



## **OFFICE OF THE AUDITOR GENERAL**

P.O. Box 49 - Victoria,  
Mahe, Republic of Seychelles  
Telephone: (248) 4672500 Fax: (248) 4610365  
E-mail: [auditgen@oag.sc](mailto:auditgen@oag.sc) Website: [www.oag.sc](http://www.oag.sc)

---

**Please address all correspondence to the Auditor General**  
**REPORT OF THE AUDITOR GENERAL TO THE BOARD**

### **SEYCHELLES PORTS AUTHORITY**

Pursuant to the powers conferred on me by Section 16 (3) of the Seychelles Ports Authority Act 2004, I have caused BDO Associates (Chartered Accountants) to audit on my behalf the financial statements of the Authority for the period ended 31 December 2011 as set out on pages 4 to 19.

#### **Board's Responsibility for the Financial Statements**

As set out in Page 2, the Director's Report, the Board is responsible for the preparation of financial statements and their fair presentation. The 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, selection and applying appropriate policies, and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on those financial statements based on the audit. The audit was conducted in accordance with Generally Accepted Auditing Standards in Seychelles. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessment, the auditors consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board as well as evaluating the overall presentation of the financial statements.

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

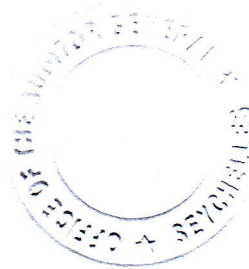
**Audit Opinion**

In my opinion, the financial statements on pages 4 to 19 fairly present the financial position of the Seychelles Ports Authority at 31 December 2011 and the results of its operations and cash flows for the year then ended.



**Marc Benstrong**  
**Auditor General**

**10 December 2013**  
**Victoria**



**SEYCHELLES PORTS AUTHORITY**

**REPORT OF THE BOARD AND AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

---

<b>CONTENTS</b>	<b>PAGE</b>
Report of the Board	1 - 2
Report of the Auditors	3 - 3 (a)
Balance Sheet	4
Income Statement	5
Statement of Changes in Equity	6
Cash Flow Statement	7
Notes to the Financial Statements	8 - 19



**REPORT OF THE BOARD**

---

The Board has pleasure in submitting its Annual Report together with the audited financial statements of the Authority for the year ended December 31, 2012.

**AUTHORITY**

The Seychelles Ports 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 SR 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, to 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 law as fully described under Section 6 of the Act and the applicable Regulations.

**RESULTS**

The profit for the year before tax amounted to SR. 40.5 million (2011 : SR.35 million).

**DIVIDENDS**

Dividends amounting to SR 30 Million were paid in the financial year under review (2011 : Nil).

**PROPERTY AND EQUIPMENT**

Additions of SR. 83.3 million to property and equipment during the year comprised mainly work in progress, tugs, launches, office equipment and building improvements. Disposals during the year consisted of motor vehicles carried at net book value of SR 258k.

The Board is of the opinion that the carrying amounts of the property and equipment at December 31, 2012 approximate their fair value.

**COMPOSITION OF THE BOARD**

The members of the Board since the date of the last Annual Report and to date are:

Guy Adam (Resigned effective February 14, 2012)  
Conrad Benoiton (Appointed effective March 14, 2012)  
Andre Ciseaux  
Philippe Michaud  
Monica Bonvalet  
Jean Atalla

None of the Board members held any interest in the Authority.



**REPORT OF THE BOARD**

---

**STATEMENT OF BOARD'S 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 responsible for implementation of the decisions of the Authority and for the management of the day to day business of the Authority and subject to the directions of the Authority, 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 Generally Accepted Accounting Standards in Seychelles and in compliance with the Seychelles Ports Authority Act, 2004. 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; and making accounting estimates that are reasonable in the circumstances. The Board has 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 Board considers it has met the aforesaid responsibilities.

**AUDITOR**

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 Ports Authority Act, 2004.

