SEYCHELLES PORT AUTHORITY

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CORPORATE INFORMATION

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

The Board has pleasure in submitting its annual report together with the audited financial statements for the year ended 31 December 2019.

THE AUTHORITY

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

PRINCIPAL ACTIVITIES

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

RESULTS

	2019
	SCR
Profit for the year	6,779,360
Retained earnings brought forward *(As restated)*	378,705,490
Retained earnings carried forward	385,484,850

DIVIDENDS

No dividends have been declared during the year under review (2018: Nil).

PROPERTY, EQUIPMENT AND INVESTMENT PROPERTY

Additions to property and equipment during the year amounted to **SCR 20,560,474** (2018: SCR 4,480,939). Major classes are disclosed under note 5(a). Assets with a net book value of SCR 148,882.

The Directors are of the opinion that the carrying amounts of property and equipment of the Authority at 31 December 2019 do not differ materially from their fair value at the end of the reporting period and no impairment is required.

CURRENT YEAR EVENT

(i) First-time adoption of International Financial Reporting Standards (IFRS)

The Authority adopted International Financial Reporting Standards (IFRS) for the first time in 2019. As per the requirements of IFRS 1, 'First-time adoption of International Financial Reporting Standards', comparatives include three Statements of Financial Position, two Statements of Profit or Loss and Other Comprehensive Income, two Statements of Cash Flows and two Statements of Changes in Equity and related notes including comparative information for all statements presented.

CURRENT YEAR EVENT (CONT'D)

(ii) Adoption of International Financial Reporting Standard 9 (IFRS 9) - "Financial Instruments"

The Authority has also adopted the new International Financial Reporting Standard 9 (IFRS 9) - Financial Instruments which was effective 1January 2018. This IFRS replaces the previous IAS 39 - Financial Instruments: Recognition and measurement. The changes introduced the following measurement categories: amortised cost, fair value through profit or loss and fair value through other comprehensive income depending on the business model for managing the financial assets and the contractual cash flow charateristics.

Contrary to IAS 39 which was an incurred loss model, IFRS 9 introduces a new expected credit loss (ECL) model which involves a three stage approach whereby financial assets move through the three stages as their credit quality changes. The changes dictate how an entity measures impairment losses and applies the effective interest rate method.

In accordance with the transition exemption of IFRS 9, differences in carrying amounts of financial instruments resulting from adoption of IFRS 9 in respect of 2017 have been recognised in Retained Earnings as at 1 January 2018. Accordingly, the comparatives for 2017 and those of previous years do not reflect the requirements of IFRS 9 but rather those of IAS 39.

DIRECTORS

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONT'D)

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

The Directors consider that they have met their aforesaid responsibilities.

AUDITORS

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

BOARD APPROVAL

Mr. Paul Hodoul - Chairman Director	**Mr. Ronny Brutus** Director	**Ms. Doreen Bradburn** Director
Lt Col. Leslie Benoiton Director	**Col. Andre Ciseau** Director	**Mr. Alexandre Antonakas** Director

Dated: 19th JUNE 2020
Mahé, Seychelles

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OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE SEYCHELLES PORTS AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2019

Opinion

The accompanying financial statements set out on pages 4 to 45 which comprise the statement of financial position as at 31 December 2019, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, have been audited by me in terms of Section 16 (3) of Seychelles Ports Authority Act, 2004.

Accordingly, in my opinion,

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

(b) the financial statements on pages 4 to 45 give a true and fair view of the financial position of the Authority as at 31st December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Seychelles Ports Authority Act, 2004.

Basis for Opinion

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described below in the section - ' *Responsibilities of the Auditor-General*'. I am independent of the Authority in accordance with the INTOSAI Code of Ethics, together with other ethical requirements that are relevant to the audit of financial statements in Seychelles. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Effects of COVID-19 pandemic

I draw attention to note 27 of the financial statements which describes a material uncertainty regarding the Coronavirus pandemic which is severely affecting Seychelles as well as the world in general. Actions adopted by countries such as closing borders, grounding of flights and discouraging and restricting people from traveling abroad are impacting heavily on all industries including the essential services sector thereby raising serious concerns about the Authority's ability to continue as a going concern.

However, the members of the Authority together with management are confident that they will continue to have the financial and otherwise support from their financial stakeholders/Government and, therefore, of the opinion that the going concern basis of preparation of these financial statements remains appropriate in the foreseeable future.

Responsibilities of management and those charged with governance for the financial statements

The management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Seychelles Ports Authority Act, 2004 and Public Enterprise Monitoring Commission Act, 2013 and for such internal control as members determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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

Responsibilities of the Auditor General

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

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

- Identify and assess that risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the opinion. The risk of not detecting material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission or misrepresentation, or the override of internal control;

- obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of the management and board's use of going concern basis of accounting and, based on the audit evidence obtained, concludes whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify the opinion. My conclusions are based on audit evidence obtained to the date of my auditor's report. However, future unforeseeable events or conditions may cause the Authority to cease to continue as a going concern;
- evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Authority to express an opinion on the financial statements;
- communicate with directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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

Gamini Herath
Auditor General

22 July 2020
Victoria, Seychelles

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

			Restated	Restated
			At 31 December	At 1 January
	Notes	2019	2018	2018
		SCR	SCR	SCR
ASSETS				
Non-current assets				
Property and equipment	5	**147,585,057**	139,526,701	150,989,411
Investment property	6	**19,520,299**	20,160,900	18,384,268
Intangible assets	7	**224,316**	146,760	113,494
Investment in associate		**-**	-	19,296,000
		167,329,672	159,834,361	188,783,173
Current assets				
Inventories	8	**3,328,997**	2,687,757	3,588,587
Investment in financial asset at amortised cost	9	**-**	63,401,928	-
Trade and other receivables	10	**58,625,842**	83,435,601	64,345,693
Cash and cash equivalents	11	**227,006,417**	141,914,948	250,240,262
		288,961,256	291,440,234	318,174,542
Total assets		**456,290,928**	451,274,595	506,957,715
EQUITY AND LIABILITIES				
Equity and reserves				
Capital reserve	12	**10,749,482**	12,046,910	13,347,767
Capital grant		**-**	-	19,296,000
Retained earnings		**385,484,850**	376,845,125	313,138,788
		396,234,332	388,892,035	345,782,555
LIABILITIES				
Non-current liabilities				
Borrowings	13	**7,830,000**	-	-
Deferred tax liabilities	14	**6,295,876**	8,971,361	11,568,879
Retirement benefit obligations	15(a)	**8,034,034**	5,902,774	5,795,292
		22,159,910	14,874,135	17,364,171
Current liabilities				
Retirement benefit obligations	15(a)	**379,586**	223,462	205,467
Tax liability	16(a)	**27,354,823**	30,863,147	126,127,040
Trade and other payables	17	**10,162,277**	16,421,816	17,478,482
		37,896,686	47,508,425	143,810,989
Total liabilities		**60,056,596**	62,382,560	161,175,160
Total equity and liabilities		**456,290,928**	451,274,595	506,957,715

