PROPERTY MANAGEMENT CORPORATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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CORPORATE INFORMATION

DIRECTORS	:	Yves Choppy Lenny Lebon Ronny Palmyre Marie-Celine Vidot Marcus Simeon Elizabeth Agathine Linda William-Melanie
SECRETARY	:	Imelda Anette Aglae
REGISTERED OFFICE	:	Victoria, Mahé, Seychelles
PRINCIPAL PLACE OF BUSINESS	:	Mahé Seychelles
AUDITORS	:	BDO Associates Chartered Accountants Seychelles
BANKERS		Habib Bank Limited Bank of Baroda The Mauritius Commercial Bank (Seychelles) Limited Seychelles Commercial Bank Limited Barclays Bank (Seychelles) Ltd

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Corporation for the year ended December 31, 2016.

PRINCIPAL ACTIVITIES

The Corporation was created under the Property Management Corporation (PMC) Act, 2004 and is engaged in the sale, lease or rental of flats and houses. The operations and activities of PMC was previously integrated within those of HFC but the two entities were separated effective September 1, 2013.

RESULTS

	SR
Loss for the year	(6,240,129)
Retained earnings brought forward	(2,193,721)
Revenue deficit carried forward	**(8,433,850)**

EQUIPMENT AND INVESTMENT PROPERTIES

Additions to equipment of **SR 1.8m** during the year comprised furniture & equipment and Vehicles. Disposals of equipment consists of furniture and equipment with a net book value of **SR 0.03m.**

During the year under review, additions to investment properties were **SR 1.8m** and disposals of investment properties amounted to **SR 2.9m** with a nil net book value.

The Directors are of the opinion that fair values of equipment and investment properties of the Corporation at December 31, 2016 do not differ materially from their carrying amounts at the end of the reporting year.

DIRECTORS AND DIRECTORS' INTEREST

The Directors of the Corporation from the date of the last report and to-date are:

Yves Choppy
Jules Baker (Resigned effective 1st November 2016)
Lenny Lebon (appointed effective 1st November, 2016)
Ronny Palmyre
Marie-Celine Vidot
Marcus Simeon
Elizabeth Agathine
Linda William-Melanie

None of the Directors held an interest in the shares of the Company during the year under review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the overall management of the affairs of the Corporation including the operations of the Corporation and making investment decisions.

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 Property Management Corporation 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 Directors have the general responsibility of safeguarding the assets, both owned by the Corporation and those that are held in trust and used by the Corporation.

The Directors consider they have met their aforesaid responsibilities.

AUDITORS

The Auditor General of Seychelles has been mandated to audit the financial statements of the Corporation pursuant to Section 21 of Part IV - Financial Provisions of the Property Management Corporation Act, 2004.

BOARD APPROVAL

Yves Choppy
Director

Lenny Lebon
Director

Ronny Palmyre
Director

Marie-Celine Vidot
Director

Marcus Simeon
Director

Elizabeth Agathine
Director

Linda William-Melanie
Director

Dated: 2 8 JUN 2017
Victoria, Seychelles

OFFICE OF THE AUDITOR GENERAL

P.O. Box 49 - Victoria,
Mahe, Republic of Seychelles
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Please address all correspondence to the Auditor General

REPORT OF THE AUDITOR GENERAL TO THE BOARD PROPERTY MANAGEMENT CORPORATION

Pursuant to the powers conferred on me by Section 21 of the Property Management Corporation Act 2004, I have caused BDO Associates (Chartered Accountants) to audit on my behalf the financial statements of the Property Management Corporation for the year ended 31 December 2016, as set out on pages 4 to 17.

Responsibility of the Board of Directors

The Board of Directors of the Corporation is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in Seychelles and in compliance with the requirements of the Property Management Corporation Act and the Public Enterprise Monitoring Commission Act and for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Auditor General

My responsibility is to express an opinion on these financial statements based on the audit. The audit was conducted in accordance with INTOSAI auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 those risk assessments, the auditor considers internal control relevant to the Corporation'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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors 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:

(a) proper accounting records have been kept by the Corporation as far as appears from my examination of those records; and

(b) the financial statements set out on pages 4 to 17 give a true and fair view of the financial position of the Corporation as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting practice in Seychelles and comply with the Property Management Corporation Act, 2004 and the Public Enterprise Monitoring Commission Act, 2013.

