



## Office of the Auditor General

3rd Floor, Block C, Unity House

Victoria, Republic of Seychelles

Telephone: 248-4672500 Email: [auditgen@oag.sc](mailto:auditgen@oag.sc)

Website: [www.oag.sc](http://www.oag.sc) Facebook: OAG Seychelles

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Please address all correspondence to the Auditor General

Our ref: FSA/AI

Date: 4 July 2022

Mr Damien Thesee  
Chief Executive Officer  
Financial Services Authority  
Boie De Rose  
PO Box 991  
Victoria

### Audit of the Financial Services Authority - 2021

Please find enclosed 3 sets statement of accounts for the year 2021 duly certified by the Auditor General expressing an opinion. It is to be noted that this is being done as per the relevant legal provisions requiring the Financial Services Authority to prepare annual statement of accounts and the Auditor General to audit them and certify.

Please note that as the addressee of this letter, it is your responsibility to circulate this letter and the attached accounts to any Authority or person, including the board, interested in the matter.

Thanking you for your kind understanding and co-operation.

A handwritten signature in blue ink, appearing to read 'Lindy Sedgwick'.

Lindy Sedgwick (Mrs)  
For Auditor General

Enc.



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### **OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE FINANCIAL SERVICES AUTHORITY FOR 2021**

#### **Opinion**

The accompanying financial statements of the Financial Services Authority (Authority), set out on pages 4 to 26 which comprise the statement of financial position, profit or loss and other comprehensive income, changes in equity, cash flows as at 31 December 2021 and the notes to financial statements including a summary of significant accounting policies for the year then ended have been audited as required by Section 13 (4) of the Financial Services Authority Act, 2013.

Accordingly, in my opinion:

1. proper accounting records have been kept by the Authority as far as appears from my examination of those records relating to material transactions;
2. the financial statements on pages 4 to 26 give a true and fair view of the financial position of the Authority as at 31 December 2021 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 Financial Services Authority Act, 2013.

#### **Basis for Opinion**

The audit was conducted in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor General's Responsibilities for the audit of the Financial Statements section of my report.

I am independent of the Authority in accordance with INTOSAI Code of Ethics applicable to its members, together with other ethical requirements that are relevant to the audit of the financial statements in Seychelles. I am satisfied that all information and explanations which, to the best of my knowledge and belief, where necessary for the purpose of audit have been obtained. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of Matter**

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

The exercise to update and complete the asset register in line with the physical verification is still on going, consequently, property, plant and equipment balance may be overstated with assets not in existence or pending write-off still included therein.

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

### **Responsibilities of the Management and those charged with Governance**

The management is responsible for the preparation of financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Financial Services Authority Act, 2013 and the Public Enterprise Monitoring Commission Act, 2013, and for such internal control as the Board determines, is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board 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 the Board either intends to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

### **Responsibilities of the Auditor General for the audit of financial statements**

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 an auditor's report in accordance the Financial Services Authority Act, 2013.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 ISAs, the auditor exercises professional judgement and maintains professional skepticism throughout the audit. The auditor also:

- identifies and assesses 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;
- obtains 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 Board's internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board;

- concludes on the appropriateness of the 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 the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's 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; and
- communicates with the Board, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that he identifies during the audit.



**Gamini Herath**  
**Auditor General**

01 July 2022  
**Victoria, Seychelles**





**Financial  
Services  
Authority**

**Audited Financial Statements as at 31<sup>st</sup> December, 2021**

FINANCIAL SERVICES AUTHORITY

TABLE OF CONTENTS - DECEMBER 31, 2021

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	Page
Corporate Information	1
Directors' Report	2 - 2(a)
Auditors' Report	3 - 3(a)
Statement of Financial Position	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 24

CORPORATE INFORMATION

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**DIRECTOR** : Mr. Patrick Payet Chairman  
Mr. Damien Thesee CEO - Director  
Ms. Samanta Esparon Director  
Mr. Phillip Moustache Director  
Mr. Richard Rampal Director  
Mrs. Wendy Pierre Director  
Mr. Robert Stravens Director  
Ms. Seylina Verghese Director  
Mrs. Anne Rosette Director  
Mr. Muhammad Saley Director

**SECRETARY** : Ms. Zenabe Daman Secretary

**REGISTERED OFFICE** : Bois de Rose Avenue  
Roche Caiman  
Victoria, Mahé  
Seychelles

**PRINCIPAL PLACE OF** : Bois de Rose Avenue  
Roche Caiman  
Victoria, Mahé  
Seychelles

**AUDITORS** : Auditor General  
P O Box 49, Unity House  
Victoria, Mahé  
Seychelles

## DIRECTORS' REPORT

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The Directors are pleased to submit their report together with the audited financial statements of the Authority for the year ended December 31, 2021.

### PRINCIPAL ACTIVITY

The Seychelles Financial Services Authority (FSA) is the Regulator for non-bank financial services in the Seychelles. Established under the Financial Services Authority Act, 2013, the Authority is responsible for the licensing, supervision and development of the non-bank financial services industry of the Seychelles, which includes the capital markets and collective investment schemes, insurance and the gambling sector. The Authority is also responsible for the registration of International Business Companies, Foundations, Limited Partnerships and International Trusts in the Seychelles.

### VISION

The vision of the FSA is to be an effective regulator focused on safeguarding a credible and innovative non-bank financial services jurisdiction.