The notes on pages 8 to ~~44~~ 45 form an integral part of these financial statements.
Auditors' report on pages 3 to 3(d).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	Restated 2018
		SCR	SCR
INCOME			
Port related services	2(p)/18	**182,468,378**	193,117,010
Hire of boats	2(p)/18	**1,841,555**	2,242,200
Rental income	2(p)/18	**10,453,188**	8,909,555
Other income	2(p)/18	**3,302,214**	1,528,088
Gross income		**198,065,335**	205,796,853
Cost of services	19	**(14,078,753)**	(13,858,750)
Net Income		**183,986,582**	191,938,103
EXPENSE			
Employee costs	20	**(70,961,479)**	(60,111,060)
Premises costs	21	**(3,752,488)**	(5,609,926)
Operating overheads	22	**(12,362,607)**	(18,048,906)
Provision for credit impairment	10(f)	**(1,816,885)**	(1,543,492)
Foreign exchange losses		**(5,239,537)**	(2,586,225)
Depreciation of property and equipment	5(c)	**(12,409,589)**	(11,599,838)
Depreciation of investment property	6	**(1,147,184)**	(663,311)
Amortisation	7	**(73,100)**	(72,304)
Profit before tax	23	**76,223,713**	91,703,041
Taxation charge	16(b)	**(69,444,353)**	(27,996,704)
Profit for the year and other comprehensive income		**6,779,360**	63,706,337

The notes on pages 8 to ~~44~~ 45 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED 31 DECEMBER 2019

	Notes	Capital reserve	Capital grant	Retained earnings	Total
		SCR	SCR	SCR	SCR
At 1 January 2019					
- As previously reported		-	**12,046,910**	**384,747,104**	**396,794,014**
- Effect of value added tax adjustment	28	-	-	**1,829,374**	**1,829,374**
- Effect of adopting IAS 12	28	-	-	**(8,971,361)**	**(8,971,361)**
- Prior year adjustment on fixed assets	5(a)/29	-	-	**1,860,364**	**1,860,364**
- Effect of adopting IFRS 9	28	-	-	**(759,991)**	**(759,991)**
As restated		-	**12,046,910**	**378,705,490**	**390,752,400**
Total Comprehensive Income for the year		-	-	**6,779,360**	**6,779,360**
Release to Statement of Profit or Loss	5(c)	-	**(1,297,428)**	-	**(1,297,428)**
At 31 December 2019		-	**10,749,482**	**385,484,850**	**396,234,332**
Balance at 1 January 2018					
- As previously reported		19,296,000	13,347,767	323,597,860	356,241,627
- Effect of value added tax adjustment	28	-	-	1,526,635	1,526,635
- Effect of adopting IAS 12	28	-	-	(11,568,879)	(11,568,879)
- Effect of adopting IFRS 9	28	-	-	(416,828)	(416,828)
- As restated		19,296,000	13,347,767	313,138,788	345,782,555
Total Comprehensive Income for the year		-	-	63,706,337	63,706,337
Reversal of grant for shares in Ile du Port Handling Services transferred back to Societe Seychelloise D'Investissement		(19,296,000)	-	-	(19,296,000)
Release to Statement of Profit or Loss	5(c)	-	(1,300,857)	-	(1,300,857)
At 31 December 2018		-	12,046,910	376,845,125	388,892,035

The notes on pages 8 to ~~44~~ 45 form an integral part of these financial statements.

SEYCHELLES PORT AUTHORITY

STATEMENT OF CASH FLOWS - YEAR ENDED 31 DECEMBER 2019

	Notes	2019 SCR	Restated 2018 SCR
Cash flows from operating activities			
Profit before taxation		**76,223,713**	91,703,041
Adjustments for:			
Depreciation of property and equipment	5(c)	**12,409,589**	11,599,838
Depreciation of investment property	6	**1,147,184**	663,311
Amortisation	7	**73,100**	72,304
Provision for credit impairment	10(f)	**613,732**	1,543,492
Retirement benefit obligation charge	15(a)	**5,625,155**	4,228,389
Loss on disposal		**148,883**	49,133
Assets written off	5	**-**	553,878
Interest accrued		**-**	(857,168)
Currency translation differences		**3,624,509**	2,586,225
		99,865,865	112,142,443
Changes in working capital:			
- (Increase)/Decrease in inventories		**(641,240)**	900,830
- Decrease/(Increase) in trade and other receivables		**24,196,027**	(20,633,400)
- Decrease in trade and other payables		**(6,259,539)**	(1,056,666)
		117,161,113	91,353,207
Tax paid	16(a)	**(75,628,162)**	(125,858,115)
Gratuity and compensation paid	15	**(3,337,771)**	(4,102,912)
Net cash inflow/(outflow) from operating activities		**38,195,180**	(38,607,820)
Cash flows from investing activities			
Purchase of property and equipment	5	**(20,053,891)**	(2,040,996)
Purchase of investment property	6	**(506,583)**	(2,439,943)
Purchase of intangible assets	7	**(150,656)**	(105,570)
Purchase of investment in financial assets	9	**(101,940,082)**	(85,232,492)
Proceeds from redemption of investment in financial asset	9	**165,342,010**	22,687,732
Net cash inflow/(outflow) from investing activities		**42,690,798**	(67,131,269)
Cash flows from financing activity			
Borrowings received	13	**7,830,000**	-
Increase/(Decrease) in cash and cash equivalents		**88,715,978**	(105,739,089)
Movement in cash and cash equivalents			
1 January,		**141,914,948**	250,240,262
Increase/(Decrease)		**88,715,978**	(105,739,089)
Currency translation differences		**(3,624,509)**	(2,586,225)
31 December,	11	**227,006,417**	141,914,948

The notes on pages 8 to ~~44~~ 45 form an integral part of these financial statements.

1. GENERAL INFORMATION

Seychelles Ports Authority was establised 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. Its main activities are as detailed on page 2 of this report.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

(b) Adoption of new and revised standards

(i) Impact of initial application of IFRS 9 - Financial Instruments

Upon conversion from Seychelles GAAP to IFRS effective year ended 31 December 2019, the Authority adopted IFRS 9 - Financial Instruments issued in July 2014 which has been applied with initial application date of 1 January 2018. In accordance with the transition exemption under IFRS 9, differences in carrying amounts of financial assets and liabilities resulting from adoption of IFRS 9 have been recognised in retained earnings as at 1 January 2018.