Gamini Herath
Auditor General

02 August 2017
Victoria, Seychelles

BDO

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The Creole Spirit
Quincy Street, Mahé
Victoria, Seychelles

INDEPENDENT AUDITORS' REPORT TO THE AUDITOR GENERAL

This report is made solely to the Auditor General of Seychelles, in terms of our engagement to conduct the audit of the financial statements of Property Management Corporation 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 financial statements of Property Management Corporation set out on pages 4 to 17 which comprise the Balance Sheet at December 31, 2016, 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 other explanatory notes.

Board's Responsibility for the Financial Statements

As stated on page 2(a) of the Directors' Report, the Board of Directors are responsible for preparation of the financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on those financial statements based on our audit. We conducted our audit 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 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 Corporation'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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors 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.

BDO

PROPERTY MANAGEMENT CORPORATION

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Basis of qualified opinion

Provision for credit impairment

The Corporation's accounting system cannot provide an ageing of rent receivable from tenants. In the absence of an aged analysis of rental due or other documents giving such details, we were unable to perform adequate audit procedures in respect of those receivables and could not ascertain the adequacy of provision for credit impairment.

Opinion

In our opinion, except for the financial impact of any of the matter described above, the financial statements on pages 4 to 17 give a true and fair view of the financial position of the Corporation at December 31, 2016 and of its financial performance and its cash flows for the period then ended in accordance with Generally Accepted Accounting Standards in Seychelles and comply with the provisions of the Property Management Corporation Act, 2004.

Report on Other Legal Regulatory Requirements

Property Management Corporation Act, 2004

We have no relationship with, or interests, in the Corporation other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Corporation as far as it appears from our examination of those records.

Public Enterprise Monitoring Commission Act, 2013

In our opinion, proper accounting records have been kept by the Corporation as far as it appears from our examination of those records.

We have obtained all the information necessary for the purpose of our audit and are satisfied with the information received.

BDO Associates

BDO ASSOCIATES
Chartered Accountants

Dated: 28 JUN 2017
Mahé, Seychelles

BALANCE SHEET AS AT DECEMBER 31, 2016

	Notes	2016	2015
		SR	SR
ASSETS			
Non-current assets			
Property and equipment	5	**2,445,742**	1,764,217
Investment properties	6	**175,030,066**	182,733,406
Finance lease receivables	7	**420,007,974**	553,365,603
		597,483,782	737,863,226
Current assets			
Inventories	8	**2,080,309**	15,723,960
Trade and other receivables	9	**41,764,243**	19,191,141
Cash and bank balances		**9,816,579**	19,496,179
		53,661,131	54,411,280
TOTAL ASSETS		**651,144,913**	792,274,506
EQUITY AND LIABILITIES			
Equity			
Capital reserve	10	**657,785,981**	791,154,764
Revenue deficit		**(8,433,850)**	(2,193,721)
		649,352,131	788,961,043
LIABILITIES			
Non-current liability			
Retirement benefit obligations	11	**786,693**	385,201
Current liability			
Trade and other payables	12	**1,006,089**	2,928,262
Total liabilities		**1,792,782**	3,313,463
Total equity and liabilities		**651,144,913**	792,274,506

These financial statements have been approved for issue by the Board of Directors on 28 JUN 2017

Yves Choppy Director	**Lenny Lebon** Director	**Ronny Palmyre** Director	**Marie-Celine Vidot** Director
Marcus Simeon Director	**Elizabeth Agathine** Director	**Linda William-Melanie** Director	

The notes on pages 8 to 17 form an integral part of these financial statements
Auditors' Report on pages 3 and 3(a)

INCOME STATEMENT - YEAR ENDED DECEMBER 31, 2016

	Notes	2016	2015
		SR	SR
Revenue	13	**85,949,617**	53,965,561
Operating expenses	14(a)	**(96,658,413)**	(56,435,540)
Gross loss		**(10,708,796)**	(2,469,979)
Administrative expenses	14(a)	**(11,602,455)**	(8,491,586)
Other income	15	**16,071,122**	4,573,069
Loss for the year		**(6,240,129)**	(6,388,496)