Signed on behalf of the Board



Director

Dated: December 6, 2013  
Victoria, Seychelles



Director

## **INDEPENDENT AUDITORS' REPORT TO THE AUDITOR GENERAL**

3

### **SEYCHELLES PORTS AUTHORITY**

This report is made solely to the Auditor General in terms of our engagement to conduct the audit on his behalf. Our audit work has been undertaken so that we might state to the Auditor General those matters which we are required to state to him in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Auditor General, for our audit work, for this report, or for the opinions we have formed.

### **Report on the Financial Statements**

We have audited the attached financial statements of Seychelles Ports Authority set out on pages 4 to 19 which comprise the Balance Sheet at December 31, 2012, the Income Statement, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and explanatory notes.

### **Board's Responsibility for the Financial Statements**

As stated on Page 2 of the Board's Report, the Board is responsible for preparation of the financial statements.

### **Auditors' Responsibility**

Our responsibility is to express an opinion based on our audit. We conducted our audit in accordance with International Organisation of the Supreme Audit Institutions (INTOSAI) auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditors consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board as well as evaluating the overall presentation of the financial statements.

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



INDEPENDENT AUDITORS' REPORT TO THE AUDITOR GENERAL (Contd.)

3 (a)

SEYCHELLES PORTS AUTHORITY

Opinion

In our opinion, the financial statements on pages 4 to 19 give a true and fair view of the financial position of the Authority at December 31, 2012 and of its financial performance and its cash flows for the year then ended in accordance with the provisions of the Seychelles Ports Authorities Act, 2004.

*BDO Associates*  
**BDO ASSOCIATES**  
Chartered Accountants

Dated: December 6, 2013  
Victoria, Seychelles



## BALANCE SHEET AS AT DECEMBER 31, 2012

	<u>Notes</u>	<u>2012</u> SR'000	<u>2011</u> SR'000
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property and equipment	4 (a)	<u>166,082</u>	<u>91,156</u>
<b>Current assets</b>			
Trade and other receivables	5	<u>29,531</u>	<u>85,118</u>
Cash and bank balances	6	<u>31,228</u>	<u>29,186</u>
		<u>60,759</u>	<u>114,304</u>
<b>Total assets</b>		<u><u>226,841</u></u>	<u><u>205,460</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Capital reserve	7	<u>19,844</u>	<u>21,143</u>
Retained earnings		<u>104,192</u>	<u>105,106</u>
		<u>124,036</u>	<u>126,249</u>
<b>Non-current liability</b>			
Retirement benefit obligation	8	<u>2,087</u>	<u>925</u>
Other payables	9	<u>7,171</u>	<u>-</u>
		<u>9,258</u>	<u>925</u>
<b>Current liabilities</b>			
Trade and other payables	10	<u>4,547</u>	<u>786</u>
Tax liability	11	<u>89,000</u>	<u>77,500</u>
		<u>93,547</u>	<u>78,286</u>
<b>Total equity and liabilities</b>		<u><u>226,841</u></u>	<u><u>205,460</u></u>

These financial statements have been approved for issue by the Board on December 6, 2013



Director



Director

The notes on pages 8 to 19 form an integral part of these financial statements  
Auditors' report on pages 3 and 3 (a)

## INCOME STATEMENT - YEAR ENDED DECEMBER 31, 2012

	<u>Notes</u>	<u>2012</u> <u>SR'000</u>	<u>2011</u> <u>SR'000</u>
Port related services		91,559	67,948
Hire of boats		1,811	1,949
Rental income		5,341	12,561
Exchange (loss)/gain		(79)	266
Sundry income		2,897	648
Gross income		<u>101,529</u>	<u>83,372</u>
Cost of services		<u>(15,509)</u>	<u>(13,726)</u>
		86,020	69,646
Staff costs	12	(26,373)	(23,523)
Premises costs	13	(2,154)	(1,386)
Operating overheads	14	(4,034)	(3,260)
Provision for credit impairment	5	(6,022)	-
Net depreciation	4 (b)	(6,851)	(6,245)
Profit before tax		<u>40,586</u>	<u>35,232</u>
Tax expense	11	(11,500)	(8,000)
Profit for the year		<u><u>29,086</u></u>	<u><u>27,232</u></u>