The adoption of IFRS 9 resulted in the following changes to the Authority's accounting policies:

Classification and measurement of financial assets and financial liabilities

The date of initial application of IFRS 9 is 1 January 2018, accordingly, the Authority applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1 January 2018 and not to those which has been derecognised as applicable. All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Adoption of new and revised standards (Cont'd)

Classification and measurement of financial assets and financial liabilities (cont'd)

(A) Financial assets

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

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

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

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

Investment in financial asset at amortised cost

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

Trade and other receivables

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

Cash and cash equivalent

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(A) Financial assets (Cont'd)

Impairment of financial assets

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

In particular, IFRS 9 requires the Authority to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Authority is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade and other receivables in certain circumstances.

Financial Asset at amortised cost of the Authority comprised investment in treasury Bills issued by the Central Bank of Seychelles and the risk of default has been estimated as nil. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9 but no loss has been noted in the past as well as based on available information, there is unlikely to have any loss due to default. Therefore, impairment losses for Financial asset at amortised cost and Cash and cash equivalent of the Authority have been estimated by the Directors to be nil.

Simplified Approach to Impairment

The Authority adopted a simplified approach for its financial instruments since they do not contain a significant financing component. There is an accounting policy choice when it comes to trade receivables that does contain a significant financing component. The Authority has opted to adopt the simplified method for its trade and other receivables.

The Simplified approach allows entities to recognise a Lifetime Expected Credit Losses (ECL) on all these assets without the need to identify significant increases in credit risk.

IFRS 9 allows an operational simplification whereby entities can use a provisions matrix to determine their ECL under the impairment model. A provision matrix method uses past and forward information to estimate the probability of trade and other receivables. Entities are also allowed to use the stepped approach which is based on the historical loss rate method. This is the method applied by the Authority.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Simplified Approach to Impairment (Cont'd)

Step 1- Determine the appropriate groupings of receivables

To be able to apply the provision matrix, the population of individual receivables are usually aggregated into sub-groups of receivables that share similar credit risk characteristics and which significantly drives each different sub-group's credit risk. Trade and other receivables of the Authority were however grouped under only one category since the Directors estimated that the credit risk was similar for all their customers.

Step 2- Determine the period over which historical loss rates are appropriate

Once the identified historical data was collected which were from 1 January 2015 to 31 December 2016 for opening ECL balance at 1 January 2018, 1 January 2016 to 31 December 2017 for ECL of 31 December 2018 and 1 January 2017 to 31 December 2018 for ECL of 31 December 2019. The Authority determined the amount of outstanding at the end of each time bucket until the point at which the bad debt is written off. The ageing profile buckets which the Authority adopted was as follows: less than 30 days, 31-60 days, 61-90 days, 91-365 days and above 365 days as disclosed per note 10(d).

Step 3- Determine the historical loss rates

In this step, the Authority calculated the historical default rate percentage and the loss rate for each bucket is the quotient of defaulted receivables at each bucket over the outstanding receivables for that period.

Step 4- Consider forward looking macro-economic factors

The historical loss rates calculated in Step 3 reflects the economic conditions in place during the period to which the historical data relate. IFRS 9 is an ECL model and therefore the Authority considered to forward looking information to determine whether the historical loss rates incurred under economic conditions that are representative of those expected to exist during the exposure period for the portfolio at the reporting date. The Authority considered information such as changes in the industry outlook, GDP and inflation rates. Because of the uncertainty in the economic outlook across the world and in the country as a result of the Covid-19 pandemic, a negative impact is expected, therefore the Directors have also estimated prudently to factor in a mutiplier of 1.3 to historic loss rate. The provision matrix was adjusted accordingly.

Step 5- Calculation of ECL

In this step, the ECL for each sub-group determined under step 1 was calculated by multiplying the current gross receivable balance under each bucket by the adjusted loss rate under step 4. The tables of ECL for trade receivables are illustrated under *notes 10(d)(i), (ii) & (iii)*.

(B) Financial Liabilities

Classification of financial liabilities remained largely unchanged for the Authority. Financial liabilities continues to be measured at amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(ii) IFRS 16 Leases

IFRS 16 Leases results in the recognition of almost all leases on Statement of Financial Position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard which includes:

(a) Application of a single discount rate to a portfolio of leases with reasonably similar characteristics;

(b) Exclusion of initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;

(c) Allowing a lessee to use hindsight to determine which renewal and termination options to include or exclude. A lessee can apply this practical expedient on a lease-by-lease basis.

(d) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and

(e) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

Leasehold lands were transferred to the Authority at negligible value. The Directors have therefore applied the exemption clause of low value assets and have not recognised those lands as right-of-use assets.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRIC 23 Uncertainty over Income Tax Treatments

The standard explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgments and estimates made in preparing the financial statements. *The interpretation has no impact on the Authority's financial statements.*

Prepayment features with negative compensation (Amendments to IFRS 9)

This enables entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. *The amendments have no impact on the Authority's financial statements.*

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)

Long- term Interests in Associates and Joint Ventures (Amendments to IAS 28)

The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. *The amendments have no impact on the Authority's financial statements*

Annual Improvements to IFRSs 2015-2017 Cycle

IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages;

IFRS 11 - clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation;

IAS 12 - clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised; and

IAS 23 - clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Authority's financial statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

The amendments clarify that entities must:

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Recognise any reduction in a surplus immediately in Statement of Profit or Loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in Statement of Profit or Loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through Other Comprehensive Income.

The amendments have no impact on the Authority's financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

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

At the reporting date of these financial statements, the following were issued but not yet effective

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28);
- IFRS 17 Insurance Contracts;

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

At the reporting date of these financial statements, the following were in issue but not yet effective (Cont'd):

- Definition of a Business (Amendments to IFRS 3);
- Definition of Material (Amendments to IAS 1 and IAS 8); and
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

Where relevant, the Authority is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

(c) Property and equipment

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property and equipment (Cont'd)

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

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

(d) Investment property

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

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

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

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

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

(e) Intangible asset

Computer software

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

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

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

(f) Investment in associate

An associate is an entity over which the Authority has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of voting rights.

Investment in associates are accounted for using the equity method and initially recognised at cost as adjusted by post acquisition changes in the Authority's share of net assets of the associate less any impairment in value of the investment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment in associate (Cont'd)

Any excess of the cost of acquisition and the Authority's share of the net fair value of the associates' assets and liabilities recognised at the date of acquisition is recognised as goodwill which is included in the carrying amount of the investment. Any excess of the Authority's share of the net fair value of the associates' assets and liabilities over the cost of acquisition, after assessment, is included as income in determination of the Authority's share of the associate's profit or loss.

When the Authority's share of losses exceeds its interest, it discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payment on behalf of the associate.

The investment in associate which was received through a grant in 2017 was transferred back in 2018.

