

**SEYCHELLES PORTS AUTHORITY
FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2015



OFFICE OF THE AUDITOR GENERAL

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REPORT OF THE AUDITOR GENERAL TO THE BOARD OF THE SEYCHELLES PORTS AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2015

Pursuant to the powers conferred on me by Section 16(3) of Seychelles Ports Authority Act, 2004, I have caused BDO Associates (Chartered Accountants) to audit on my behalf the financial statements of the Authority for the period ended 31 December 2015 as set out on pages 3 to 20.

The Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Standards in Seychelles and in compliance with the requirements of the Seychelles Ports Authority Act, 2004 and the Public Enterprise Monitoring Commission 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 policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on those financial statements based on the audit. The audit was conducted in accordance with International Organisation of the Supreme Audit Institutions (INTOSAI) Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

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

Basis of Qualified Opinion

- (i) I was not availed with a proper inventory valuation report. Furthermore, the Authority did not carry out an inventory count at year end. I therefore could not carry out proper audit procedures with respect to existence and valuation of inventories at December 31, 2015 nor was I able to satisfy myself through other alternative tests.
- (ii) I was not availed with a loan listing for staff loans of R11.8million. I therefore could not satisfactorily carry out procedures with respect to completeness, existence and valuation of staff loans at December 31, 2015 nor was I able to satisfy myself through other alternative tests.

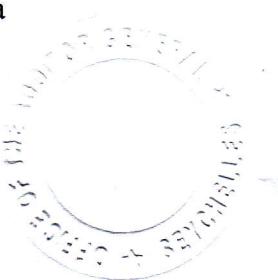
Audit Opinion

In my opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements on pages 3 to 20 fairly present the financial position of the Seychelles Ports Authority as at 31 December 2015 and the results of its operations and cash flows for the year then ended in accordance with Generally Accepted Accounting Standards in Seychelles and comply with the provisions of the Seychelles Ports Authority Act, 2004.



Marc Benstrong
AUDITOR GENERAL

24 May 2016
Victoria



SEYCHELLES PORTS AUTHORITY

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REPORT OF THE BOARD

The Board has pleasure in submitting its Annual Report together with the audited financial statements of the Authority for the year ended December 31, 2015.

AUTHORITY

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

PRINCIPAL ACTIVITIES

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

RESULTS

The profit for the year before tax amounted to **SR 64.4million** (2014: SR 78.6million).

DIVIDENDS

Dividends amounting to **SR 25million** were paid in the financial year under review (2014: SR 25million).

PROPERTY AND EQUIPMENT

Additions of **SR 27.2million** to property and equipment during the year (2014: SR 10.3million) comprised mainly work in progress, machinery equipment, office equipment, motor vehicles, furniture and fittings, other assets and building improvements. Disposals during the year consisted of Motor vehicles carried at nil book value.

The Board is of the opinion that the carrying amounts of the property and equipment at December 31, 2015 approximate their fair value.

COMPOSITION OF THE BOARD

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

Conrad Benoiton (Chairman)

Andre Ciseaux

Philippe Michaud

Monica Bonvalet

Jean Atalla

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

REPORT OF THE BOARD

STATEMENT OF BOARD'S RESPONSIBILITIES

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

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Standards in Seychelles and in compliance with the Seychelles Ports Authority Act, 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Board has the general responsibility of safeguarding the assets, both owned by the Authority and those that are held in trust and used by the Authority.

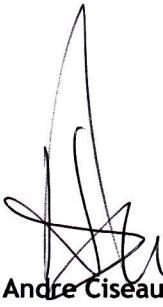
The Board considers it has met the aforesaid responsibilities.

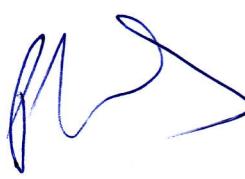
AUDITOR

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

BOARD APPROVAL


Conrad Benoiton (Chairman)
Director


Andre Ciseaux
Director


Philippe Michaud
Director

NON-RESIDENT
Monica Bonvalet
Director


Jean Atalla
Director

Dated: 17 MAY 2016
Victoria, Seychelles

SEYCHELLES PORTS AUTHORITY

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INDEPENDENT AUDITORS' REPORT TO THE AUDITOR GENERAL

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

Report on the Financial Statements

We have audited the attached financial statements of Seychelles Ports Authority set out on pages 4 to 20 which comprise the Balance Sheet at December 31, 2015, the Income Statement, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and explanatory notes.