The notes on pages 8 to 17 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, 2016

	Note	Capital reserve SR	Revenue deficit SR	Total SR
At January 1, 2016		**791,154,764**	**(2,193,721)**	**788,961,043**
Loss for the year		**-**	**(6,240,129)**	**(6,240,129)**
Movements during the year	**10**	**(133,368,783)**	**-**	**(133,368,783)**
At December 31, 2016		**657,785,981**	**(8,433,850)**	**649,352,131**
At January 1, 2015		754,488,568	4,194,775	758,683,343
Loss for the year		-	(6,388,496)	(6,388,496)
Movements during the year	10	36,666,196	-	36,666,196
At December 31, 2015		791,154,764	(2,193,721)	788,961,043

The notes on pages 8 to 17 form an integral part of these financial statements
Auditors' Report on pages 3 and 3(a)

CASH FLOW STATEMENT - YEAR ENDED DECEMBER 31, 2016

	Notes	2016 SR	2015 SR
Cash flows from operating activities			
Loss for the year		**(6,240,129)**	(6,388,496)
Adjustments for:			
Depreciation of property and equipment	5	**1,039,933**	641,900
Depreciation of investment properties	6	**9,693,924**	9,737,820
Interest charge on finance lease	7	**(16,033,407)**	(15,818,111)
Movement in provision for credit impairment	14	**608,586**	(1,267,660)
Movement in capital reserve	10	**33,042,544**	36,666,196
Movement in retirement benefit obligations	11	**401,492**	(158,240)
Profit on disposal of assets	15	**(3,313,947)**	(2,740,545)
		19,198,996	20,672,864
Changes in working capital items:			
Inventory	8	**13,643,651**	(15,723,960)
Trade and other receivables	9	**(23,274,023)**	(3,927,764)
Trade and other payables	12	**(1,922,173)**	2,321,409
Net cash inflow from operating activities		**7,646,451**	3,342,549
Cash flows from investing activities			
Additions to property and equipment	5	**(1,753,610)**	(1,146,172)
Additions to investment properties	6	**(1,990,584)**	(4,909,446)
Proceeds from disposal of assets		**3,346,099**	2,764,968
Net cash used in investing activities		**(398,095)**	(3,290,650)
Cash flows from financing activities			
Additions to finance lease	7	**(62,973,332)**	(40,102,842)
Net repayment of finance leases	7	**46,045,376**	41,891,365
Net cash (used in)/generated from financing activities		**(16,927,956)**	1,788,523
Net (decrease)/increase in cash and cash equivalents		**(9,679,600)**	1,840,422
Movements in cash and cash equivalents			
At January 1		**19,496,179**	17,655,757
(Decrease)/increase		**(9,679,600)**	1,840,422
At December 31,		**9,816,579**	19,496,179

The notes on pages 8 to 17 form an integral part of these financial statements
Auditors' Report on pages 3 and 3(a)

1. GENERAL INFORMATION

Property Management Corporation is a corporate body incorporated under the Property Management Corporation Act, 2004 with perpetual succession and a common seal and is domiciled in Seychelles. Its objectives are to ensure the equitable provision of living accommodation to the people of Seychelles by sale, lease or rental of flats and houses in accordance with the policy of the Government; to manage and maintain buildings and other property on behalf of the Government; and to ensure the provision of utility services for the rental of flats and houses.

The Corporation is wholly owned by the Government of Seychelles and the principal place of business is located at Oceangate House, Victoria, 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 Property Management Corporation comply with the Property Management Corporation Act, 2004 and have been prepared in accordance with Generally Accepted Accounting Standards in Seychelles. The financial statements are prepared under the historical cost convention, except that:

(i) Finance Lease receivables from lessees under the House Purchase Scheme are stated at their fair values and comprise costs of houses including discounts and capitalised interest.

(ii) Investment properties are stated at their costs/deemed costs.

(b) Property and equipment

Property and equipment are carried at historical cost/deemed cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' 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 to the Corporation and the cost of the item can be measured reliably.

Properties in the course of construction 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.

Depreciation is calculated on the straight line method to write off the cost of the assets to their residual values over their estimated useful life as follows:

Furniture, equipment and vehicles	3 - 5 years

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property and equipment (Cont'd)

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

(c) Investment properties

Investment properties comprising flats and houses rented out are amortised over 25 years. These are stated at their costs or deemed costs.