(g) Inventories

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

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

(h) Financial instruments

Recognition and measurement

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

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

(i) Financial assets

Amortised cost and effective interest method

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Impairment of financial assets

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

Definition of default

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

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Authority, in full (without taking into account any collateral held by the Authority); and
- Irrespective of the above analysis, the Authority considers that default has occurred when a financial asset is more than 90 days past due unless the Authority has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

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

The Authority's financial assets include:

(a) Financial asset at amortised cost

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) **Financial instruments (Cont'd)**

(i) Financial assets (Cont'd)

(b) Trade and other receivables

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

Derecognition of a financial asset

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

(c) Cash and cash equivalents

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

(ii) Financial liabilities

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

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

(a) Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred.

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

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

(b) Trade and other payables

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments (Cont'd)

(ii) Financial Liabilities (Cont'd)

Derecognition of financial liabilities

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

(iii) Offsetting financial instruments

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

(i) Deferred Tax

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

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

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

(j) Retirement benefit obligations

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

Current Liabilities;

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

Non-Current Liabilities;

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

(k) Borrowing costs

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Foreign currencies

Functional and presentation currency

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss.

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

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

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

(m) Leases

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Current Tax

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

(o) Impairment of non financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(p) Revenue recognition

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

Revenue of the Authority comprises the following:

Port Services income

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

Rental Income

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

Interest income

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

Other revenues

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

(q) Capital reserve

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Provisions

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

3. FINANCIAL RISK MANAGEMENT

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

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

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

(a) Currency risk

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

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

	Euro		US Dollar	
	2019	2018	**2019**	2018
	SCR	SCR	**SCR**	SCR
Cash and cash equivalent	**72,312**	45,170	**4,900**	6,510
Trade and other receivables	**2,955**	3,997	**149**	166
Borrowings	**3,915**	-	-	-
Trade and other payables	-	-	-	-

(b) Credit risk

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

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.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (Cont'd)

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

	2019	2018
	SCR	SCR
6 major counterparties	**36,269,834**	65,905,053
Others (diversified risk)	**5,869,397**	4,832,938
	42,139,231	70,737,991

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

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

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

(c) Liquidity risk

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

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

	Less than 1 year	Between 1 & 5 years	Above 5 years	Total
At 31 December 2019	SCR	SCR	SCR	SCR
Borrowings	-	-	**7,830,000**	**7,830,000**
Retirement benefit obligations	**379,586**	**8,034,034**	-	**8,413,620**
Trade and other payables	**10,162,277**	-	-	**10,162,277**
	10,541,863	**8,034,034**	**7,830,000**	**26,405,897**
At 31 December 2018				
Retirement benefit obligations	223,462	5,902,774	-	6,126,236
Trade and other payables	16,421,816	-	-	16,421,816
	16,645,278	5,902,774	-	22,548,052

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Interest rate risk

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

Since 31 December 2019 the Authority's operating cash flows became exposed to interest rate risk as it borrows at variable rates. However, no interest was accrued at year end as this was deemed immaterial.

(e) Capital risk management

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

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

(f) Fair value estimation

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Business model assessment

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

(b) *Calculation of Loss allowance*

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

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

(c) Useful lives and residual values

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(d) *Impairment of other non financial assets*

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

(e) *Fair value estimation*

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Authority uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period.

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

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

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

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

(f) *Functional currency*

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

(g) *Dividends*

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(h) *Leasehold land*

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

(i) *Capital reserve*

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

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

(j) *Limitation of sensitivity analysis*

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

ERTY AND EQUIPMENT (CONT'D)

movement schedule

2019

	Jetty Construction	Improvement to buildings	Tugs, buoys & launches	Pontoons	Boats & outboard engine	Machinery, equipment and tools	Office equipment	Furniture and fittings	Motor vehicles	Other assets	Work-in-progress	Total
	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR
/ DEEMED COST												
lanuary 2019												
reviously reported (note 28(c))	75,725,252	17,560,338	98,914,482	639,150	61,780	4,065,525	3,945,126	1,860,768	11,077,953	4,803,573	33,967,765	252,621,712
r period error (note 29)	-	1,860,364	-	-	-	-	-	-	-	-	-	1,860,364
nsfer to investment property e 6)	-	(13,266,223)	-	-	-	-	-	-	-	-	(9,222,853)	(22,489,076)
ct of value added tax adjustment	(241)	(82,434)	-	-	-	(242,857)	(110,578)	(44,371)	(726,724)	(172,927)	(3,480,741)	(4,860,873)
estated (note 28(c))	75,725,011	6,072,045	98,914,482	639,150	61,780	3,822,668	3,834,548	1,816,397	10,351,229	4,630,646	21,264,171	227,132,127
ions	-	-	49,990	-	51,913	289,226	1,153,734	444,958	-	1,335,338	16,728,732	20,053,891
sfer	-	10,307,122	-	-	-	-	-	-	-	-	(10,307,122)	-
osal	-	(14,669)	(90,600)	-	-	(61,361)	(86,275)	(44,692)	-	(79,787)	-	(377,384)
I December 2019	75,725,011	16,364,498	98,873,872	639,150	113,693	4,050,533	4,902,007	2,216,663	10,351,229	5,886,197	27,685,781	246,808,634
JMULATED DEPRECIATION												
January 2019												
previously reported (note 28(c))	9,128,752	3,384,484	57,140,873	433,373	60,280	3,083,018	3,154,813	1,262,528	7,963,247	3,544,699	-	89,156,067
nsfer to investment property e 6)	-	(2,328,176)	-	-	-	-	-	-	-	-	-	(2,328,176)
ect of value added tax adjustment	(60)	(18,784)	-	-	-	(182,249)	(105,312)	(38,364)	(569,726)	(168,334)	-	(1,082,829)
restated (note 28(c))	9,128,692	1,037,524	57,140,873	433,373	60,280	2,900,769	3,049,501	1,224,164	7,393,521	3,376,365	-	85,745,062
ge for the year	3,027,962	612,529	6,576,375	31,957	3,362	487,102	421,747	308,753	1,527,844	709,386	-	13,707,017
osal adjustment	-	-	(47,108)	-	-	(53,710)	(79,033)	(34,056)	-	(14,595)	-	(228,502)
1 December 2019	12,156,654	1,650,053	63,670,140	465,330	63,642	3,334,161	3,392,215	1,498,861	8,921,365	4,071,156	-	99,223,577
BOOK VALUE												
1 December 2019	63,568,357	14,714,445	35,203,732	173,820	50,051	716,372	1,509,792	717,802	1,429,864	1,815,041	27,685,781	147,585,057