### MISSION

The mission of the FSA is to transform and grow the Seychelles' non-bank financial services industry, through the application of a sound regulatory and supervisory framework that protects the jurisdiction's reputation and the consumers and stakeholders' investments.

### CURRENT YEAR EVENT

A revaluation of the FSA's infrastructure was undertaken in December, 2020 with the report being issued in January 2021 by a professional independent assessor. In 2020, the Financial Services Authority (FSA), for the first time has elected to use the fair value model to account for owner occupied building and applied IAS 40 "Investment Property", that is, to use the fair value model to account for its investment properties .

The current FSA board was appointed in January, 2021, with two new members being appointed on 21st February, 2022. The 2021 audited accounts have been signed by the current FSA board appointed in January, 2021

### RESULTS

	<u>2021</u>
	SR'000
Profit for the year	110,434
Retained earnings brought forward	332,497
Profit available for distribution	<u>442,931</u>
Transfer to Government of Seychelles (GOS)	(92,566)
<b>Retained earnings carried forward</b>	<b><u><u>350,365</u></u></b>

### DIRECTORS AND DIRECTORS' INTEREST

None of the directors has any direct or indirect interest in the Authority.



## DIRECTORS' REPORT (CONT'D)

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in compliance with Financial Services Authority Act, 2013. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. The Directors have the general responsibility of safeguarding the assets, both owned by the 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 Authority is audited by the Auditor General.

## BOARD OF DIRECTORS APPROVAL



Patrick Payet  
Chairman

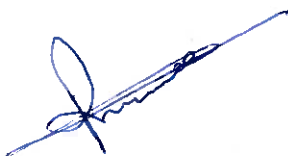
Damien Thesee  
Director & CEO



Samantha Esparon  
Director



Richard Rampal  
Director



Phillip Moustache  
Director



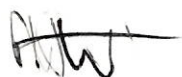
Wendy Pierre  
Director



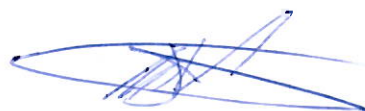
Seylina Verghese  
Director



Anne Rosette  
Director



Robert Stravens  
Director



Muhammad Saley  
Director









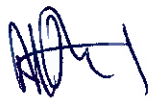

Dated:

Mahé, Republic of Seychelles

## STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2021

	Notes	December 31, 2021 SR	December 31, 2020 SR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	55,576,315	54,871,375
Investment property	6	240,314,059	240,314,059
Intangible asset	7	-	-
Long term receivables	8(f)	8,014,656	10,241,148
		<u>303,905,030</u>	<u>305,426,582</u>
<b>Current assets</b>			
Trade and other receivables	8	11,338,288	16,283,599
Investment in Treasury Bills	9	5,202,897	-
Cash and cash equivalents	10	114,567,375	126,172,388
		<u>131,108,560</u>	<u>142,455,987</u>
<b>Total assets</b>		<u><u>435,013,590</u></u>	<u><u>447,882,569</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	11	8,715,700	8,715,700
Capital grant	12	1,708,127	2,562,190
Revaluation Reserve		21,690,601	21,690,601
Retained earnings		350,365,286	332,496,725
		<u>382,479,714</u>	<u>365,465,216</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Retirement benefit obligations	14	13,266,961	11,909,719
		<u>13,266,961</u>	<u>11,909,719</u>
<b>Current liabilities</b>			
Borrowings	13	-	10,612,046
Other payables	15	39,266,915	59,895,588
		<u>39,266,915</u>	<u>70,507,634</u>
<b>Total liabilities</b>		<u>52,533,876</u>	<u>82,417,353</u>
<b>Total equity and liabilities</b>		<u><u>435,013,590</u></u>	<u><u>447,882,569</u></u>

These financial statements have been approved for issue by the Board of Directors on: 10 June 2022

				
Patrick Payet Chairman	Damien Thesee Director & CEO	Samanta Esparon Director	Richard Rampal Director	Anne Rosette Director
				
Phillip Moustache Director	Wendy Pierre Director	Muhammad Saley Director	Robert Stravens Director	Seylina Verghese Director

The notes on pages 8 to 24 form an integral part of these financial statements.  
Auditors' report on page 3.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2021

	Notes	'2021 SR	'2020 SR
Revenue	2(l)/16	223,646,468	199,381,537
Staff costs	17	(45,099,940)	(50,522,796)
Administrative expenses	18	(31,579,757)	(27,309,502)
Educational dissemination	19	(712,930)	(3,319,627)
Other operating costs	20	(1,618,663)	(1,238,602)
Finance income - Interest on staff loans & Investments		663,165	794,871
Finance costs - borrowing costs		-	(57,044)
Marketing Grant to SIB		(545,762)	(198,404)
Other income	21	4,443	6,308
Foreign exchange (losses)/gains		(34,322,592)	24,949,692
Other comprehensive income - Surplus on Revaluation of Investment prop	6(a)	-	96,815,103
<b>Profit and total comprehensive income for the year</b>		<b>110,434,432</b>	<b>239,301,535</b>

The notes on pages 8 to 24 form an integral part of these financial statements.  
Auditors' report on page 3.

## STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2021

	Note	Stated capital	Capital grant	Revaluation reserve	Retained earnings	Total
		SR	SR	SR	SR	SR
At January 1, 2021		8,715,700	2,562,190	21,690,601	332,496,725	365,465,216
Total comprehensive income for the year		-	-		110,434,432	110,434,432
Amortisation of grant	20	-	(854,063)		(92,565,871)	(854,063)
Transfer to the GOS		-	-			(92,565,871)
<b>At December 31, 2021</b>		<b>8,715,700</b>	<b>1,708,127</b>	<b>21,690,601</b>	<b>350,365,286</b>	<b>382,479,714</b>

	Note	Stated capital	Capital grant	Revaluation Reserve	Retained Earnings	Total
		SR	SR	SR	SR	SR
At January 1, 2020		8,715,700	3,416,253		178,464,181	190,596,134
Total comprehensive income for the year		-	-	-	239,301,535	239,301,535
Amortisation of grant	20	-	(854,063)		-	(854,063)
Transfer to the GOS		-	-		(85,268,991)	(85,268,991)
Revaluation of property	5(c)			21,690,601		21,690,601
<b>At December 31, 2020</b>		<b>8,715,700</b>	<b>2,562,190</b>	<b>21,690,601</b>	<b>332,496,725</b>	<b>365,465,216</b>

The notes on pages 8 to 24 form an integral part of these financial statements.  
Auditors' report on page 3.

## STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2021

	2021	2020
	SR	SR
<b>Cash generated from operations</b>		
Profit for the year	110,434,432	239,301,535
<i>Adjustments for</i>		
Depreciation on property, plant and equipment	2,472,726	2,089,215
Adjustment to prior depreciation of investment property	-	688,929
Amortisation of intangible asset	-	3,450
Amortisation of capital grant	(854,063)	(854,063)
Gain on revaluation of Investment Property		(96,815,103)
Retirement benefit obligations charge	4,993,484	5,125,411
Adjustment on accrued Interest upon completion of full repayment of Loan	(251,864)	-
Impairment of trade receivables	(40,858)	(120,027)
Interest payable	-	57,044
Interest receivable	(663,165)	(794,871)
	<u>116,090,693</u>	<u>148,681,520</u>
<i>Changes in working capital</i>		
- Increase in trade and other receivables	7,212,660	(3,414,550)
- (Decrease)/Increase in trade and other payables	(7,620,766)	26,012,597
	<u>115,682,586</u>	<u>171,279,567</u>
Cash generated from operations	115,682,586	171,279,567
Retirement obligations paid	(3,636,241)	(3,663,318)
Interest received	663,165	794,871
<b>Net cash inflow from operating activities</b>	<u>112,709,510</u>	<u>168,411,120</u>
<b>Cash flows from investing activities</b>		
Investment in Treasury bills	(5,198,525)	-
Purchase of property, plant and equipment	(3,177,666)	(7,772,000)
Payment - Investment Properties	-	(3,639,595)
<b>Net cash outflow from investing activities</b>	<u>(8,376,191)</u>	<u>(11,411,595)</u>
<b>Cash flows from financing activities</b>		
Loan Repayment	(10,612,046)	(19,230,270)
Interest paid	(91,590)	(1,359,258)
Amount transferred to the Government of Seychelles	(105,234,697)	(72,600,115)
<b>Net cash outflow from financing activities</b>	<u>(115,938,333)</u>	<u>(93,189,643)</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<u>(11,605,014)</u>	<u>63,809,882</u>
<b>Movement in cash and cash equivalents</b>		
At January 1,	126,172,388	62,362,506
Increase	(11,605,014)	63,809,882
<b>At December 31,</b>	<u>114,567,375</u>	<u>126,172,388</u>

The notes on pages 8 to 24 form an integral part of these financial statements.  
Auditors' report on page 3.

## 1. GENERAL INFORMATION

The principal activities of the Financial Services Authority are detailed on page 2. Its registered office and principal place of activity is at Bois de Rose Avenue, Roche Caiman Victoria Mahe Republic of Seychelles.

These financial statements will be submitted for consideration and approval at the forthcoming meeting of Board of Directors of the Authority.

## 2. PRINCIPAL 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 have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Financial Service Authority Act, 2013.

The Authority adopted International Financial Reporting Standards for the first time for the year ended December 31, 2016 while previously the financial statements were prepared under Generally Accepted Accounting Practice (GAAP).

The financial statements are prepared under the historical cost convention, except that:

- (ii) relevant financial assets are stated at their fair values; and
- (iii) borrowings and relevant financial liabilities are stated at their amortised costs.

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

Amendments to IAS 7 require additional disclosures. IAS 7 Statement of Cash Flows has been amended to improve presentation and disclosure in financial statements. The Amendments require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgement when determining the exact form and content of the disclosures needed to satisfy this requirement. The amendment suggests a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: 1. changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and 2. a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified. *The amendment has no impact on the Authority's financial statements.*

Amendment to IAS 12 - recognition of deferred tax assets for unrealised losses. The amendment to IAS 12, will be applicable for companies preparing their accounts under IFRS. IAS 12 sets out the basis for the recognition and measurement of current or deferred tax liabilities or assets and this amendment clarifies the position regarding unrealised losses on debt instruments measured at fair value and in particular, the recognition of deferred tax assets on such items. Such deferred tax assets are likely to occur where there is a decrease in the fair value of the debt instrument, but no tax deduction is able to be taken for the fall in value until the asset is realised. Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type. *The amendment has no impact on the Authority's financial statements.*

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(a) Basis of preparation (Cont'd)****Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)**

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41). IAS 41 now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. *The amendment has no impact on the Authority's financial statements.*

**Annual Improvements to IFRSs 2018-2020 cycle**

IFRS 1: The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRS. *The amendment has no impact on the Authority's financial statements.*

The amendment to IFRS 9 clarifies which fees an entity includes when it applies the '10 per cent' test to assess whether there has been a modification or substantial modification to a financial liability.