Costs associated with developing or maintaining investment properties are recognised as an expense in the income statement.

(d) Financial instruments

Financial assets and liabilities are recognised on the Corporation's Balance sheet when the Corporation has become a party to the contractual provisions of the instrument. The Corporation'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 Corporation will not be able to collect all amounts due according to the original terms of receivables.

A provision for impairment of trade receivables is established when there is objective evidence that the Corporation 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 and other receivables approximate their fair value.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at banks and bank overdrafts. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (Cont'd)

(iii) 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 approximate their amortised cost.

(iv) Offsetting financial instruments

the Corporation has a legal enforceable right to set off the recognised amounts and the Corporation intends either to settle on a net basis, or to realise the asset and liability simultaneously.

(vii) Derecognition

The Corporation 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. The Corporation derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

(e) Inventories

Inventories comprise land and buildings under development. Inventories is initially recognised at cost or deemed cost, and subsequently at the lower of cost and net realisable value. Cost comprises all deemed costs, costs of construction, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(f) Finance lease receivables

Receivables for finance leases from lessees under the House Purchase Scheme are stated at the values agreed with the lessees for cost of the house including capitalised interest, if any. This is a House Purchase Scheme offered to the lessees. Risks and rewards are vested and the ownership passed to the lessees upon repayment of full amount due to the Corporation.

Payments made by the lessees under finance leases are treated as repayment over the period of the lease and are recognised in the Income Statement.

Interest on the House Purchase Scheme varies according to the social housing scheme of the Government which determines the instalment based on the income and repaying capacity of the lessees.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Capital reserve

The stated capital originates from the contra credit entries to net assets transferred from HFC transferred to the Corporation at nil consideration in 2013. Subsequent movements represent further additions to properties transferred from the Government of Seychelles also at nil consideration. It also includes revaluations by Directors of assets previously transferred. Releases from capital reserve to the income statement are in respect of finance lease receivables and the amount being equal to the principal repayment by the lessees.

(h) Retirement benefit obligations

The Corporation provides for a payment of gratuity to permanent employees. The amount provisioned every year is based on the number of years the employee has worked after the last payment date. The liability recognised in the balance sheet is the present value of the defined obligation at the reporting date less fair value of plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs.

(i) Impairment of non financial assets

The carrying amount of the non financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. 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 its 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).

(j) Revenue recognition

Revenue comprises proceeds from rental of flats, sale of property and other related income. Rental of flats is accounted on accrual basis whereas sale of property and other related income are accounted on a cash basis.

(k) Provisions

Provisions are recognised when the Corporation has a present or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

(l) Tax

Based on Section 23 of the Property Management Corporation Act, 2004, the Corporation is not liable to Business Tax.

3. FINANCIAL RISK MANAGEMENT

The Corporation's activities expose it to the following financial risks: credit risk, fair value or cash flow interest rate risk and liquidity risk. The Corporation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effect on it's financial performance.

A description of the significant risk factors is given on the following page together with the risk management policies applicable.

(a) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Corporation is mainly exposed to credit risk from lessees. It is the Corporation's policy to assess the credit risk of new customers before entering into contracts in order to determine what the customer can afford to repay.

(b) Fair value and cash flow interest rate risk

The Corporation does not have any interest-bearing borrowings. The Corporation is exposed to interest rate risk on its finance leases. Although the interest rate on the finance lease contracts is fixed, it can change based on Government's policies which can have a potential impact on existing contracts.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of inflows from borrowers. Management monitors rolling forecasts of the Corporation's liquidity on the basis of expected cash flow.

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.

Critical accounting estimates and assumptions

The Corporation 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 below.

(a) Provision for credit impairment

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 their best estimates and experience.

(b) Valuation of investment properties

The Corporation is carrying forward in its books investment properties which was counted and valued. These values have been recognised as being deemed costs of the investment properties.