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

2018

	Jetty Construction SCR	Improvement to buildings SCR	Tugs, buoys & launches SCR	Pontoons SCR	Boats & outboard engine SCR	Machinery, equipment and tools SCR	Office equipment SCR	Furniture and fittings SCR	Motor vehicles SCR	Other assets SCR	Work-in-progress SCR	Total SCR
COST / DEEMED COST												
At 1 January 2018												
- As previously reported (note 28(c))	76,246,770	16,574,424	98,613,348	639,150	61,780	3,903,898	3,618,302	1,529,317	10,272,953	4,259,825	31,677,541	247,397,308
- To investment property (note 6)	-	(13,266,223)	-	-	-	-	-	-	-	-	(6,782,910)	(20,049,133)
- Effect of VAT adjustment	(241)	(82,434)	-	-	-	(242,857)	(110,578)	(39,807)	(726,724)	(171,784)	(2,035,528)	(3,409,953)
As restated (note 28(c))	76,246,529	3,225,767	98,613,348	639,150	61,780	3,661,041	3,507,724	1,489,510	9,546,229	4,088,041	22,859,103	223,938,222
- Additions as previously reported	-	-	301,134	-	-	161,627	433,130	351,076	805,000	571,394	3,308,498	5,931,859
- To investment property (note 6)	-	-	-	-	-	-	-	-	-	-	(2,439,943)	(2,439,943)
- Effect of VAT adjustment	-	-	-	-	-	-	-	(4,564)	-	(1,143)	(1,445,213)	(1,450,920)
Additions as restated (note 28(c))	-	-	301,134	-	-	161,627	433,130	346,512	805,000	570,251	(576,658)	2,040,996
Transfer	28,562	985,914	-	-	-	-	-	-	-	-	(1,014,476)	-
Write-off	(550,080)	-	-	-	-	-	-	-	-	-	(3,798)	(553,878)
Disposal	-	-	-	-	-	-	(106,306)	(19,625)	-	(27,646)	-	(153,577)
At 31 December 2018	75,725,011	4,211,681	98,914,482	639,150	61,780	3,822,668	3,834,548	1,816,397	10,351,229	4,630,646	21,264,171	225,271,763
ACCUMULATED DEPRECIATION												
At 1 January 2018												
- As previously reported (note 28(c))	6,099,742	2,503,280	50,562,376	401,415	58,280	2,526,812	2,881,672	1,000,512	6,447,625	2,979,139	-	75,460,853
- To investment property (note 6)	-	(1,664,865)	-	-	-	-	-	-	-	-	-	(1,664,865)
- Effect of VAT adjustment	(48)	(14,662)	-	-	-	(141,327)	(92,206)	(30,439)	(424,381)	(144,114)	-	(847,177)
- As restated (note 28(c))	6,099,694	823,753	50,562,376	401,415	58,280	2,385,485	2,789,466	970,073	6,023,244	2,835,025	-	72,948,811
Charge for the year												
- As previously reported	3,029,010	881,204	6,578,497	31,958	2,000	556,206	355,574	278,836	1,515,622	570,751	-	13,799,658
- To investment property (note 6)	-	(663,311)	-	-	-	-	-	-	-	-	-	(663,311)
- Effect of VAT adjustment	(12)	(4,122)	-	-	-	(40,922)	(13,106)	(7,925)	(145,345)	(24,220)	-	(235,652)
- As restated	3,028,998	213,771	6,578,497	31,958	2,000	515,284	342,468	270,911	1,370,277	546,531	-	12,900,695
Disposal adjustment	-	-	-	-	-	-	(82,433)	(16,820)	-	(5,191)	-	(104,444)
At 31 December 2018	9,128,692	1,037,524	57,140,873	433,373	60,280	2,900,769	3,049,501	1,224,164	7,393,521	3,376,365	-	85,745,062
NET BOOK VALUE												
At 31 December 2018	66,596,319	3,174,157	41,773,609	205,777	1,500	921,899	785,047	592,233	2,957,708	1,254,281	21,264,171	139,526,701

5. PROPERTY AND EQUIPMENT (CONT'D)

(b) The Directors have estimated that costs of Property and Equipment approximate their fair value and there is no need for any impairment at 31 December 2019, (2018: nil)

	2019	Restated 2018
	SCR	SCR
(c) Depreciation		
Depreciation (note 5(a))	**13,707,017**	12,900,695
Release from capital reserve (note 12)	**(1,297,428)**	(1,300,857)
	12,409,589	11,599,838

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

6. INVESTMENT PROPERTY

	Buildings	Work-in-progress	Total
	SCR	SCR	SCR
COST			
At 1 January 2018			
- As previously reported	-	-	-
- Transfer from property and equipment (note 5(a) & note 28(c))	13,266,223	6,782,910	20,049,133
As restated	13,266,223	6,782,910	20,049,133
Additions : Transfer from Property and equipment (note 5)	-	2,439,943	2,439,943
At 31 December 2018	13,266,223	9,222,853	22,489,076
Additions	-	506,583	506,583
Reclassification	9,729,436	(9,729,436)	-
At 31 December 2019	**22,995,659**	**-**	**22,995,659**
ACCUMULATED DEPRECIATION			
At 1 January 2018			
- As previously reported	-	-	-
- Transfer from property and equipment (note 5(a) note 28(c))	1,664,865	-	1,664,865
As restated	1,664,865	-	1,664,865
Charge for the year : Transfer from Property and equipment (note 5)	663,311	-	663,311
At 31 December 2018	2,328,176	-	2,328,176
Charge for the year	1,147,184	-	1,147,184
At 31 December 2019	**3,475,360**	**-**	**3,475,360**
NET BOOK VALUE			
At 31 December 2019	**19,520,299**	**-**	**19,520,299**
At 31 December 2018	10,938,047	9,222,853	20,160,900

7. INTANGIBLE ASSETS

	Computer software	
		Restated
	2019	2018
COST	SCR	SCR
At 1 January,		
- As previously reported	442,954	337,384
- Effect of value added tax adjustment	(29,954)	(29,954)
- As restated	413,000	307,430
Additions	150,656	105,570
At 31 December,	563,656	413,000
AMORTISATION		
At 1 January,		
- As previously reported	283,482	203,689
- Effect of value added tax adjustment	(17,242)	(9,753)
- As restated	266,240	193,936
Charge for the year		
- As previously reported	-	79,793
- Effect of value added tax adjustment	-	(7,489)
- As restated	73,100	72,304
At 31 December,	339,340	266,240
NET BOOK VALUE	224,316	146,760

8. INVENTORIES

	2019	2018
	SCR	SCR
Building, hardware and plumbing material	1,764,303	1,441,811
Spare parts	835,848	710,405
Consumables	652,879	383,623
Fuel and lubricants	73,227	85,731
Minor assets	2,740	66,187
	3,328,997	2,687,757

(a) The cost of inventories recognised as an expense and included in cost of sales and overheads amounted to **SCR 13.8m** (2018: SCR 12.8m).

