>	
<b>Total</b>	<b>16,858,145</b>	<b>25,065,573</b>	<b>17,273,742</b>	<b>27,678,382</b>	
<b>6 Employee salaries and benefits expense</b>					
<b>Wages and salaries</b>					
Pension costs	39,756,078	36,359,242	29,419,029	26,395,610	
Employee benefits & other cost	471,270	403,496	433,947	362,797	
<b>Total</b>	<b>5,923,268</b>	<b>7,103,424</b>	<b>2,847,930</b>	<b>2,042,250</b>	
<b>Total</b>	<b>46,150,616</b>	<b>43,866,162</b>	<b>32,700,906</b>	<b>28,800,657</b>	
<b>7 Profit for the year</b>					
<b>Profit for the year has been arrived at after charging/(crediting):</b>					
Auditors remuneration	384,043	355,000	213,043	200,000	
Rents paid	1,879,390	2,865,438	120,000	658,933	
<b>8 Finance income</b>					
<b>Interests on deposits and bonds</b>					
Interest raised on finance lease (note 20)	136,436	12,563	136,436	10,919	
Exchange gains on loans	7,283,536	-	-	-	
Exchange gains on banks	383,785	-	383,785	-	
<b>Total</b>	<b>-</b>	<b>449,113</b>	<b>-</b>	<b>449,113</b>	
<b>Total</b>	<b>7,803,757</b>	<b>461,676</b>	<b>520,221</b>	<b>460,032</b>	
<b>9 Finance costs</b>					
<b>Interest on loans</b>					
Interest on overdraft	5,585,700	1,807,260	894,611	789,367	
Exchange losses on banks	1,055,373	1,701,461	706,765	649,291	
Exchange loss on loan	614,903	-	614,903	-	
<b>Total</b>	<b>-</b>	<b>2,258,718</b>	<b>-</b>	<b>2,258,718</b>	
<b>Total</b>	<b>7,255,976</b>	<b>5,767,439</b>	<b>2,216,279</b>	<b>3,697,376</b>	

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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**10 Taxation**

**10 (A) Group**

10.1 Current tax	Balance sheet		Statement of income	
	2016	2015	2016	2015
Balance due from previous year	(1,939,363)	(727,431)	-	-
Adjustment to prior year provision	(712)	(19,501)	(712)	(19,501)
Paid/refund received for prior year	-	(100,341)	-	-
Provision for the year	5,225,401	2,975,713	5,225,401	2,975,713
Provisionally paid for current year	(3,238,024)	(4,067,803)	-	-
<b>Total</b>	<b>47,302</b>	<b>(1,939,363)</b>	<b>5,224,689</b>	<b>2,956,212</b>
<b>10.2 Deferred tax asset</b>				
Employee compensation obligation	370,502	377,286	6,784	(42,593)
Deferred due to accelerated tax depreciation	939,493	404,318	(535,175)	(75,724)
Other temporary deductible differences	224,272	91,577	(132,695)	(91,577)
<b>Total</b>	<b>1,534,267</b>	<b>873,181</b>	<b>(661,086)</b>	<b>(209,894)</b>
<b>10.3 Deferred tax liability</b>				
Assessable differences on unrealised exchange gains	203,993	368,541	(164,548)	216,201
<b>Total deferred tax expense (Group)</b>			<b>(825,634)</b>	<b>6,307</b>
<b>10.4 Corporate social responsibility tax</b>			<b>1,884,994</b>	<b>1,382,816</b>
<b>Total income tax expense (Group)</b>			<b>6,284,049</b>	<b>4,345,335</b>

**10 (B) Company**

10.5 Current tax	Balance sheet		Statement of income	
	2016	2015	2016	2015
Balance due from previous year	(701,581)	(899,100)	-	-
Adjustment to prior year provision	(712)	(19,501)	(712)	(19,501)
Provision for the year	425,000	2,052,000	425,000	2,052,000
Provisionally paid for current year	(2,377,738)	(1,834,980)	-	-
<b>Total</b>	<b>(2,655,031)</b>	<b>(701,581)</b>	<b>424,288</b>	<b>2,032,499</b>
<b>10.6 Deferred tax asset</b>				
Employee compensation obligation	2,015	2,015	2,015	2,015
Deferred due to accelerated tax depreciation	304,835	347,601	42,766	(36,907)
Other temporary deductible differences	458,717	233,157	(225,560)	124,723
<b>Total</b>	<b>987,824</b>	<b>672,335</b>	<b>(315,489)</b>	<b>(3,761)</b>
<b>10.7 Deferred tax liability</b>				
Other temporary deductible differences	-	-	-	(81,246)
<b>Total deferred tax expense</b>			<b>(315,489)</b>	<b>(85,007)</b>
<b>10.8 Corporate social responsibility tax</b>			<b>710,884</b>	<b>728,364</b>
<b>Total income tax expense</b>			<b>819,683</b>	<b>2,675,856</b>