An entity should only include only fees paid or received between the entity (the borrower) and the lender and fees paid or received on the other's behalf. *The amendment has no impact on the Authority's financial statements.*

IAS 28 is amended to clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. *The amendment has no impact on the Authority's financial statements.*

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2017 or later periods, but which the Authority has not early adopted.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

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**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(a) Basis of preparation (Cont'd)**

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

**At the reporting date of these financial statements, the following were in issue but not yet effective:**

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contract with Customers

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

IFRS 16 Leases

IFRS 17 Insurance Contracts

Clarifications to IFRS 15 Revenue from Contracts with Customers

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)

Annual Improvements to IFRSs 2015-2017 Cycle

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Transfers of Investment Property (Amendments to IAS 40)

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.

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

**(b) Property, plant and equipment**

Except for owner occupied buildings, all other property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Historical cost consists of purchase cost, together with any incidental expenses of acquisition and installation.

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

A revaluation of the FSA infrastructure was undertaken in December, 2020 with the report being issued in January 2021 by a professional independent assessor. In 2020, the Financial Services Authority (FSA), for the first time FSA has elected to use the fair value model to account for owner occupied building. The asset is carried at the revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment. The increase in value of owner occupied building has been credited to equity and is shown in the statement of accounts under "Revaluation Reserve".



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(b) Property, plant and equipment (Cont'd)**

Depreciation is calculated on the straight line method with reference to the expected useful life of the assets concerned. Depreciation is computed from the month after receipt of goods/assets using the following principal annual rates.

	%
Buildings	4
Gate and fencing	10
Motor vehicles	20
Plant & equipment	10 - 25
Furniture and fittings	10 - 20
Other assets	25

No depreciation has been charged on the value of the freehold property.

Assets are currently being depreciated up to a NIL balance. No depreciation is provided for in the month of disposal.

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

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss.

**(c) Investment property**

Investment property, held to earn rentals or for capital appreciation or both and not occupied by the Authority are measured and accounted for at fair value.

There is a change in the accounting method for accounting of Investment properties. In 2020, the Financial Services Authority (FSA), for the first time, has applied IAS 40 "Investment Property". The FSA has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in income statement for the period in which they arise. As per IAS 40, the gain on the revaluation of Investment property has been recognised in the P&L, Other Comprehensive Income (OCI). Transfers to or from investment property can be made only when there has been a change in the use of the property. The revaluation exercise will take place every 3 years' and therefore the next exercise will be in December, 2022.

**(d) Intangible assets - Computer software**

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives of 4 years.

Costs associated with developing or maintaining computer software are recognised as an expense as incurred and are included in the statement of profit and loss.

**(e) Financial instruments**

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.

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(e) Financial instruments (Cont'd)****(i) Trade and other receivables**

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

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

**(ii) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less.

**(iii) Other payables**

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

**(iv) Share capital**

Ordinary shares are classified as equity.

**(f) Impairment of 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).

**(g) Offsetting**

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.

**(h) Capital Grants**

Grants related to assets from the Government of Seychelles for acquisition of property and equipment received in form of donations is treated as deferred income by crediting capital grant, classified under equity in the statement of financial position.

Depreciation calculated on such assets is released from grants and credited to depreciation charge in the statement of profit or loss until those assets are fully depreciated.

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(h) Capital Grants (Cont'd)**

In the event that property and equipment acquired from grants are disposed of before they are fully depreciated, the carrying amount of such asset is reversed to the grant and gain or loss, if any, are recognised to the statement of profit or loss.

**(i) Retirement benefit obligations**

The Authority provides for payments of compensation to permanent employees for continuous service. The amount provisioned every year is based on the number of years the employee has worked after the last payment date. This type of employee benefits has the characteristics of a defined benefit plan. The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined obligation at the reporting date less fair value of plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

The Authority does not carry out any actuarial valuation since the Authority's management have based themselves on the method as prescribed by the Ministry of Administrative & Power and Circular 9 A of 1993, 15% of gross salary in the case of PSC and on internal contracts of employees and they have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

**(j) Provisions**

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

**(k) Foreign currencies***Functional and presentation currency*

Items included in the financial statements are measured in the currency of the primary economic environment in which the Authority operates. The financial statements are presented in Seychelles Rupees (SR) 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.

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.

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## 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

### (l) Revenue recognition

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

#### (i) *Services revenue*

Revenue from services are recognised in the year in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

#### (ii) *Rental income*

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

#### (iii) *Interest income*

Interest income is recognised on an accrual basis with the substance of the relevant loan agreements with the staff.

### (m) **Business tax**

The Authority is exempt from tax as per paragraph 1 of the Second Schedule to Business Tax Act, 2009.

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial Risk Factors

The Authority's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest 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 its financial performance.