Board's Responsibility for the Financial Statements

As stated on page 1(a) of the Board's Report, the Board is responsible for preparation of the financial statements.

Auditors' Responsibility

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

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

SEYCHELLES PORTS AUTHORITY

2(a)

INDEPENDENT AUDITORS' REPORT TO THE AUDITOR GENERAL (CONT'D)**Bases for Qualified Opinion****(i) Inventory**

We were not availed with a proper inventory valuation report. Furthermore, the Authority did not carry out an inventory count at year-end. We therefore could not carry out proper audit procedures with respect to existence and valuation of inventories at December 31, 2015 nor were we able to satisfy ourselves through other alternative tests.

(ii) Other receivables

We were not availed with a loan listing for staff loans of SR 11.8m. We therefore could not satisfactorily carry out procedures with respect to completeness, existence and valuation of staff loans at December 31, 2015 nor were we able to satisfy ourselves through alternative tests.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Bases for Qualified Opinion paragraph, the financial statements on pages 4 to 20 give a true and fair view of the financial position of the Authority at December 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with the provisions of the Seychelles Ports Authority Act, 2004.

BDO Associates
BDO ASSOCIATES
Chartered Accountants

Dated: 17 MAY 2016

Victoria, Seychelles

BALANCE SHEET AS AT DECEMBER 31, 2015

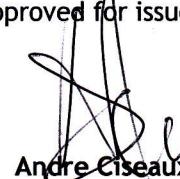
	Notes	2015 SR'000	2014 SR'000
ASSETS			
Non-current assets			
Property and equipment	5(a)	177,111	159,066
Intangible asset	6	167	201
		<u>177,278</u>	<u>159,267</u>
Current assets			
Inventories		4,450	2,431
Trade and other receivables	7	44,438	43,595
Cash and cash equivalents	8	109,751	96,579
		<u>158,639</u>	<u>142,605</u>
Total assets		<u>335,917</u>	<u>301,872</u>
EQUITY AND LIABILITIES			
Equity			
Capital reserve	9	15,947	17,246
Retained earnings		<u>187,347</u>	<u>157,936</u>
		<u>203,294</u>	<u>175,182</u>
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	10	7,150	5,361
Tax liability	11	120,500	110,500
		<u>127,650</u>	<u>115,861</u>
Current liability			
Trade and other payables	12	4,973	10,829
Total liabilities		<u>132,623</u>	<u>126,690</u>
Total equity and liabilities		<u>335,917</u>	<u>301,872</u>

These financial statements have been approved for issue by the Board on

17 MAY 2016



Conrad Benoiton (Chairman)
Director



Andre Ciseaux
Director

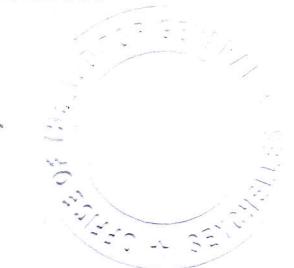


Philippe Michaud
Director

NON-RESIDENT
Monica Bonvalet
Director



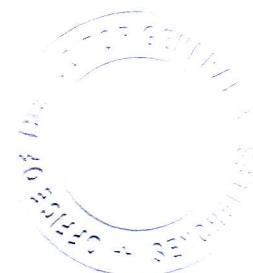
Jean Atalla
Director



The notes on pages 7 to 20 form an integral part of these financial statements
Auditors' report on pages 2 and 2(a)