**11 Authorised and issued capital**

Authorised and issued and fully paid 213,309 shares of R 100 each

21,330,924

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

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**12 Property, plant and equipment**

**12 (A) Group**

	Buildings & utilities	Aircraft	Machinery & fittings	Vehicles, boats & trailers	Total
<b>Cost</b>					
At 1 April 2015	138,455,411	20,972,738	44,859,238	19,709,517	223,996,904
Additions	11,238,092	298,841	7,901,817	1,004,342	20,443,092
Disposal	-	-	-	-	-
<b>At 31 March 2016</b>	<b>149,693,503</b>	<b>21,271,579</b>	<b>52,761,055</b>	<b>20,713,859</b>	<b>244,439,996</b>
<b>Accumulated depreciation and impairment</b>					
At 1 April 2015	89,299,884	712,499	29,624,179	15,652,004	135,288,566
Annual depreciation	8,185,132	185,323	4,640,545	3,350,758	16,361,758
Disposals	-	-	-	-	-
<b>At 31 March 2016</b>	<b>97,485,016</b>	<b>897,822</b>	<b>34,264,724</b>	<b>19,002,762</b>	<b>151,650,324</b>
<b>Carrying amount</b>					
At 1 April 2015	49,155,527	20,260,239	15,235,059	4,057,513	88,708,338
<b>At 31 March 2016</b>	<b>52,208,487</b>	<b>20,373,757</b>	<b>18,496,331</b>	<b>1,711,097</b>	<b>92,789,672</b>

**12 (B) Company**

	Buildings & utilities	Boats & engines	Machinery & fittings	Vehicles, aircraft & trailers	Total
<b>Cost</b>					
At 1 April 2015	125,541,871	6,250,236	36,443,869	30,143,000	198,378,976
Additions	8,788,318	298,841	7,775,852	1,004,342	17,867,353
Disposal	-	-	-	-	-
<b>At 31 March 2016</b>	<b>134,330,189</b>	<b>6,549,077</b>	<b>44,219,721</b>	<b>31,147,342</b>	<b>216,246,329</b>
<b>Accumulated depreciation and impairment</b>					
At 1 April 2015	87,319,511	5,803,592	28,021,555	8,964,735	130,109,393
Annual depreciation	6,615,841	185,323	2,891,451	2,403,365	12,095,980
Disposals	-	-	-	-	-
<b>At 31 March 2016</b>	<b>93,935,352</b>	<b>5,988,915</b>	<b>30,913,006</b>	<b>11,368,100</b>	<b>142,205,373</b>
<b>Carrying amount</b>					
At 1 April 2015	38,222,360	446,644	8,422,314	21,178,265	68,269,583
<b>At 31 March 2016</b>	<b>40,394,837</b>	<b>560,162</b>	<b>13,306,715</b>	<b>19,779,242</b>	<b>74,040,956</b>

**13 Investments**

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

	% Holding	2016	2015
<b>Held in group company</b>			
Green Island Construction Company Limited	100%	100,000	100,000
<b>Other</b>			
Desroches Island Lodge Limited	1%	48,237	48,237
Paradise Marine Limited	20%	3,903,290	2,000
<b>Total</b>		<b>4,051,527</b>	<b>150,237</b>

During the year the company acquired 207 shares in Paradise Marine Limited at a premium of \$ 1,511.28 per share.

**14 Deferred grants (Company)**

	2016	2015
Balance 1 April	23,624,549	25,647,363
Amortisation for the year	(1,693,881)	(2,022,814)
<b>Balance 31 March</b>	<b>21,930,668</b>	<b>23,624,549</b>

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**15 Inventories**

	Consolidated		Company	
	2016	2015	2016	2015
Copra	414,497	151,816	414,497	151,816
Employee shop stocks	907,215	1,017,242	907,215	1,017,242
Live stock & livestock products	160,000	151,000	160,000	151,000
Engineering spares	5,639,619	4,808,266	5,639,619	4,808,266
Building materials	34,217,543	8,322,104	24,292,544	1,502,321
Fuel and sundry	1,802,458	2,131,282	1,802,458	2,131,282
<b>Total</b>	<b>43,141,332</b>	<b>16,581,710</b>	<b>33,216,333</b>	<b>9,761,927</b>