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

#### (a) **Market risk**

##### (i) *Currency risk*

The Authority is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollars. Foreign exchange risk arises from commercial transactions and assets denominated in currencies other than the functional currency.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## 3.1 Financial Risk Factors (Cont'd)

## (a) Market risk (Cont'd)

## (i) Currency risk (Cont'd)

At December 31, 2021, if the Seychelles Rupee had weakened/strengthened by 5% against US Dollar with all variables held constant, the impact on results for the year would have been SR1.29m (2020: SR 2.63m) higher/lower, mainly as a result of foreign exchange losses/gains on translation of foreign currency monetary assets and liabilities as depicted in the table below:

	2021	2,020
	SR	SR
Bank balances	77,584,154	114,570,415
Trade & other receivables	5,445,710	5,657,099
Borrowings	-	(10,612,046)
Other payables	(36,037,094)	(57,032,161)
	<u>46,992,770</u>	<u>52,583,307</u>

Management has proper policies in place to ensure that foreign exchange risk is minimised.

## (ii) Cash flow and fair value interest rate risk

The Authority's income and operating cash flows are exposed to interest rate risk as it sometimes borrows at variable rates.

At December 31, 2021, if interest rates on floating rate borrowings had been  $\pm 1\%$  higher/(lower) with all other variables held constant, results for the year would have been higher/(lower) by SR 0.18k (2020: SR 245.55k) due to impact on interest expense on borrowings.

## (b) Credit risk

The Authority's credit risk is primarily attributable to its trade receivables. The Authority does not have a significant concentration of credit risk, with exposure spread over a large number of customers. In addition, the Authority has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

The table below shows the concentration of trade receivables by number of counterparties at the end of the reporting period.

	2021	2,020
	%	%
5 major counterparties	34	59
Others (diversified risks)	66	41
	<u>100</u>	<u>100</u>

## (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Furthermore, management monitors rolling forecasts of the Authority's liquidity reserve on the basis of expected cash flows.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## 3.1 Financial Risk Factors (Cont'd)

## (c) Liquidity risk (Cont'd)

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

	Less than 1 year	between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	SR'000	SR'000	SR'000	SR'000	SR'000
<b>At December 31, 2021</b>					
Bank Borrowings	-	-	-	-	-
Other payables	<b>39,267</b>	-	-	-	<b>39,267</b>
<b>At December 31, 2020</b>					
Bank Borrowings	10,612	-	-	-	10,612
Other payables	59,896	-	-	-	59,896

## 3.2 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.

## 3.3 Capital Risk Management

The Authority's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Authority sets the amount of capital in proportion to risk. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Authority may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Authority monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt less cash and cash equivalents. Adjusted capital comprises all components of equity.

During 2021, the Authority's strategy, which was unchanged from 2020, was to maintain the debt-to-adjusted capital ratio at a reasonable level in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratio was as follows:

	2021	2020
	SR'000	SR'000
Total debt	-	10,612
Less: Cash and cash equivalents	<b>(114,496)</b>	(126,172)
<b>Net debt</b>	<b>(114,496)</b>	(115,560)
Total capital	<b>364,611</b>	365,465
Net debt	<b>(114,496)</b>	(115,560)
<b>Total capital plus debt</b>	<b>250,116</b>	249,905
Gearing ratio	N/A	(46.24)

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgments 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) Functional currency**

The choice of the functional currency of the Authority has been based on factors such as the primary economic environment in which the entity operates, the currency that mainly influences sales prices for goods and services, cost of providing goods and services and labour costs. The functional currency has been assumed by the Directors to be the Seychelles Rupee.

**(b) Retirement benefit obligations**

The cost of defined benefit pension plans has been determined using the method as per the Seychelles Employment Act and the Directors have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

**(c) Useful lives and residual values**

Determining the carrying amounts of property and equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The Directors have used historical information relating to the Authority and the relevant industry in which it operates in order to best determine the useful lives and residual values of property and equipment.

**(d) Depreciation policies**

Property and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Authority would currently obtain from the disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

**(e) Impairment of other assets**

Property and equipment are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

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

Sensitivity analysis does not take into consideration that the Authority's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Authority's views of possible near-term market changes that cannot be predicted with any certainty.



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 5. PROPERTY, PLANT AND EQUIPMENT

(a) DECEMBER 31, 2021	Land & Buildings	Gates & fences	Motor vehicles	Plant & equipment	Furniture & fixtures	Other assets	Work-in-progress	Total
	SR	SR	SR	SR	SR	SR	SR	SR
<b>COST</b>								
At January 1, 2021	33,426,914	637,788	3,255,468	13,660,096	5,873,946	2,753,598	15,257,836	74,865,645
Additions	-	-	-	1,422,740	238,966	1,006,518	509,442	3,177,666
Disposal	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	1,198,734	(1,198,734)
At DECEMBER 31, 2021	<b>33,426,914</b>	<b>637,788</b>	<b>3,255,468</b>	<b>15,082,836</b>	<b>6,112,912</b>	<b>4,958,850</b>	<b>14,568,544</b>	<b>78,043,311</b>
<b>ACCUMULATED DEPRECIATION</b>								
At January 1, 2021	-	637,788	2,558,166	9,611,874	5,068,257	2,118,186	-	19,994,270
Charge for the year	-	-	354,667	1,476,045	269,300	372,714	-	2,472,726
Disposal	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
At DECEMBER 31, 2021	-	<b>637,788</b>	<b>2,912,833</b>	<b>11,087,919</b>	<b>5,337,557</b>	<b>2,490,900</b>	-	<b>22,466,996</b>
<b>NET BOOK VALUE</b>								
At DECEMBER 31, 2021	<b>33,426,914</b>	-	<b>342,635</b>	<b>3,994,917</b>	<b>775,355</b>	<b>2,467,950</b>	<b>14,568,544</b>	<b>55,576,315</b>

(b) In early 2017, Parcel Number: V17891 was cancelled and sub-divided into two parcels (V19847 and V19848) where parcel V19847 (with a total area of 2557 m<sup>2</sup>) was transferred to the Government for onward leasing to PUC at transfer price of SCR1. The sub division of the land commenced in 2016 and was finalised on 24.02.2017. No adjustment was effected for the reduction in cost in the accounts.