INCOME STATEMENT - YEAR ENDED DECEMBER 31, 2015

	Notes	2015 SR'000	2014 SR'000
Port related services	2(j)(i)	133,933	130,731
Hire of boats		1,457	1,349
Rental income	2(j)(ii)	6,573	8,247
Other income	13	1,941	1,577
Gross income		143,904	141,904
Cost of services		(11,166)	(13,270)
		<u>132,738</u>	<u>128,634</u>
Staff costs	14	(42,950)	(38,999)
Premises costs	15	(4,816)	(4,626)
Operating overheads	16	(8,369)	(7,100)
Foreign exchange (loss)/gain		(3,649)	240
Movement in provision for credit impairment	7(c)	(635)	7,000
Net depreciation	5(b)	(7,859)	(6,565)
Amortisation	6	(49)	(31)
Profit before tax		64,411	78,553
Tax expense	11	(10,000)	(11,000)
Profit for the year		54,411	67,553



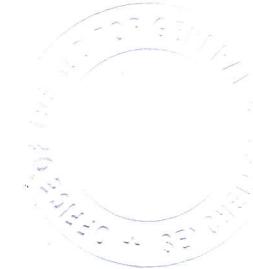
STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2015

	Notes	Capital reserve SR'000	Retained earnings SR'000	Total SR'000
Balance at January 1, 2015		17,246	157,936	175,182
Profit for the year		-	54,411	54,411
Dividends paid	17	-	(25,000)	(25,000)
Release to income statement in respect of depreciation charged	5(b)	(1,299)	-	(1,299)
Balance at December 31, 2015		15,947	187,347	203,294
 Balance at January 1, 2014		18,545	115,383	133,928
Profit for the year		-	67,553	67,553
Dividends paid	17	-	(25,000)	(25,000)
Release to income statement in respect of depreciation charged	5(b)	(1,299)	-	(1,299)
Balance at December 31, 2014		17,246	157,936	175,182



CASH FLOW STATEMENT - YEAR ENDED DECEMBER 31, 2015

	Notes	2015 SR'000	2014 SR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		64,411	78,553
<i>Adjustments for non-cash items:</i>			
Depreciation	5(b)	7,859	6,565
Amortisation	6	49	31
Increase/(decrease) in provision for credit impairment	7(c)	635	(7,000)
Retirement benefit obligations charge	10	3,695	3,129
Profit on disposal of property and equipment	13	(243)	(180)
		<u>76,406</u>	<u>81,098</u>
<i>Changes in working capital:</i>			
Increase in inventories		(2,019)	(2,431)
Increase in trade and other receivables		(1,478)	(3,675)
Decrease in trade and other payables		(5,856)	(1,794)
Gratuity and compensation paid	10	(1,906)	(997)
Net cash inflow from operating activities		<u>65,147</u>	<u>72,201</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	5(a)	(27,203)	(10,290)
Proceeds from disposal of property and equipment		243	180
Additions to intangible assets	6	(15)	(232)
Net cash outflow from investing activities		<u>(26,975)</u>	<u>(10,342)</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends paid and net cash outflow from financing activity	17	<u>(25,000)</u>	<u>(25,000)</u>
Net increase in cash and cash equivalents		<u>13,172</u>	<u>36,859</u>
<i>Movements in cash and cash equivalents:</i>			
At January 1,		96,579	59,720
Increase		13,172	36,859
At December 31,	8	<u>109,751</u>	<u>96,579</u>



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

1. GENERAL

Seychelles Ports Authority was established as a Statutory Body under the Seychelles Ports Authority Act 2004, which came into force effective October 2004. The Authority was vested with the assets and liabilities of the former Port and Marine Services Division at nil consideration.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the Authority have been prepared under the historical cost convention method in accordance with Generally Accepted Accounting Standards in Seychelles and comply with the Seychelles Ports Authority Act, 2004.

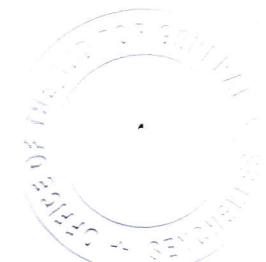
(b) Property and equipment

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

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

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

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



2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property and equipment (Cont'd)

The estimated useful lives are:

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

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

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

(c) 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. They are amortised over a useful life of five years.

(d) Inventories

Inventories comprising of spares, cleaning materials, fuel, stationery and consumable stores, are stated at the lower of cost and net realisable value. In general cost is determined on a first in first out basis. Provisions are made for obsolete inventories based on management's appraisal.