The notes on pages 8 to 19 form an integral part of these financial statements  
Auditors' report on pages 3 and 3 (a)

## STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2012

	Note	Capital reserve SR	Retained earnings SR	Total SR
Balance at January 1, 2012		21,143	105,106	126,249
Profit for the year		-	29,086	29,086
Dividends paid	15	-	(30,000)	(30,000)
Release to income statement in respect of depreciation charged	4 (b)	(1,299)	-	(1,299)
Balance at December 31, 2012		<u>19,844</u>	<u>104,192</u>	<u>124,036</u>
Balance at January 1, 2011		22,442	77,874	100,316
Profit for the year		-	27,232	27,232
Release to income statement in respect of depreciation charged	4 (b)	(1,299)	-	(1,299)
Balance at December 31, 2011		<u>21,143</u>	<u>105,106</u>	<u>126,249</u>

The notes on pages 8 to 19 form an integral part of these financial statements  
Auditors' report on pages 3 and 3 (a)



## CASH FLOW STATEMENT - YEAR ENDED DECEMBER 31, 2012

	<u>Notes</u>	<u>2012</u> <u>SR'000</u>	<u>2011</u> <u>SR'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		40,586	35,232
Adjustments for:			
Depreciation	4 (b)	6,851	6,245
Increase/(decrease) in provision for retirement benefit obligation		1,162	(477)
Loss on disposal of property and equipment		31	-
Cash generated from operations		<u>48,630</u>	<u>41,000</u>
Decrease/(Increase) in trade and other receivables		55,587	(27,142)
Increase/(decrease) in trade and other payables		<u>10,932</u>	<u>(5)</u>
<b>Net cash inflow from operating activities</b>		<u>115,149</u>	<u>13,853</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property and equipment	4 (a)	(83,334)	(79,795)
Proceeds from disposal of property and equipment		227	-
<b>Net cash outflow from investing activities</b>		<u>(83,107)</u>	<u>(79,795)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid and net cash outflow from financing activities	14	<u>(30,000)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		<u>2,042</u>	<u>(65,942)</u>
<b>Movements in cash and cash equivalents:</b>			
At January 1,		29,186	95,128
Increase/(decrease)		<u>2,042</u>	<u>(65,942)</u>
<b>At December 31,</b>	6	<u>31,228</u>	<u>29,186</u>

The notes on pages 8 to 19 form an integral part of these financial statements  
Auditors' report on pages 3 and 3 (a)

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2012

---

**1. GENERAL**

Seychelles Ports 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 at nil consideration.

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

The principal activities of the Authority are as stated in the Board's Report on page 1.

**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 under the historical cost convention method in accordance with Generally Accepted Accounting Standards in Seychelles and comply with the Seychelles Ports Authority Act, 2004.

**(b) Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. The leasehold lands on which buildings are constructed were leased to the Authority by the Government of Seychelles at a negligible amount. The cost of property and equipment that were taken over by the Authority from the former Port and Marine Services Division is the net book value of those assets at the date of take over. Cost of property and equipment acquired after the Authority came into existence consists of purchase cost, together with any incidental expenses of acquisition and installation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow and the cost can be reliably measured. Repairs and maintenance are charged to the Income Statement during the year in which they are incurred.

Properties in the course of construction for operation purposes are carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2012

**2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)****(b) Property and equipment (Contd.)**

Depreciation is calculated on items of property and equipment so as to write off its cost on a straight line basis over their estimated useful lives. The estimated useful lives are:

	Years
Improvement to Buildings	20
Tugs and launches	15
Pontoons	20
Outboard engines	4
Machinery, equipment and tools	5
Office equipment	4
Furniture and fittings	4
Other assets	4
Motor vehicles	5

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Gains and losses on disposal of property and equipment are determined by comparing proceeds with carrying amount and are included in the Income Statement.

**(c) Financial instruments**

Financial assets and liabilities are recognised on the Authority's balance sheet 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.

**(i) 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.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the Income Statement.

The carrying amount of trade receivables approximated their fair value.



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2012

---

**2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)****(c) Financial instruments (Contd.)****(ii) Trade and other payables**

Trade payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed or not billed to the Authority.