9. INVESTMENT IN FINANCIAL ASSET AT AMORTISED COSTS

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

	2019	2018
	SCR	SCR
At 1 January,	63,401,928	-
Addition during the year	101,940,082	85,232,492
Redemption during the year	(165,342,010)	(22,687,732)
Interest accrued	-	857,168
At 31 December,	-	63,401,928

(b) The investment in financial asset at amortised costs was in respect of Treasury bills with interest ranging from 3.6% to 5.05%.

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

10. TRADE AND OTHER RECEIVABLES

	2019	2018
	SCR	SCR
Trade receivables	42,139,231	70,737,991
less: provision for impairment (notes 10(d), 10(e) & 10(f))	(4,889,544)	(4,275,812)
	37,249,687	66,462,179
Prepayments	6,133,504	1,687,130
Staff loans (note 10(g))	4,598,787	7,866,833
Other receivables	10,643,864	7,419,459
	58,625,842	83,435,601
Disclosed as follows:		
Non-current receivables	3,622,519	6,651,279
Current receivables	55,003,323	76,784,322
Total	58,625,842	83,435,601

(a) Reconciliation of trade and other receivables

	At December 31	At January 1
	2018	2018
	SCR	SCR
As previously reported	78,263,001	60,365,986
- Effect of adopting IFRS 9 (notes 10(f) and 28(c))	(759,991)	(416,828)
- Effect of value added tax adjustment	5,932,591	4,396,535
As re-stated	83,435,601	64,345,693

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

	2019	2018
	SCR	SCR
Seychelles Rupee	52,416,303	75,109,379
Euro	5,910,851	7,993,440
US Dollar	298,688	332,782
	58,625,842	83,435,601

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) Credit Loss Allowances

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

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

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

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

(i) At 1 January 2018

	Trade Receivables-days past due					
	< 30 days	31-60 days	61-90 days	91-365 days	> 365 days	Total
Estimated gross carrying amount at default (SCR)	17,149,185	12,098,308	10,417,170	5,343,816	2,499,373	47,507,852
Expected credit loss rate (%)	0.31%	0.44%	0.63%	1.14%	100.00%	
Lifetime expected credit losses (SCR)	52,333	53,522	65,936	61,156	2,499,373	2,732,320

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) Credit Loss Allowances (Cont'd)

(ii) At 31 December 2018

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

(iii) At 31 December 2019

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

(e) *Sensitivity analysis*

If the ECL rates on trade receivables above 365 days past due had been 5 basis points higher / (lower) as of December 2019, the loss allowance would have been **SCR 2,138** higher (2018: SCR 1,758).

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(f) Movement in allowance for credit loss

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

	Total
	SCR
Balance at 1 January 2018	
- As previously reported under IAS 39	2,315,492
- Effect upon application of IFRS 9 (notes 10(a) & 28(a))	416,828
- As restated (note 10(d)(i))	2,732,320
Charge during the year - 2018 (page 5)	1,543,492
- As previously reported under IAS 39	1,200,329
- Effect upon application of IFRS 9 (notes 10(a) & 28(b))	343,163
Balance at 31 December 2018 (note 10(d)(ii))	**4,275,812**
Charge during the year - 2019	**1,816,885**
Bad debts written off	**(1,203,153)**
Balance at 31 December 2019 (note 10(d)(iii))	**4,889,544**

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

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

11. CASH AND CASH EQUIVALENTS

	2019	2018
	SCR	SCR
Cash at bank available on demand	**181,546,639**	141,900,771
Short-term deposits (note 11(a))	**45,449,778**	-
Cash on hand	**10,000**	14,177
	227,006,417	141,914,948

(a) Terms of short-term deposit are detailed below:

	Amount(SCR)	Maturity	Interest rate
Seychelles Commercial Bank Limited	**20,009,694**	Jan-Feb 2020	5.5%
Seychelles International Mercantile Banking Corporation Limited	**25,440,084**	Feb 2020	4.25%
	45,449,778		

12. CAPITAL RESERVE

	2019	2018
	SCR	SCR
At 1 January,	**12,046,910**	13,347,767
Release during the year (notes 5(c))	**(1,297,428)**	(1,300,857)
At 31 January,	**10,749,482**	12,046,910

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

13. BORROWINGS

	2019	2018
	SCR	SCR
Non-current liability		
Agence Française de Développement (AFD) (note 13(a))	7,830,000	-

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

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

A floating interest rate being effective global rate as at 25 December 2019 - 0.691% is currently payable. This is either the aggregate of (reference rate + margin) or (ii) the Minimum Interest Rate when applicable. The loan repayment is subject to a moratorium period of 5 years whereby only interest is payable biannually and thereafter the loan shall be repaid from May 2025.

(b) The above loans are secured by a guarantee from the Government of Seychelles for an amount of Euro 12.5m and Euro 16.5m in favour of a credit facility to Seychelles Port Authority with EIB and AFD respectively.

(c) The maturity and exposure of the Authority's borrowings to interest rate changes are shown on note 3(a),(c)ar

14. DEFERRED TAXES

Deferred taxes are calculated on all temporary differences under the liability method at **30%** (2018: 30%) for the Authority at 31 December 2019.

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

	2019	2018
	SCR	SCR
Deferred tax assets (note 14(c)(i))	4,656,423	3,731,179
Deferred tax liabilities (note 14(c)(ii))	(10,952,299)	(12,702,540)
	(6,295,876)	(8,971,361)

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

	SCR
At 1 January,	
- As previously reported (note 28(c))	-
- Effect of implementation of IAS 12-Income Taxes (note 28(c))	(11,568,879)
- As restated (note 28(c))	(11,568,879)
Credit for the year (notes 16(b) and 28(b))	2,597,518
At 31 December 2018	**(8,971,361)**
Charge for the year (note 16(b))	**2,675,485**
At 31 December 2019	**(6,295,876)**

14. DEFERRED TAXES (CONT'D)

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

(i) *Deferred tax assets*

	Provision for credit	Provision for leave	Retirement benefit obligation	Total
	SCR	SCR	SCR	SCR
At 1 January 2018				
- As previously reported	-	-	-	-
- Effect of adopting IAS 12-Income Taxes	819,696	897,385	1,800,228	3,517,309
- As restated	819,696	897,385	1,800,228	3,517,309
Credit/(Charge) for the year	463,048	(286,821)	37,643	213,870
At 31 December 2018	**1,282,744**	**610,564**	**1,837,871**	**3,731,179**
(Charge)/Credit for the year	**184,119**	**54,910**	**686,215**	**925,244**
At 31 December 2019	**1,466,863**	**665,474**	**2,524,086**	**4,656,423**

(ii) *Deferred tax liabilities*

	Accelerated tax depreciation
	SCR
At 1 January 2018	
- As previously reported	-
- Effect of implementation of IAS 12-Income Taxes	15,086,188
- As restated	15,086,188
Credit for the year	(2,383,648)
At 31 December 2018	**12,702,540**
Charge for the year	**(1,750,241)**
At 31 December 2019	**10,952,299**

15. RETIREMENT BENEFIT OBLIGATIONS

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

Current portion relates to yearly gratuity calculated in accordance with Management Contract of 5% of annual basic pay of Senior Officers employed on a contract basis.