(e) Financial instruments

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



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial instruments (Cont'd)

(i) Held-to-maturity financial assets

Recognition

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Authority has the positive intention and ability to hold to maturity. Held-to-maturity investments are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Derecognition

The Authority derecognises a financial asset where the contractual rights to cashflows 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 rewards of ownership of the financial asset are transferred. The Authority derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

(ii) Trade and other receivables

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

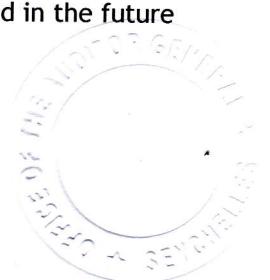
The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the Income Statement.

The carrying amount of trade receivables approximated their fair value.

(iii) Trade and other payables

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

The carrying amount of trade payables approximated their amortised cost.



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(e) Financial instruments (Cont'd)****(iv) Cash and cash equivalents**

The cash flow statement classifies changes in cash and cash equivalents according to operating, investing and financing activities. Cash and cash equivalents comprise cash in hand and at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(v) Offsetting

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

(f) Leases

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

(g) Retirement benefit obligations

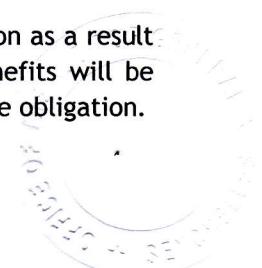
Retirement benefit obligations comprise of end-of-contract gratuities and Labour Act length of service compensation. The Authority computes this liability in respect of eligible employees at the end of each year based on the current salaries of those employees. Excess/shortfall to the provision is adjusted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

(h) Tax

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

(i) Provisions

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



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(j) Revenue recognition**

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

(i) Port services income

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

(ii) Rental income

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

(iii) Interest income

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

(iv) Other revenues

Surcharge and other revenues are recognised on an accrual basis based on the substance of the transaction.

(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 which is the Authority's functional and presentation currency.

Transactions and balances

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

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



3. FINANCIAL RISK MANAGEMENT

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

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

(a) Interest rate risk

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

(b) Foreign exchange risk

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

(c) Liquidity risk

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

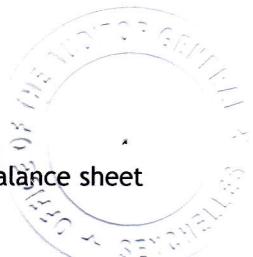
Procedures have also been established throughout the Authority so that all users channel their requirements to the treasury function. This ensures that cash flow forecast exercise is carried out based on real-time information from users. The Authority also has a portfolio of liquid assets, the maturities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

(d) Credit risk

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

(e) Fair values

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



4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(i) Dividends

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

(ii) Tax provision

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

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

(iii) Depreciation of property and equipment

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

(iv) Capital reserve

Upon establishment of the Authority as a Statutory Body in the year 2004, the Authority was vested with the assets and liabilities of the former Port and Marine Services Division at nil consideration. The net value of assets over liabilities was recognised as Capital Reserve and credited to the Capital Fund Account with an assumption that this amount was not payable in future to the Government of Seychelles.

The depreciation charge of these assets are offset by a corresponding release from capital reserve on a yearly basis so that impact on income statement is nil.



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**(v) Leasehold lands**

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

(vi) Useful lives and residual values of equipment

Determining the carrying amounts of equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The Authority Management 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 equipment.

(vii) 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.



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

5. PROPERTY AND EQUIPMENT

	Improvements to buildings	buoys & launches	Pontoons	Boats & outboard engine	Machinery & tools	Office equipment	Furniture & fittings	Motor vehicles	Other assets	-progress	Total
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
(a) COST/DEEMED COST											
At December 31, 2013	2,736	98,544	600	62	1,515	2,257	521	3,663	1,742	76,297	187,937
Additions	729	-	-	-	593	246	217	759	409	7,337	10,290
Disposals	-	-	-	-	-	-	-	(178)	-	-	(178)
At December 31, 2014	3,465	98,544	600	62	2,108	2,503	738	4,244	2,151	83,634	198,049
Additions	239	35	-	-	609	295	219	6,057	924	18,825	27,203
Disposals	-	-	-	-	-	-	-	(258)	-	-	(258)
At December 31, 2015	3,704	98,579	600	62	2,717	2,798	957	10,043	3,075	102,459	224,994