The carrying amount of trade payables approximate their amortised cost.

**(iii) Cash and cash equivalents**

The cash flow statement classifies changes in cash and cash equivalents according to operating, investing and financing activities. Cash and cash equivalents comprise cash in hand and 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.

**(iv) Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet 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.

**(d) Leases**

Where immovable properties have been acquired by lease agreements under which all of the risks and rewards of ownership are transferred to the Authority at the inception of the lease, they are treated as if they had been purchased outright and classified as Leasehold. The total lease rental paid for the period of lease are recognised as long term investments and the advance lease rent is appropriated over the period of the lease term.

**(e) Retirement benefit obligations**

Retirement benefit obligations comprise of end-of-contract gratuities and Labour Act length of service compensation. The Authority computes this liability in respect of eligible employees at the end of each year based on the current salaries of those employees. Excess/shortfall to the provision is adjusted to the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2012

---

**2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)****(f) Tax**

Tax on the profit or loss for the year comprises current tax. Current tax is the expected amount of tax payable in respect of the taxable profit and is measured using the tax rates applicable at the balance sheet date. No provision is made for deferred tax as the Authority has applied for exemption from payment of business tax.

**(g) Provisions**

Provisions are recognised when the Authority has a present legal or constructive obligation 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.

**(h) Revenue recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

**(i) Port services income**

Port services and related income are recognised based on the usage of facilities by customers net of discounts.

**(ii) Rental income**

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

**(iii) Interest income**

Interest income is recognised on an accrual basis with the substance of the relevant investment agreements with the banks and per terms of offer of the Government Securities.

**(iv) Other revenues**

Surcharges and other revenues are recognised on an accrual basis with the substance of the items.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2012

---

**2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)****(i) Foreign currencies*****Functional and presentation currency***

Items included in the financial statements are measured in the currency of the primary economic environment in which the Authority operates. The Financial Statements are presented in Seychelles rupees which is the Authority's functional and presentation currency.

***Transactions and balances***

Foreign currency transactions are translated in the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in a currency other than the presentation currency, are recognised in the Income Statement. Such monetary assets and liabilities are translated into presentation currency using the exchange rates prevailing at the balance sheet date.

Non-monetary assets which are denominated in a currency other than the presentation currency are translated at exchange rates prevailing at the date these assets were recognised in the Financial Statements.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and assumptions concerning the future are made in the preparation of the Financial Statements. They affect the application of the Authority's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(i) Tax provision**

The Authority has applied for exemption from payment of Business Tax in December 2006 and is still awaiting a reply from the Seychelles Revenue Commission. The Authority has made provisions for tax at the applicable tax rates for prior periods and the current financial year. Should the Authority be granted exemption from payment of Business Tax at a future date, the amount provided would be credited back to retained earnings.

No penalty has however been provided in respect of late payment of tax since the amount cannot be reasonably estimated at this point of time.



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2012

---

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Contd.)****(ii) Depreciation of property and equipment**

The deemed cost of property and equipment that were taken over by the Authority from the former Port and Marine Services Division is the net book value of those assets at the date of take over. Cost of assets acquired after the Authority came into existence is their actual cost of acquisition. Assets at cost and deemed cost are depreciated on a straight line basis at rates which are calculated to write down their stated cost to their estimated residual values at the end of their operational lives. Certain estimates regarding the operational lives and residual values of assets are made by the Authority based on past experience and their operational lives and residual values are reviewed on an annual basis.

**(iii) 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 Services Division at nil consideration. The net value of assets over liabilities was recognised as Capital Reserve and credited to the Capital Fund Account with an assumption that this amount was not payable in future to the Government of Seychelles.

**(iv) Dividends**

Payment of Dividends to the Government of Seychelles is as per directives of the Ministry of Finance, who is vested with the powers 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.