(c) A revaluation of the FSA infrastructure was undertaken in December, 2020 with the report being issued in January 2021 by a professional independent assessor. In 2020, the Financial Services Authority (FSA), for the first time, has elected to use the fair value model to account for owner occupied building. The asset is carried at the revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment. The increase in value of owner occupied building has been credited to equity and is shown in the statement of accounts under "Revaluation Reserve".

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

5. PROPERTY, PLANT AND EQUIPMENT

(d) DECEMBER 31, 2020

	Land & Buildings	Gates & fences	Motor vehicles	Plant & equipment	Furniture & fixtures	Other assets	Work-in-progress	Total
	SR	SR	SR	SR	SR	SR	SR	SR
<b>COST</b>								
At January 1, 2020	18,608,182	637,788	3,255,468	11,594,815	5,648,087	2,418,961	10,194,607	52,357,908
Additions	82,995	-	-	2,065,280	225,859	334,637	5,063,229	7,772,000
Disposal	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
Transfers/Adjustments	14,735,738	-	-	-	-	-	-	14,735,738
At DECEMBER 31, 2020	33,426,914	637,788	3,255,468	13,660,096	5,873,946	2,753,598	15,257,836	74,865,645
<b>ACCUMULATED DEPRECIATION</b>								
At January 1, 2020	6,954,864	637,788	2,203,498	8,400,139	4,817,058	1,846,571	-	24,859,918
Charge for the year	-	-	354,667	1,211,735	251,198	271,614	-	2,089,215
Disposal	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
Transfers/Adjustments	(6,954,864)	-	-	-	-	-	-	(6,954,864)
At DECEMBER 31, 2020	-	637,788	2,558,166	9,611,874	5,068,257	2,118,186	-	19,994,270
<b>NET BOOK VALUE</b>								
At DECEMBER 31, 2020	33,426,914	-	697,302	4,048,221	805,689	635,413	15,257,836	54,871,375

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) Work in-progress comprised construction of new warehouses:

	2021	2020
	SR	SR
Consultancy/ structural engineer fees	1,052,647	1,052,647
IT Work In Progress	13,515,897	13,006,455
Improvement to infrastructure	-	1,198,734
	<u>14,568,544</u>	<u>15,257,836</u>

## 6. INVESTMENT PROPERTY

	2021	2020
	SR	SR
<b>Cost</b>		
At January 1,	240,314,059	175,690,697
Adjustment from previous year	-	(688,929)
Additions		3,639,595
Revaluation reserve		61,672,696
<b>At December 31,</b>	<u>240,314,059</u>	<u>240,314,059</u>
<b>Accumulated depreciation</b>		
At January 1,	-	35,142,407
Charge for the year	-	-
		<u>(35,142,407)</u>
<b>At December 31,</b>	<u>-</u>	<u>-</u>
<b>Net Book Value</b>	<u>240,314,059</u>	<u>240,314,059</u>

\*The revalued amount/fair value of Investment property for the previous year (i.e 2020 ) was not restated.

(a) A revaluation of the FSA infrastructure was undertaken in December, 2020 with the report being issued in January 2021 by a professional independent assessor. In the current year, the Financial Services Authority (FSA), for the first time, has applied IAS 40 "Investment Property". The FSA has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in income statement for the period in which they arise. As per IAS 40, the gain on the revaluation of investment property has been recognised in the P&L, Other Comprehensive Income ( OCI) The next revaluation exercise will be undertaken in December, 2022. Investment properties have been revalued at the following values:

	Revaluation Value as at 31.12.2021	Revaluation Value as at 31.12.2020
	SR	SR
Ware house A on Parcel Number V17888	2,612,300	2,612,300
Ware house B on Parcel Number V17889	45,441,965	45,441,965
Ware house C on Parcel Number V17890	45,441,965	45,441,965
Ware house K on Parcel Number V17885	36,185,964	36,185,964
Ware house J on Parcel Number V17893	61,831,398	61,831,398
Utility Block on Parcel Number V17893	61,831,398	61,831,398
	<u>253,344,990</u>	<u>253,344,990</u>

(w) The Financial Services Authority is currently occupying units A1 and A2 for a total area of 840sqm<sup>2</sup> within the Warehouse A

## 7. INTANGIBLE ASSETS

**Computer Software**

	2021	2020
	SR	SR
<b>Cost</b>		
At January 1,	587,468	587,468
Additions	-	-
<b>At December 31,</b>	<u>587,468</u>	<u>587,468</u>
<b>Amortisation</b>		
At January 1,	587,468	584,018
Charge for the year	-	3,450
<b>At December 31,</b>	<u>587,468</u>	<u>587,468</u>
<b>Net Book Value</b>	<u>0</u>	<u>0</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