ACCUMULATED DEPRECIATION

At December 31, 2013	753	24,873	278	50	696	1,658	423	1,466	1,100	-	31,297
Charge for the year	156	5,974	30	4	308	294	57	735	306	-	7,864
Disposal adjustment	-	-	-	-	-	-	-	(178)	-	-	(178)
At December 31, 2014	909	30,847	308	54	1,004	1,952	480	2,023	1,406	-	38,983
Charge for the year	179	6,567	30	-	388	279	121	1,176	418	-	9,158
Disposal adjustment	-	-	-	-	-	-	-	(258)	-	-	(258)
At December 31, 2015	1,088	37,414	338	54	1,392	2,231	601	2,941	1,824	-	47,883

NET BOOK VALUE

At December 31, 2015	2,616	61,165	262	8	1,325	567	356	7,102	1,251	102,459	177,111
At December 31, 2014	2,556	67,697	292	8	1,104	551	258	2,221	745	83,634	159,066

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**(v) Leasehold lands**

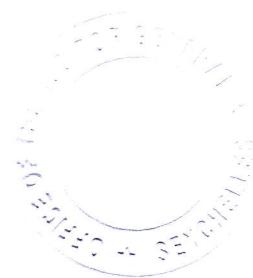
Leasehold lands have been transferred to the Authority by the Government of Seychelles at a negligible value. Improvement to Buildings made by the Authority subsequent to the take over are stated at cost incurred for such improvements. Depreciation is provided on such cost over their estimated useful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

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5. PROPERTY AND EQUIPMENT

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Disposal adjustment	-	-	-	-	-	-	-	(258)	-	-	(258)
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At December 31, 2014	2,556	67,697	292	8	1,104	551	258	2,221	745	83,634	159,066

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

5. PROPERTY AND EQUIPMENT (CONT'D)

(b) Depreciation

	2015 SR'000	2014 SR'000
Depreciation charge (note 5(a))	9,158	7,864
Release from capital reserve (note 9)	(1,299)	(1,299)
Net charge for the year	7,859	6,565

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

6. INTANGIBLE ASSET

	Computer software	
	2015 SR'000	2014 SR'000
COST		
At January 1,	232	-
Additions	15	232
At December 31,	247	232
AMORTISATION		
At January 1,	31	-
Charge for the year	49	31
At December 31,	80	31
NET BOOK VALUE		
At December 31,	167	201

7. TRADE AND OTHER RECEIVABLES

	2015 SR'000	2014 SR'000
Trade receivable:		
Port and other port related fees receivable	31,503	30,407
Provision for credit impairment (see note 9(c))	(1,722)	(1,087)
	29,781	29,320
Other receivable:		
Prepayments	2,039	1,301
Staff loan	11,886	12,353
Others	732	621
	44,438	43,595

(a) The carrying amounts of trade and other receivables approximate their fair values.



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

7. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	2015	2014
	SR'000	SR'000
Seychelles Rupee	41,071	36,616
Euro	3,173	6,785
US Dollar	194	194
	<u>44,438</u>	<u>43,595</u>

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

	2015	2014
	SR'000	SR'000
At January 1,	1,087	8,087
Charge/(reversal) of credit impairment	635	(7,000)
At December 31,	<u>1,722</u>	<u>1,087</u>

8. CASH AND CASH EQUIVALENTS

	2015	2014
	SR'000	SR'000
Bank balance	109,736	61,297
Cash in hand	15	754
	<u>109,751</u>	<u>62,051</u>
Held-to-maturity financial assets (note 8(a))	-	34,528
	<u>109,751</u>	<u>96,579</u>

(a) Investments in Held-to-maturity financial assets related to treasury bills held with the Central bank of Seychelles. Maturity of Held-to-maturity financial assets was within 3 months from the date of deposit and had been recognised as cash and cash equivalents for cash flow purposes.