**(v) Leasehold lands**

Leasehold lands have been transferred to the Authority by the Government of Seychelles at a negligible value. Improvement 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.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2012

## 4. PROPERTY AND EQUIPMENT

	Improve- ments to <u>buildings</u> SR'000	Tugs buoys & <u>launches</u> SR'000	<u>Pontoons</u> SR'000	Boats & outboard <u>engines</u> SR'000	Machinery equipment and tools SR'000	Office equipment SR'000	Furniture and <u>fittings</u> SR'000	Motor <u>vehicles</u> SR'000	Other <u>assets</u> SR'000	Work in <u>progress</u> SR'000	<u>Total</u> SR'000
<b>(a) COST/DEEMED COST</b>											
At January 1, 2011	2,069	24,424	600	62	450	1,390	379	437	843	-	30,654
Additions	222	78,997	-	-	31	202	15	198	130	-	79,795
At December 31, 2011	2,291	103,421	600	62	481	1,592	394	635	973	-	110,449
Additions	337	2,784	-	-	620	378	92	2,584	515	76,024	83,334
Disposals	-	-	-	-	-	-	-	(298)	-	-	(298)
At December 31, 2012	2,628	106,205	600	62	1,101	1,970	486	2,921	1,488	76,024	193,485
<b>ACCUMULATED DEPRECIATION</b>											
At January 1, 2011	385	8,702	188	44	294	1,084	324	412	316	-	11,749
Charge for the year	110	6,889	30	2	54	152	32	64	211	-	7,544
At December 31, 2011	495	15,591	218	46	348	1,236	356	476	527	-	19,293
Charge for the year	126	6,926	30	2	157	186	30	431	262	-	8,150
Disposal adjustment	-	-	-	-	-	-	-	(40)	-	-	(40)
At December 31, 2012	621	22,517	248	48	505	1,422	386	867	789	-	27,403
<b>NET BOOK VALUE</b>											
At December 31, 2012	2,007	83,688	352	14	596	548	100	2,054	699	76,024	166,082
At December 31, 2011	1,796	87,830	382	16	133	356	38	159	446	-	91,156

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2012

**4. PROPERTY AND EQUIPMENT (CONT'D.)****(b) Depreciation**

	<u>2012</u>	<u>2011</u>
	SR'000	SR'000
Depreciation charge (note 4 (a))	8,150	7,544
Release from capital reserve	<u>(1,299)</u>	<u>(1,299)</u>
<b>Net charge for the year</b>	<b><u>6,851</u></b>	<b><u>6,245</u></b>

Depreciation released from capital reserve is in respect of property and equipment transferred by Port and Marine Services Division to the Seychelles Ports Authority at nil consideration in the year 2004 (inception of Seychelles Ports Authority).

**5. TRADE AND OTHER RECEIVABLES**

	<u>2012</u>	<u>2011</u>
	SR'000	SR'000
<b>Trade receivables:</b>		
Port and other port related fees receivable	29,012	21,719
Rent receivable	1,667	4,724
Provision for credit impairment	<u>(8,087)</u>	<u>(2,065)</u>
	22,592	24,378
<b>Other receivables:</b>		
Prepayments	1,233	59,264
Others	<u>5,706</u>	<u>1,476</u>
	<b><u>29,531</u></b>	<b><u>85,118</u></b>

**6. CASH AND BANK BALANCES**

	<u>2012</u>	<u>2011</u>
	SR'000	SR'000
Call deposits	2	2
Cash at bank	31,216	29,179
Cash on hand	10	5
	<b><u>31,228</u></b>	<b><u>29,186</u></b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2012

**7. 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 Services Division for which no consideration was paid to the Government of Seychelles. The contra to the net assets taken over was recognised as a Capital Reserve.

**8. RETIREMENT BENEFIT OBLIGATION**

Gratuity and length of service provision is calculated in accordance with the Ministry of Administration and Manpower, Circular 9A of 1993, superseded by Circular 6 of 2006, and 15% of gross salary in respect of senior officers employed on contract basis.

**9. OTHER PAYABLE**

Other payable represents long term payable to Seypec spread out over the period of two years.