**16 Trade and other receivables**

	Consolidated		Company	
	2016	2015	2016	2015
Trade receivables	15,365,519	20,259,640	15,365,519	20,259,640
Completed works awaiting certification	19,188,679	681,769	13,985,841	-
Construction debtors	41,002,476	40,774,407	15,783,334	11,605,476
Prepaid goods and credit with suppliers	1,131,678	8,969,111	-	-
Other receivables	5,856,948	16,271,335	7,664,900	14,153,262
<b>Total</b>	<b>82,545,300</b>	<b>86,956,262</b>	<b>52,799,594</b>	<b>46,018,378</b>

**17 Employee benefit obligations**

	Consolidated		Company	
	2016	2015	2016	2015
1 April	2,416,288	2,151,289	2,317,343	2,071,292
Benefits paid	(1,582,986)	(875,449)	(1,528,614)	(836,017)
Current service cost	1,417,818	1,140,448	1,243,500	1,082,068
<b>Total</b>	<b>2,251,120</b>	<b>2,416,288</b>	<b>2,032,229</b>	<b>2,317,343</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**

	Consolidated		Company	
	2016	2015	2016	2015
<b>Non current</b>				
Bank loan	107,455,233	76,702,118	13,690,136	12,952,025
<b>Total</b>	<b>107,455,233</b>	<b>76,702,118</b>	<b>13,690,136</b>	<b>12,952,025</b>
<b>Current</b>				
Bank loans	22,883,722	7,838,640	5,151,600	4,724,086
Bank overdrafts	11,038,541	17,653,506	6,647,480	6,744,844
<b>Total</b>	<b>33,922,263</b>	<b>25,492,146</b>	<b>11,799,080</b>	<b>11,468,930</b>
<b>Total borrowings</b>	<b>141,377,496</b>	<b>102,194,264</b>	<b>25,489,216</b>	<b>24,420,955</b>

**18.1 Repayments**

	2016	2015	2016	2015
Repayable within 1 year	33,922,263	25,492,149	11,799,080	11,468,930
Repayable later than 1 year and no later than 5 years	89,199,525	38,670,965	13,690,136	12,952,025
Repayable later than 5 years	18,255,708	38,031,150	-	-
<b>Total</b>	<b>141,377,496</b>	<b>102,194,264</b>	<b>25,489,216</b>	<b>24,420,955</b>

**18.2 Currency profile**

	2016	2015	2016	2015
US \$	23,232,797	24,224,817	25,489,216	17,676,111
Seychelles R	118,144,699	77,969,447	-	6,744,844
<b>Total</b>	<b>141,377,496</b>	<b>102,194,264</b>	<b>25,489,216</b>	<b>24,420,955</b>

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**18 Borrowings (cont.)**

**18.3 Finance cost profile**

	Consolidated		Company	
	2016	2015	2016	2015
3 months Libor + 5% (average 5.24%)	-	6,548,706	-	-
Lending rate @5.23%	23,232,797	17,676,111	18,841,736	17,676,111
Lending rate + 3% (Average 10%)	-	19,340,976	-	-
Lending rate @ 11%	104,969,098	58,628,471	-	-
Lending rate @ 13%	13,175,601	-	6,647,480	6,744,844
<b>Total</b>	<b>141,377,496</b>	<b>102,194,264</b>	<b>25,489,216</b>	<b>24,420,955</b>

**19 Trade and other payables**

	Consolidated		Company	
	2016	2015	2016	2015
Trade payables	31,288,867	36,229,265	26,187,122	14,476,960
Advances on contracts	123,850,422	16,399,380	110,268,947	13,245,001
Construction creditors	7,841,996	5,017,245	7,841,996	5,017,245
Payables to related parties(Note 20)	4,813,291	-	-	9,066,705
Salaries payable - construction workers	9,838,268	4,430,255	9,838,268	4,430,255
Staff performance incentives	-	1,045,068	-	1,045,068
Deferred revenue	3,781,594	4,203,332	3,781,594	4,203,332
Other accruals	19,523,579	18,248,984	5,908,705	5,279,368
<b>Total</b>	<b>200,938,017</b>	<b>85,573,529</b>	<b>163,826,632</b>	<b>56,763,934</b>

**20 Lending (group)**

Receivable under finance lease:

	Re Ministry of Land Use Extension	Re Mayor's office
Net investment in lease	92,453,984	4,009,415
Interest raised	6,588,519	695,017
Finance repaid during the period	(6,780,637)	(738,020)
<b>Total</b>	<b>92,261,866</b>	<b>3,966,412</b>

The future minimum lease payments under non cancellable financial leases (discounted at 11% per annum) are as follows:

	Ministry of Land Use Extension		Mayor's office	
	Lease repayment	Lending repayment	Lease repayment	Lending repayment
Receivable within 1 year	20,341,911	18,273,816	883,224	744,852
Receivable later than 1 year and no later than 5 years	101,709,553	50,719,164	4,416,120	2,007,863
Receivable over 5 years	54,245,095	23,268,886	1,913,652	1,219,793
<b>Total</b>	<b>176,296,559</b>	<b>92,261,866</b>	<b>7,212,996</b>	<b>3,972,508</b>