(a) The movement is as follows:

	2019	2018
	SCR	SCR
At 1 January,	**6,126,236**	6,000,759
Charge for the year (note 20)	**5,625,155**	4,228,389
Payments made during the year	**(3,337,771)**	(4,102,912)
At 31 December,	**8,413,620**	6,126,236
Analysed as:		
Non-current	**8,034,034**	5,902,774
Current	**379,586**	223,462
	8,413,620	6,126,236

16. TAX LIABILITY/ EXPENSE

(a) Statement of Financial Position

	2019	2018
	SCR	SCR
At 1 January,		
- As previously reported (note 28(c))	30,550,682	125,840,116
- Effect of value added tax adjustment (note 28(c))	312,465	286,924
As restated (note 28(c))	30,863,147	126,127,040
Charge for the year		
Current tax on the adjusted profit for the year (note 16(b))	27,042,358	30,594,222
Prior year interest and pernalties (note 16(b))	45,077,480	-
As restated	72,119,838	30,594,222
Paid during the year	(75,628,162)	(125,858,115)
At 31 December,	27,354,823	30,863,147

(b) Statement of Profit or Loss

	2019	2018
	SCR	SCR
Current tax on the adjusted profit for the year at applicable rates		
- As previously reported (note 28(c))	-	30,568,681
- Effect of value added tax adjustment (note 28(c))	-	25,541
As restated (note 28(c))	27,042,358	30,594,222
- Prior year interest and pernalties	45,077,480	-
Deferred tax credit (note 14(b))	(2,675,485)	(2,597,518)
	69,444,353	27,996,704

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

	2019	2018
	SCR	SCR
Profit before tax	76,223,713	91,703,041
Tax calculated at applicable tax rates	22,817,114	27,460,912
Expenses not deductible for tax purposes	2,907,952	1,527,634
Excess of depreciation over capital allowance	1,317,291	1,605,676
	27,042,357	30,594,222

(d) Applicable tax rates for the Authority are as follows:

Taxable Income threshold	2019 & 2018
≤ SCR. 1,000,000	25%
> SCR. 1,000,000	30%

17. TRADE AND OTHER PAYABLES

	2019	2018
	SCR	SCR
Trade payables	**5,387,099**	3,462,846
Other payables and accruals	**3,392,548**	11,875,836
Deposits	**1,382,630**	1,083,134
	10,162,277	16,421,816

(a) The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

(b) The carrying amounts of the Authority's trade and other payables are denominated in the following currencies:

	2019	2018
	SCR	SCR
Seychelles Rupee	**10,162,277**	16,421,816
Euro	-	-
US Dollar	-	-
	10,162,277	16,421,816

18. GROSS INCOME

	2019	2018		
		As previously stated	VAT adjustments	As re-stated
	SCR	SCR	SCR	SCR
Port related services	**182,468,378**	193,117,010	-	193,117,010
Hire of boats	**1,841,555**	2,242,200	-	2,242,200
Rental income	**10,453,188**	10,101,131	(1,191,576)	8,909,555
Other income	**3,302,214**	1,528,088	-	1,528,088
- Interest received	**3,284,969**	1,468,828	-	1,468,828
- Miscellaneous income	**17,245**	59,260	-	59,260
	198,065,335	206,988,429	(1,191,576)	205,796,853

19. COST OF SERVICES

	2018
	SCR
- As previously reported	14,346,015
- Effect of value added tax adjustment (note 28(b))	(487,265)
As restated	13,858,750

	2019
	SCR
Cost of services provided	14,078,753

20. EMPLOYEE COSTS

	2019	2018		
		As previously stated	VAT adjustments	As re-stated
	SCR	SCR	SCR	SCR
Salaries and wages	**60,091,207**	52,370,503	-	52,370,503
Gratuity and length of service charge (note 15)	**5,625,155**	4,228,389	-	4,228,389
Other staff costs	**5,245,117**	3,536,977	(24,809)	3,512,168
	70,961,479	60,135,869	(24,809)	60,111,060

21. PREMISES COSTS

	2019	2018		
		As previously stated	VAT adjustments	As re-stated
	SCR	SCR	SCR	SCR
Rent	**400**	365,967	(33,933)	332,034
Electricity and water	**3,206,307**	4,185,546	-	4,185,546
Repairs and maintenance	**437,683**	1,354,532	(368,944)	985,588
Insurance	**108,098**	106,758	-	106,758
	3,752,488	6,012,803	(402,877)	5,609,926

22. OPERATING OVERHEADS

	2019	2018		
		As previously stated	VAT adjustments	As re-stated
	SCR	SCR	SCR	SCR
Advertising, entertainment and donations	**1,382,526**	1,077,234	(5,501)	1,071,733
Bank charges	**33,108**	178,196	-	178,196
Directors' emoluments (note 23(a))	**372,800**	108,000	-	108,000
Communication costs	**715,538**	745,920	(92,152)	653,768
Bad debts written off	**250,100**	24,543	-	24,543
Local travel and conveyance	**1,004,701**	663,632	(13,896)	649,736
Loss on disposal of assets	**134,215**	50,132	-	50,132
Office equipment maintenance	**2,316,733**	691,480	(14,047)	677,433
Other operating overheads	**959,110**	7,317,818	(175,921)	7,141,897
Overseas travel, subsistance and training	**2,578,024**	2,390,774	(464)	2,390,310
Professional and consultancy fees	**427,443**	3,298,864	-	3,298,864
Stationery, postage and subscriptions	**1,090,940**	897,216	(59,783)	837,433
Vehicle maintenance	**1,097,369**	966,861	-	966,861
	12,362,607	18,410,670	(361,764)	18,048,906

23. PROFIT BEFORE TAX

This is arrived at after charging:

	2019	2018
	SCR	SCR
Auditors' remuneration	125,000	138,000
Depreciation (note 5(c))	12,409,589	11,599,838
Foreign exchange losses	5,239,537	2,586,225
Directors' emoluments (note 23(a))	232,800	108,000
Loss on disposal of assets	134,215	50,132
Bad debts written off	250,100	24,543
Rental expense	400	332,034

(a) Board members' fees

	2019	2018
	SCR	SCR
Brutus Ronny	52,800	-
Andre Ciseau	60,000	36,000
Antonakas Alexandre	-	-
Doreen Bradburn	60,000	36,000
Paul Hodoul	-	-
Leslie Benoiton	60,000	36,000
	232,800	108,000

24. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

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

(c) **Key Management Personnel**

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

24. RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D)

(c) Key Management Personnel (Cont'd)

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

	2019	2018
	SCR	SCR
Salaries and allowances	**1,717,796**	756,039
Gratuity and end of contract payments	**311,903**	77,584
Board members' fees (note 23(a))	**232,800**	108,000
Pension	**49,122**	16,897
Others	**108,521**	218,017
	2,420,141	1,176,537

(d) Loan and advances to key management personnel are approved and disbursed as per the Authority's loan policy. As at 31 December 2019 loans and advances to key Management amounted to **SCR 3,298** (2018: SCR 37,634). There were no new loans and advances issued in 2019 (2018: SCR 315,000). Repayments of principal together with 4% monthly interest on outstanding balance amounted to **SCR 34,663** (2018: SCR 354,263). There were no loans advanced to Board of Directors.