8. TRADE AND OTHER RECEIVABLES	2021	2020
	SR	SR
Trade receivables	6,249,063	7,466,687
Prepayments	1,311,397	1,334,390
Loans and receivables (note (f))	11,659,307	13,372,250
Other receivables	400,902	4,660,003
	<u>19,620,669</u>	<u>26,833,330</u>
Provision for credit impairment (note (c) and (d))	(267,725)	(308,583)
	<u>19,352,944</u>	<u>26,524,747</u>

Disclosed as follows:

	2021	2020
	SR	SR
Within one year	11,338,288	16,283,599
After more than one year (note (f))	8,014,656	10,241,148
	<u>19,352,944</u>	<u>26,524,747</u>

- (a) The carrying amount of trade and other receivables approximate their fair values.
- (b) As at December 31, 2021, trade receivables that were past due but not impaired amounted to SR2,730,412 (2020: SR5,027,420). These relate to a number of independent customers for whom there is no recent history of default. These receivables were aged above 90 days.
- (c) As at December 31, 2021, trade receivables amounting to SR267,725 were impaired (2020: SR 308,583). These relate to a number of independent customers who are in unexpectedly difficult economic situations. These receivables were aged above 90 days.

- (d) The movement in the provision for credit impairment is as follows:

	2021	2020
	SR	SR
At January 1,	308,583	428,610
(Reversal)/ Charge to the statement of profit or loss (note 18)	(40,858)	(120,027)
<b>At December 31,</b>	<u>267,725</u>	<u>308,583</u>

- (e) The carrying amount of the Authority's trade and other receivables are denominated in the following currencies:

	2021	2020
	SR	SR
US Dollar	5,445,710	5,657,099
Seychelles rupee	13,907,235	20,867,649
	<u>19,352,944</u>	<u>26,524,748</u>

- (f) Loans and receivables comprise staff loans and are analysed as follows:

	2021	2020
	SR	SR
Within one year	3,644,651	3,131,102
After more than one year	8,014,656	10,241,148
	<u>11,659,307</u>	<u>13,372,250</u>

- (g) 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 other collaterals as securities, except for pledges on vehicles as security for Vehicle Loans
- (h) The other classes within trade and other receivables do not contain impaired assets and except for pledges in vehicles as security for staff loans, the Authority does not hold any other collateral as security.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

9. INVESTMENT IN TREASURY BILLS	2021	2020
	SR	SR
365 Days Treasury Bills - 1%	247,735	
365 Days Treasury Bills - 0.99%	4,955,162	
	<b>5,202,897</b>	-

10. CASH AND CASH EQUIVALENTS	2021	2020
	SR	SR
Cash at banks	114,567,375	126,172,388
	<b>114,567,375</b>	<b>126,172,388</b>

11. STATED CAPITAL	2021 & 2020	
	SR	
Government contributed assets (notes (a) & 5(d))	<b>8,715,700</b>	

(a) This represents the value of land transferred to the Authority by the Government of Seychelles in 1999.

## 12. CAPITAL GRANT

Capital grant was received from the Government of Seychelles for purchase of assets in 1999. Capital grant is amortised over the useful lives of the assets to which they relate.

## 13. BORROWINGS

	2021	2020
	SR	SR
<b>Bank borrowing</b>		
Non-current	-	-
Current	-	10,612,046
	<b>-</b>	<b>10,612,046</b>

The movement is as follows:

	2021	2020
	SR	SR
At January 1,	10,612,046	29,842,316
Received during the year	-	-
Paid during the year	(10,612,046)	(19,230,271)
<b>At December 31,</b>	<b>-</b>	<b>10,612,046</b>

(a) Bank borrowing is from Nouvobanq and amounted to USD 7.5 million to finance the construction of new warehouses of the Authority. The first disbursement was effected in March 2014 and repayment commenced in March 2016 by monthly instalments of USD 142,740. The loan was fully repaid in March, 2021.

(c) Borrowing is denominated in US Dollar and its maturity profile is detailed under note 3 (c) and the carrying amount of borrowing approximates its amortised cost.

## 14. RETIREMENT BENEFIT OBLIGATIONS

	2021	2020
	SR	SR
At January 1,	11,909,719	10,447,626
Charge for the year (note 17)	4,993,484	5,125,411
Payments during the year	(3,636,241)	(3,663,318)
<b>At December 31,</b>	<b>13,266,961</b>	<b>11,909,719</b>

(a) Retirement benefit obligations have not been computed in compliance with the requirements of IAS 19 since the Directors have estimated that the provisions as above, which have been based on the Ministry of Administrative & Power, Circular 9A of 1993 and 15% of gross salary in the case of PSC and internal contract of employees. are reasonable and would not materially differ had these been computed on an actuarial basis as mandated by IAS 19.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