9. CAPITAL RESERVE

Upon establishment of the Authority as a Statutory Body in the year 2004, the Authority was vested with the assets and liabilities of the former Port and Marine Services Division for which no consideration was paid to the Government of Seychelles. The contra to the net assets taken over was recognised as a Capital Reserve.

The movement in capital reserve is as follows:

	2015	2014
	SR'000	SR'000
At January 1,	17,246	18,545
Charge for the year (note 5(b))	(1,299)	(1,299)
At December 31,	<u>15,947</u>	<u>17,246</u>



10. RETIREMENT BENEFIT OBLIGATIONS

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

The movement is as follows:

	2015	2014
	SR'000	SR'000
At January 1,	5,361	3,229
Charge for the year (note 14)	3,695	3,129
Payments made during the year	(1,906)	(997)
At December 31,	7,150	5,361

11. TAX

	2015	2014
	SR'000	SR'000
At January 1,	110,500	99,500
Current tax based on the profit for the year	10,000	11,000
At December 31,	120,500	110,500

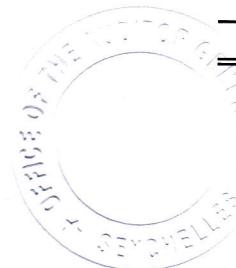
- (a) The Authority applied to the Seychelles Revenue Commission ("SRC") in December 2006 for exemption from payment of Business Tax and is still awaiting a response. In the meantime, provision for tax has been made for prior periods and for the financial year under review. However, it is the intention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

12. TRADE AND OTHER PAYABLES

	2015	2014
	SR'000	SR'000
Trade payables	2,648	1,772
Other payables	1,839	8,747
Deposits	486	310
4,973	10,829	

13. OTHER INCOME

	2015	2014
	SR'000	SR'000
Profit on disposal of assets	243	180
Bank interest	1,599	1,153
Miscellaneous income	99	244
1,941	1,577	



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

14. STAFF COSTS

	2015 SR'000	2014 SR'000
Salaries and wages	37,090	33,505
Gratuity and length of service provision (note 10)	3,695	3,129
Other staff costs	2,165	2,365
	42,950	38,999

15. PREMISES COSTS

	2015 SR'000	2014 SR'000
Rent	1,452	1,460
Electricity and water	1,584	1,331
Repairs and maintenance	1,712	1,764
Insurance	68	71
	4,816	4,626

16. OPERATING OVERHEADS

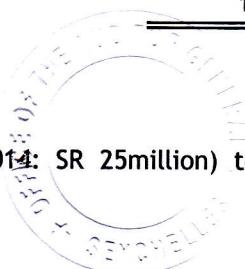
	2015 SR'000	2014 SR'000
Advertising, entertainment and donations	2,621	2,415
Bank charges	100	16
Communication costs	654	477
Board members' fees (see note 16(a))	192	192
Local travel and conveyance	496	574
Office equipment maintenance	611	708
Other operating overheads	835	668
Overseas travel, subsistence and training	469	872
Professional and consultancy fees	1,310	193
Stationery, postage and subscriptions	351	410
Vehicle maintenance	730	575
	8,369	7,100

(a) Board members' fees:

	2015 SR'000	2014 SR'000
Andre Ciseaux	36	36
Monica Bonvalet	36	36
Philippe Michaud	36	36
Conrad Benoiton	48	48
Jean Atalla	36	36
	192	192

17. DIVIDENDS

The Authority paid dividend amounting to SR 25million (2014: SR 25million) to Government of Seychelles during the year under review.



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

18. CAPITAL COMMITMENTS

	2015 SR'000	2014 SR'000
Authorised and contracted for	1,237	1,237
Authorised but not yet contracted for	68,852	27,203
Total capital commitments	70,089	27,203

19. CONTINGENT LIABILITY

There were no contingent liability as at December 31, 2015 (2014: Nil).

20. POST BALANCE SHEET EVENT

On February 26, 2016, 40% of the shareholding of Ile do Port Handling Services Limited previously held by Société Seychelloise D'Investissement Limited was transferred to the Authority for a total consideration of USD 1.44m.