(e) Outstanding balances with related parties at the year-end are unsecured and interest free except for loans which attracted 4% interest on monthly outstanding balance. There has been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2019, the Authority has not recorded any impairment of receivables relating to amounts owed by related parties (2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

25. CAPITAL COMMITMENTS

	2019	2018
	SCR'000	SCR'000
Authorised and contracted for	**19,244**	101,151
Authorised and not contracted for	**314,077**	6,000
	333,321	107,151

26. CONTINGENT LIABILITIES

(a) On 31 December 2019, there were pending court cases against the Authority for termination of employees since 2017 which are still pending for the final court outcome.

27. EVENTS AFTER REPORTING PERIOD

(a) In view of the Covid-19 pandemic outbreak, uncertainties arise due to severe disruptions in the economic activities globally as well as in the Seychelles.
Several national measures were being implemented, including the closure of the Seychelles border, grounded flights as well as cancellations of future cruise-ships port calls.
Seychelles being a tourist destination and tourism being the major pillar of the economy, there is lower demand for the Seychelles Currency Rupee (SCR) which caused the SCR depreciation.

The Authority, being state-owned entity had undertaken several measures to minimise the negative impact of the pandemic spread as well as sustaining its cash-flow operation for its going concern based on the advice of the governmental departments;

i) Health measures
The operations staff have been thoroughly briefed about the sanitation measures especially in events of close contacts with mariners. The personnel have been provided with additional safety gears to avoid the medium for the pandemic spread.

ii) Revised Cash-Flow 2020
The Authority follow through the cuts of its future expenditure from the Revised Budget Speech of the Ministry Responsible for Finance which includes no budget allocation for training, travel, recruitments amongst others and taking account of expected hyper-inflation due to devaluation of the SCR. The revised forecasted revenue projected a sharp fall of 15 to 30% when compared to original forecast as well as prior year comparison.

The Authority is of the view that, in spite the unfavourable economic outlook of this pandemic impact, the Authority remained resilient and in operation on a 24/7 basis. The revenue generated, though forecasted to be lower than prior years, along with the current reserve would be able to sustain its operation for the foreseeable future. Thus, appropriate for the preparation of these Financial Statement on the going concern basis.

28. RECONCILIATION OF TRANSITION FROM SEYCHELLES GAAP TO IFRS

(a) Reconciliation of total equity

	At 31 December 2018	At 1 January 2018
	SCR	SCR
Total equity as reported under Seychelles GAAP	384,747,104	323,597,860
Adjustments under IFRS		
- Effect of value added tax adjustment (page 6)	1,829,374	1,526,635
- Effect of adopting IAS 12 (note 14(b))	(8,971,361)	(11,568,879)
- Effect of adopting IFRS 9 (note 10(f))	(759,991)	(416,828)
	(7,901,978)	(10,459,072)
Total equity as reported under IFRS	**376,845,126**	**313,138,788**

(b) Reconciliation of Total Comprehensive Income

	Notes	At 31 December 2018
		SCR
Total comprehensive income as reported under Seychelles GAAP		61,149,243
Effects of VAT adjustments		
- Rental income	2(p)/18	(1,191,576)
- Cost of services	19	487,265
- Employee costs	20	24,809
- Premises costs	21	402,877
- Operating overheads	22	361,764
- Depreciation	5(a)	235,652
- Amortisation	7	7,489
- Current tax adjustment	16(b)	(25,541)
		302,739
Effect of adopting IAS 12		
- Deferred tax credit	14(b)	2,597,518
Effect of adopting IFRS 9		
- Provision for credit impairment	10(f)	(343,163)
Total comprehensive income as reported under IFRS		**63,706,337**

28. RECONCILIATION OF TRANSITION FROM SEYCHELLES GAAP TO IFRS (CONT'D)

(c) Reconciliation of Statement of Financial Position and Statement of Profit or Loss from Seychelles GAAP to IFRS

		31 December 2018			1 January 2018		
	Notes	Balance reported under Seychelles GAAP	Impact of adopting IFRS	Balance reported under IFRS	Balance reported under Seychelles GAAP	Impact of adopting IFRS	Balance reported under IFRS
		SCR	SCR	SCR	SCR	SCR	SCR
Property and equipment	5	163,465,645	(22,078,580)	141,387,065	171,936,455	(20,947,044)	150,989,411
- Cost	5	252,621,712	(25,489,585)	227,132,127	247,397,308	(23,459,086)	223,938,222
- Accumulated depreciation	5	(89,156,067)	3,411,005	(85,745,062)	(75,460,853)	2,512,042	(72,948,811)
Investment property	6	-	20,160,900	20,160,900	-	18,384,268	18,384,268
- Cost	6	-	22,489,076	22,489,076	-	20,049,133	20,049,133
- Accumulated depreciation	6	-	(2,328,176)	(2,328,176)	-	(1,664,865)	(1,664,865)
Intangible assets	7	159,472	(12,712)	146,760	133,695	(20,201)	113,494
- Cost	7	442,954	(29,954)	413,000	337,384	(29,954)	307,430
- Accumulated depreciation	7	(283,482)	17,242	(266,240)	(203,689)	9,753	(193,936)
Trade and other receivables	10(a)	78,263,001	5,172,600	83,435,601	60,365,986	3,979,707	64,345,693
Retained earnings	28(a)	384,747,104	(6,041,614)	378,705,490	323,597,860	(10,459,072)	313,138,788
Deferred tax liabilities	14	-	8,971,361	8,971,361	-	11,568,879	11,568,879
Tax liability	16(a)	30,550,682	312,465	30,863,147	125,840,116	286,924	126,127,040

29. Prior year adjustment

The Authority built offices at cost of SCR 1.6 million. However, labour and other materials were expensed in error. The Directors contracted a valuer who estimated a replacement cost of SCR 3.4 million. The difference between deemed cost and cost amounting to SCR 1.9 million was re-capitalised and adjusted through retained earnings on 1 January 2019. *Refer to note 5(a) & page 6*. Depreciation adjustments have been accounted for prospectively.