15. OTHER PAYABLES	2021	2020
	SR	SR
Amount payable to the Government of Seychelles (note 15(a) and 24)	-	12,668,876
Advance payments -fees	15,248,044	19,780,863
Deposits-rent	8,896,365	10,995,066
Corporate Tax	1,000,744	1,236,437
Accrued Interest on Overdraft	-	339,031
Accrued Expenses	1,299,540	1,640,527
Other payables	12,822,221	13,234,788
	<u>39,266,915</u>	<u>59,895,588</u>
Disclosed as follows:		
	2021	2020
	SR	SR
Within one year	39,266,915	59,895,588
After more than one year	-	-
	<u>39,266,915</u>	<u>59,895,588</u>
(a) The amount payable to the GOS represents the surplus for the year which is transferred on a quarterly basis as per section 12(3) of the Financial Services Authority Act 2013.		
(b) The carrying amount of other payables are denominated in the following currencies:		
	2021	2020
	SR	SR
US Dollar	35,915,922	57,032,161
Seychelles rupee	3,229,822	2,863,427
Euro	121,171	-
	<u>39,266,915</u>	<u>59,895,588</u>
16. REVENUE		
	2021	2020
	SR	SR
(a) Corporate and SITZ Fees		
IBC registration fees	15,465,839	16,185,784
IBC annual licence fees	119,860,115	97,358,369
Other licence fees	9,066,218	7,758,614
Funds and securities fees	8,837,489	8,079,999
Insurance fees	2,117,431	2,302,577
Gambling Fees	9,272,379	9,187,083
Other services	28,894,578	28,687,757
	<u>193,514,049</u>	<u>169,560,183</u>
(b) Rental income		
Investment property	30,088,529	29,694,011
Outdoor space	43,890	127,343
	<u>30,132,419</u>	<u>29,821,354</u>
	<u>223,646,468</u>	<u>199,381,537</u>
17. STAFF COST		
	2021	2020
	SR	SR
Salaries & wages	33,579,694	38,675,225
Employee benefits and related expenses	4,604,099	4,656,319
Directors' emoluments (note 24)	298,693	403,893
SITZ Employment Council/FSA Appeals Board	384,689	520,156
Gratuity and compensation charge (note 14)	5,105,012	5,125,411
Retirement benefit obligations	1,127,753	1,141,792
	<u>45,099,940</u>	<u>50,522,796</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 18. ADMINISTRATIVE EXPENSES

	2021	2020
	SR	SR
Administration costs	5,164,736	4,931,241
Rental Costs	6,037,378	6,423,197
Communication costs	2,867,094	2,614,619
Transport and travelling costs	1,214,996	503,954
Maintenance and repairs	1,222,324	2,497,236
Training	1,366,890	1,645,103
Legal fees	349,950	333,206
Audit and Accountancy fees	100,000	100,000
Professional fees	9,201,256	4,819,989
Bank charges	76,984	69,753
(Reversal)/ charge for provision for credit impairment (note 8(d))	(40,858)	(120,027)
General expenses	4,019,007	3,491,231
	<u>31,579,757</u>	<u>27,309,502</u>

## 19. EDUCATIONAL DISSEMINATION

	2021	2020
	SR	SR
Information dissemination	436,087	3,266,512
Advertisement	276,843	53,115
	<u>712,930</u>	<u>3,319,627</u>

## 20. OTHER OPERATING COSTS

	2021	2020
	SR	SR
Depreciation		
- Property, plant and equipment (note 5)	2,472,726	2,089,215
Amortisation (note 7)	-	3,450
Amortisation of capital grant	(854,063)	(854,063)
	<u>1,618,663</u>	<u>1,238,602</u>

## 21. OTHER INCOME

	2021	2020
	SR	SR
Sundry income	4,443	6,308
	<u>4,443</u>	<u>6,308</u>

## 22. COMMITMENTS

## (a) Capital commitments

Capital commitments as at December 31, 2021 amounted to **SR NIL** (2020: 3,039,553).

## (b) Operating lease commitments - where the Authority is the lessor

The Authority leases land under non-cancellable operating lease agreements and buildings under cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewable rights.

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

	2021	2020
	SR	SR
Not later than one year	275,349	404,681
Later than one year and not later than five years	1,101,398	1,618,725
	<u>1,376,747</u>	<u>2,023,406</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 22. COMMITMENTS (CONT'D)

## (b) Operating lease commitments - where the Authority is the lessor (cont'd)

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

	<u>2021</u>	<u>2020</u>
	SR	SR
Not later than one year	42,317,164	59,980,593
Later that one year and not later than five years	96,683,105	140,997,973
	<u>139,000,269</u>	<u>200,978,565</u>

The contracts with most of the tenants for the cancellable operating leases are renewable every two years.

## 23. CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2021 (2020: Nil).

## 24. RELATED PARTY TRANSACTIONS

	<u>2021</u>	<u>2020</u>
	SR	SR
Directors		
- Remuneration (note 17)	298,693	403,893
Holding Entity		
- Surplus payable (note 14)	<u>92,565,871</u>	<u>85,268,991</u>

(a) Transactions with related parties are made at normal market prices.

(b) Outstanding balances at the end of the reporting period are unsecured and interest-free. There has been no guarantees provided or received for any related party payables or receivables. For the year ended December 31, 2021, the Authority had not recorded any impairment of receivables relating to amounts owed by related parties (2020: Nil). This assessment is undertaken at the end of each financial year through examining the financial position of the related party and the market in which the latter operates.

## (c) Key management personnel

	<u>2021</u>	<u>2020</u>
	SR	SR
Salaries and other benefits	15,182,403	14,878,596
Accrued Benefits	454,418	446,366
Employer Pension costs	2,277,360	2,231,789
	<u>17,914,182</u>	<u>17,556,752</u>