**21 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.

**21.1 Sale of goods; services and expenses recovered**

	Consolidated		Company	
	2016	2015	2016	2015
To associated companies	14,403,402	20,820,154	14,403,402	20,820,154
To subsidiary	-	-	-	-
<b>Total</b>	<b>14,403,402</b>	<b>20,820,154</b>	<b>14,403,402</b>	<b>20,820,154</b>

**21.2 Purchase of services**

	2016	2015	2016	2015
From associated company	7,472,335	11,150,722	7,472,335	11,150,722
From subsidiary	-	-	-	-
<b>Total</b>	<b>7,472,335</b>	<b>11,150,722</b>	<b>7,472,335</b>	<b>11,150,722</b>



**ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

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**21.3 Year end balances receivable from arising from provision of services**

	Consolidated		Company	
	2016	2015	2016	2015
From associated company (Classified as non current )	12,335,014	16,156,853	12,335,014	16,156,853
To subsidiary	-	-	3,946,360	(9,066,705)
	<b>12,335,014</b>	<b>16,156,853</b>	<b>16,281,374</b>	<b>7,090,148</b>

**21.4 Loan to associated company**

	Company	
	2016	2015
At 1 April	2,169,690	2,169,690
Converted to shareholding	(2,169,690)	-
Loan repaid	-	-
<b>At 31 March - classified as non - current</b>	<b>-</b>	<b>2,169,690</b>

Loans and advances to/from related parties are free of interest and have no specific repayment terms.

**21.5 Parent Company directors emoluments, pensions or compensation**

	Consolidated		Company	
	Salary for Management		Fees, Pensions & Others	
	2016	2015	2016	2015
Mr. G.M. Savy	997,740	775,542	997,740	775,542
Mr. R. Renaud	396,720	369,036	396,720	369,036
Mr. P. Lablache	98,104	89,869	54,720	47,509
Mr. D. Dogley	34,045	48,733	21,280	27,553
Mr. H. Aglae	36,480	27,553	36,480	27,553
Ms. L. Desaubin	58,363	48,733	36,480	27,553
Ms. S. Naiken	58,363	48,733	36,480	27,553
Mr. P. Payet	58,363	48,733	36,480	27,553
<b>Total</b>	<b>1,738,178</b>	<b>1,456,932</b>	<b>1,616,380</b>	<b>1,329,852</b>

**22 Commitments**

**22.1 Capital commitments - prepayments made (company)**

Work in progress represents cost to date (R 3,594,442) for equipments bought on hire purchase agreement for a total value Eur 175,000 and additional spare parts at a cost of R 1,364,849. The repayment term is an advance of Eur 24,000 and 12 monthly installments of Eur 12,583.33.

**21.2 Work in progress to be disposed as condominiums for sale (group)**

The group is engaged in the construction a condominium project which will comprise of 57 luxury and 100 graduate apartments (50 each of 3 and 2 bedrooms). The project is expected to cost R 370m on completion with a potential revenue of R 511m.

The first phase, comprising of 30 apartments (19 luxury and 10 each of 3 and 2 bedrooms) has commenced at an estimated cost of R 86m, and is expected to be completed by October 2017. The construction will be financed by pre selling the apartments and a bank loan of 30m, repayable over 24 months and bearing interest at a rate of 9 % per annum.

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

The company leases out islands and buildings under long term leases with rent reviews every 5 years and option to renew or extend the

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

	US\$	Rupees
Repayable no later than 1 year	927,314	339,900
Repayable later than 1 year and no later than 5 years	2,989,516	912,000
Repayable later than 5 years	27,507,951	-
	<b>31,424,781</b>	<b>1,251,900</b>

**ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

Financial statements are prepared in Seychelles Rupees

**23 Contingencies**

**23.1 Post balance sheet date event**

On 10th April 2016, the Farquhar island was hit by the Fantala a category 5 cyclone on the Saffir-Simpson scale. These financial statements have not been adjusted for the damages caused to the fixed assets amounting to R 6,157,433 (carrying nbv) and the estimated replacement cost for buildings per a Quantity Surveyors report estimated at R 10,515,000. The company expects to recover R 9 m from the insurers for the damages.

**23.2 Application of taxation for asset sold on finance lease.**

The subsidiary Green Tree Investment Company Limited is seeking various confirmations on the applicable treatment of finance lease reverses and future rents in terms of Business, Value Added and Corporate Social Responsibility Taxes. The company is of the opinion that its financial statement includes provisions for all potential liabilities.

**23.3 Other**

The directors are not aware of any other outstanding contingent liabilities at 31 March 2016.