5. PROPERTY AND EQUIPMENT

	Land	Furniture & Equipment	Vehicles	Total
	SR	SR	SR	SR
COST				
At January 1, 2015	60,000	2,004,326	666,188	2,730,514
Additions	-	537,400	608,772	1,146,172
Disposals	-	(35,860)	-	(35,860)
At December 31, 2015	**60,000**	**2,505,866**	**1,274,960**	**3,840,826**
Additions	-	**681,589**	**1,072,021**	**1,753,610**
Disposals	-	**(34,753)**	-	**(34,753)**
At December 31, 2016	**60,000**	**3,152,702**	**2,346,981**	**5,559,683**
DEPRECIATION				
At January 1, 2015	-	1,018,183	427,963	1,446,146
Charge for the year	-	473,515	168,385	641,900
Disposal adjustment	-	(11,437)	-	(11,437)
At December 31, 2015	-	**1,480,261**	**596,348**	**2,076,609**
Charge for the year	-	**497,807**	**542,126**	**1,039,933**
Disposal adjustment	-	**(2,601)**	-	**(2,601)**
At December 31, 2016	-	**1,975,467**	1,138,474	**3,113,941**
NET BOOK VALUES				
At December 31, 2016	**60,000**	**1,177,235**	**1,208,507**	**2,445,742**
At December 31, 2015	60,000	1,025,605	678,612	1,764,217

6. INVESTMENT PROPERTIES

	2016	2015
	SR	SR
COSTS / DEEMED COSTS		
At January 1,	**243,842,399**	241,332,953
Additions	**1,990,584**	4,909,446
Disposals	**(2,897,200)**	(2,400,000)
At December 31,	**242,935,783**	243,842,399
DEPRECIATION		
At January 1,	**61,108,993**	53,771,173
Charge for the year	**9,693,924**	9,737,820
Disposal adjustment	**(2,897,200)**	(2,400,000)
At December 31,	**67,905,717**	61,108,993
NET BOOK VALUE		
At December 31,	**175,030,066**	182,733,406

7. FINANCE LEASE RECEIVABLES

	2016	2015
	SR	SR
At January 1,	**553,919,523**	539,889,935
Leases granted during the year	**62,973,332**	40,102,842
Repayments received during the year	**(46,045,376)**	(41,891,365)
Discounts granted on house purchased (notes (a) & 10)	**(166,411,327)**	-
Interest charged	**16,033,407**	15,818,111
	420,469,559	553,919,523
Provision for credit impairment (notes (c) & 14)	**(461,585)**	(553,920)
At December 31,	420,007,974	553,365,603

(a) Discounts granted represent the 25% reduction in prices of their housing schemes which the Corporation's clients benefitted. In addition this discount also extend to those clients who opted from leasing to purchase of houses. This followed the President's address at the National Assembly on February 16, 2016.

(b) The carrying amounts of finance lease receivables approximate their fair value.

(c) Movement in provision for credit impairment is as follows:

	2016	2015
	SR	SR
At January 1	**553,920**	539,890
(Reversal)/provision for the year	**(92,335)**	14,030
At December 31	**461,585**	553,920

8. INVENTORIES

	2016	2015
	SR	SR
Houses under construction (note (a))	**2,080,309**	15,723,960

(a) 66 partly constructed houses were received from the Ministry of Land Use and Habitat in the previous year. A contractor was engaged to complete the construction of the houses out of which 62 houses were fully completed during the year under review and have been transferred to the Corporation's clients.

9. TRADE AND OTHER RECEIVABLES

	2016	2015
	SR	SR
Rent receivable	**14,276,334**	5,289,796
Advances to staff	**1,026,858**	1,157,932
Deposit receivable	**15,679**	68,270
Expenses rechargeable	**4,195,294**	3,277,784
Other debtors	**9,792,197**	7,826,873
Advance payment to contractor	**-**	2,251,428
Prepayment on software acquisition	**610,650**	407,100
Receivable from Self-financing Construction Scheme customers	**14,040,024**	403,830
	43,957,036	20,683,013
Provision for credit impairment (see note (a))	**(2,192,793)**	(1,491,872)
	41,764,243	19,191,141

9. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Movement in provision for credit impairment

	2016	2015
	SR	SR
At January 1	**1,491,872**	2,773,562
Provision/(reversal) for the year (note 14)	**700,921**	(1,281,690)
At December 31,	**2,192,793**	1,491,872

(b) The carrying amounts of trade and other receivables approximate their fair value.