**10. TRADE AND OTHER PAYABLES**

	2012 SR'000	2011 SR'000
Trade payables	4,230	351
Accrued expenses	135	333
Deposits	182	102
	<u>4,547</u>	<u>786</u>

**11. TAX**

	2012 SR'000	2011 SR'000
At January 1,	77,500	69,500
Current tax based on the profit for the year	11,500	8,000
At December 31,	<u>89,000</u>	<u>77,500</u>

The Authority applied to the Seychelles Revenue Commission ("SRC") in December 2006 for exemption from payment of Business Tax and is still awaiting a response. In the meantime, provision for tax has been made for prior periods and for the financial year under review. However, it is the intention of the Authority to pursue the matter with SRC to obtain exemption.



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2012

**12. STAFF COSTS**

	2012	2011
	SR'000	SR'000
Salaries and wages	22,466	21,249
Social security and pension	287	216
Gratuity and length of service provision	1,948	1,578
Other staff costs	1,672	480
	<u>26,373</u>	<u>23,523</u>

**13. PREMISES COSTS**

	2012	2011
	SR'000	SR'000
Rent	375	-
Electricity and water	1,327	1,197
Cleaning costs	430	167
Insurance	22	22
	<u>2,154</u>	<u>1,386</u>

**14. OPERATING OVERHEADS**

	2012	2011
	SR'000	SR'000
Advertising, entertainment and donations	487	179
Bank charges	30	40
Communication costs	382	398
Board members' fees (see below)	114	148
Local travel and conveyance	493	480
Loss on disposal of property and equipment	31	-
Office equipment maintenance	303	265
Other operating overheads	256	153
Overseas travel and subsistence	608	860
Professional and consultancy fees	112	206
Stationery, postage and subscriptions	552	241
Vehicle maintenance	666	290
	<u>4,034</u>	<u>3,260</u>
<b>Board members' fees:</b>		
Andre Ciseaux	22	54
Monica Bonvalet	22	22
Philippe Michaud	22	-
Ina Henriette	2	22
Conrad Benoiton	23	-
Guy Adam	2	28
Jean Atalla	22	22
	<u>114</u>	<u>148</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2012

---

**15. DIVIDENDS**

The Authority paid dividend amounting to SR 30 Million to Government of Seychelles during the year under review.

**16. CAPITAL COMMITMENTS**

There were no capital commitments as at December 31, 2012 (2011 : Nil).

**17. CONTINGENT LIABILITY**

There were no contingent liability as at December 31, 2012 (2011 : Nil).

**18. FINANCIAL RISK MANAGEMENT**

The Authority's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Authority's activities whilst managing its interest rate, foreign exchange, liquidity and credit. The Authority operates within clearly defined guidelines set in the Seychelles Ports Authority Act, 2004 and Regulations associated with the said Act and the Authority's policy is not to engage in any speculative transactions.

The Authority's activities expose it to a variety of financial risks including the following:

**(a) Interest rate risk**

The Authority finances its operations through operating cash flows which are denominated in foreign currencies and Seychelles Rupees. Interest rate risk is considered low as the cash inflows are sufficient to meet the Authority's obligations.

**(b) Foreign exchange 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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2012

---

**18. FINANCIAL RISK MANAGEMENT (CONT'D.)****(c) Liquidity risk**

This refers to the possibility of the Authority being unable to meet its obligations because of unavailability of funds for operational payments. In order to ensure adequacy of its funding, cash flow forecasts are prepared regularly and actions taken appropriately. Moreover, the Authority is supported by the Government to ensure that the objectives of the Authority are met.

Procedures have also been established throughout the Authority so that all users channel their requirements to the treasury function. This ensures that cash flow forecast exercise is carried out based on real-time information from users. The Authority also has a portfolio of liquid assets, the maturities of which falls either before or concurrent to the maturity of its obligations.

**(d) Credit risk**

Credit risk relates to the possibility of default by tenants and shipping agents in settling their obligations to the Authority. The Authority has established internal policies to determine the creditworthiness and reliability of potential tenants. The Authority also seeks to control credit risk by ensuring that rental agreements are made with entities with an appropriate credit history. The Authority considers that the risk of material loss in the event of non-performance by a financial counter-party to be mitigated.

**(e) Fair values**

The carrying amounts of financial assets and financial liabilities of the Authority at the balance sheet date approximate their fair values.