10. CAPITAL RESERVE

	2016	2015
	SR	SR
At January 1	**791,154,764**	754,488,568
Discount on house purchase (note 7)	**(166,411,327)**	-
Finance Lease adjustments	**(30,011,969)**	(24,473,882)
Property transferred from Ministry of Land Use & Habitat	**63,054,513**	61,140,078
At December 31,	**657,785,981**	791,154,764

11. RETIREMENT BENEFIT OBLIGATIONS

	2016	2015
	SR	SR
At January 1,	**385,201**	543,441
Paid during the year	**(207,048)**	(544,814)
Charge for the year (note 16)	**608,540**	386,574
At December 31,	**786,693**	385,201

(a) The Corporation provides for gratuity in line with the requirements for parastatal organisations which is calculated as follows:

- Staff below management level, compensation equals 5% - 10% of total salaries for two years.
- Staff above management level, compensation equals 10% - 15% of total salaries for two years.

12. TRADE AND OTHER PAYABLES

	2016	2015
	SR	SR
Trade payables	**534,147**	2,638,965
Other creditors and accrued expenses	**471,942**	289,297
	1,006,089	2,928,262

(a) Trade and other payables approximate their amortised cost.

13. REVENUE

	2016	2015
	SR	SR
Rental income	**13,789,059**	11,621,302
Finance leases income	**41,722,395**	41,940,429
Income from Self-financing construction scheme	**30,438,163**	403,830
	85,949,617	53,965,561

14. EXPENSES BY NATURE

	2016	2015
	SR	SR
Employee benefit expense (note 16)	7,817,410	6,052,922
Audit Fees	161,000	161,000
Depreciation on property and equipment (note 5)	1,039,933	641,900
Depreciation on investment properties (note 6)	9,693,924	9,737,820
Repairs and maintenance expense	60,668,420	41,600,810
Insurance expense	1,667,493	1,638,376
Legal and professional fees	260,971	301,625
Provision for/(reversal of) credit impairment (notes 7 and 9)	608,586	(1,267,660)
Rental expense	4,086,523	2,816,634
Self financing construction expenses	19,502,120	-
Other expenses	2,754,488	3,243,699
Total operating and administrative expenses	108,260,868	64,927,126

(a) *Analysed as:*

	2016	2015
	SR	SR
Operating expenses	96,658,413	56,435,540
Administrative expenses	11,602,455	8,491,586
	108,260,868	64,927,126

15. OTHER INCOME

	2016	2015
	SR	SR
Insurance claims received	137,000	712,174
Other income	320,175	120,350
Received from Ministry of Finance, Trade and economic planning	12,300,000	1,000,000
Profit on disposal of property and equipment	416,747	-
Profit on disposal of Investment properties	2,897,200	2,740,545
	16,071,122	4,573,069

16. EMPLOYEE BENEFIT EXPENSE

	2016	2015
	SR	SR
Salaries and wages	6,485,107	4,582,588
Directors remuneration (note (a))	221,918	716,742
Pension contributions	122,819	92,718
Gratuity provision (note 11)	608,540	386,574
Other staff costs	379,026	274,300
	7,817,410	6,052,922

16. EMPLOYEE BENEFIT EXPENSE (CONT'D)

(a) Directors' remuneration

	2016	2015
	SR	SR
Directors' fees:		
Yves Choppy	**47,133**	36,000
Timothe Sinon	**4,000**	24,000
Ronny Palmyre	**31,421**	24,000
Marie-Celine Vidot	**31,421**	24,000
Wallace Cosgrow	**-**	2,000
Linda William-Melanie	**31,421**	24,000
Elizabeth Agathine	**31,421**	24,000
Marcus Simeon	**31,421**	16,000
Imelda Anette Aglae	**13,680**	-
	221,918	174,000
Other emoluments:		
Timothe Sinon	**-**	542,742
Total emoluments	**221,918**	716,742

17. CASH AND CASH EQUIVALENTS

	2016	2015
	SR	SR
Cash at bank	**9,806,579**	19,488,179
Cash in hand	**10,000**	8,000
	9,816,579	19,496,179

18. CAPITAL COMMITMENTS

Approved and contracted for capital commitments as at December 31, 2016 were **SR 24.5m** (2015: 21.1m).

19. CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2016 (2015: Nil)