

SEYCHELLES PUBLIC TRANSPORT CORPORATION

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SEYCHELLES PUBLIC TRANSPORT CORPORATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

SEYCHELLES PUBLIC TRANSPORT CORPORATION

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CORPORATE INFORMATION

DIRECTORS	:	<u>The Corporation</u> Steve Fanny (Chairman) Geffy Zialor (Chief Executive Officer) Veronique Laporte Patrick Andre Rosa Morin Hans Aglae
REGISTERED OFFICE	:	Victoria, Mahé, Seychelles
PRINCIPAL PLACE OF BUSINESS	:	Victoria, Mahé, Seychelles
AUDITORS	:	BDO Associates Chartered Accountants Seychelles
BANKERS	:	(1) The Mauritius Commercial Bank (Seychelles) Limited (2) Barclays Bank Limited (3) Bank of Baroda Limited (4) Seychelles Commercial Bank Limited (5) Seychelles International Mercantile Banking Corporation Limited

DIRECTORS' REPORT - DECEMBER 31, 2015

The Directors are pleased to submit their report together with the audited financial statements of the Corporation for the year ended December 31, 2015.

PRINCIPAL ACTIVITY

The Corporation operates public transport on Mahé and Praslin.

CURRENT YEAR EVENTS

Following the approval of the dissolution of Praslin Transport Company Limited (PTC) the subsidiary of SPTC by the President, the Boards of Directors of the Corporation of SPTC and PTC have unanimously approved the struck off of PTC effective November 30, 2015.

Effective December 1, 2015, the assets and liabilities as well as the activities and operations of PTC were taken by SPTC. SPTC also agreed to pay compensations of the employees transferred from PTC.

Therefore, since December 1, 2015, PTC has been integrated within SPTC as a division and ceased to be a subsidiary effective that date. No group situation exists at December 31, 2015 and comparatives have been removed accordingly.

RESULTS

	SR
Loss for the year	(24,535,074)
Retained earnings brought forward	82,593,976
Retained earnings transferred from PTC	221,944
Retained earnings carried forward	<u>58,280,846</u>

PROPERTY AND EQUIPMENT

Additions to property and equipment of SR 11.6m during the year (2014: SR 20.8m) comprised mainly the furniture, fittings and equipment and buildings on leasehold land and WIP. Motor Vehicle was disposed during the year with a net book value of SR 2,351 (2014: Nil).

Property and equipment are stated at cost less accumulated depreciation. The Directors are of the opinion that the carrying amounts of the assets approximate their fair value and do not require any adjustments for impairment.

DIRECTORS' REPORT - DECEMBER 31, 2015

DIRECTORS

The Directors of the Corporation in office from the date of the last report to the date of this report, appointed under Section 5(1) of the Seychelles Public Transport Act, 1977 are:

Steve Fanny (Chairman)
Geffy Zialor (Chief Executive Officer)
Veronique Laporte
Patrick Andre
Rosa Morin
Hans Aglae

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Chief Executive Officer is responsible for the overall management of the affairs of the Corporation including its daily operations and the making of major investments and policy proposals to the Board of Directors for approval.

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and with the Seychelles Public Transport Corporation Act, 1977. 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 Corporation and those that are held in trust and used by the Corporation.

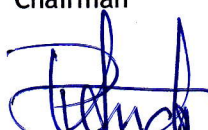
The Directors consider they have met their aforesaid responsibilities.

AUDITORS

The retiring auditors, Messrs. BDO Associates, being eligible offer themselves for re-appointment.

BOARD APPROVAL


Steve Fanny
Chairman


Patrick Andre
Director


Geffy Zialor
Director


Rosa Morin
Director


Veronique Laporte
Director


Hans Aglae
Director

Date: 30 MAR 2016
Victoria, Seychelles

SEYCHELLES PUBLIC TRANSPORT CORPORATION

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of Seychelles Public Transport Corporation, as a body, in terms of our engagement to conduct the audit on their behalf. Our audit work has been undertaken so that we might state to the members those matters which we are required to state to them 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of Seychelles Public Transport Corporation set out on pages 4 to 26 which comprise the Statement of Financial Position as at December 31, 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Directors' Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on those financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. 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 Bank'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 Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors as well as evaluating the overall presentation of the financial statements.

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



SEYCHELLES PUBLIC TRANSPORT CORPORATION

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

Opinion

In our opinion, the financial statements on pages 4 to 26 give a true and fair view of the financial position of the Group and the Corporation as at December 31, 2015 and of its financial performance and its cash flows for the period or year then ended in accordance with International Financial Reporting Standards and comply with the Seychelles Public Transport Corporation Act, 1977.

Report on Other Legal and Regulatory Requirements

Public Enterprise Monitoring Commission Act, 2013

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

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

Dated: 30 MAR 2016
Victoria, Seychelles

BDO Associates
BDO ASSOCIATES
Chartered Accountants

STATEMENTS OF FINANCIAL POSITION - DECEMBER 31, 2015

	Notes	2015 SR	2014 SR
ASSETS			
Non-current assets			
Property and equipment	5	79,987,212	84,726,112
Current assets			
Inventories	6	28,115,053	26,439,718
Investment in financial assets	7	12,879,188	22,777,899
Amount receivable from subsidiary	8	-	5,600,189
Trade and other receivables	9	9,024,671	8,181,402
Cash and cash equivalents	10	3,115,687	5,044,204
		<u>53,134,599</u>	<u>68,043,412</u>
Total assets		<u>133,121,811</u>	<u>152,769,524</u>
RESERVES AND LIABILITIES			
Reserves			
Capital Grants	11	48,266,151	47,356,833
Retained earnings		58,280,846	82,593,976
		<u>106,546,997</u>	<u>129,950,809</u>
LIABILITIES			
Non-current liability			
Retirement benefit obligations	12	17,616,732	15,755,207
Current liability			
Trade and other payables	13	8,958,082	7,063,508
Total liabilities		<u>26,574,814</u>	<u>22,818,715</u>
Total reserves and liabilities		<u>133,121,811</u>	<u>152,769,524</u>

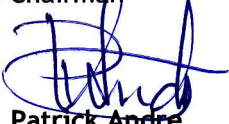
These financial statements have been approved for issue by the Board of Directors on

30 MAR 2016


Steve Fanny
Chairman


Geffy Zialor
Director


Veronique Laborte
Director


Patrick Andre
Director


Rosa Morin
Director


Hans Aglae
Director

The notes on pages 8 to 26 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED
DECEMBER 31, 2015**

	Notes	2015	2014
		SR	SR
Revenue	2(i)	118,467,741	117,161,528
Operating expenses	14	(56,467,567)	(59,681,853)
Operating profit		62,000,174	57,479,675
Administrative expenses	14	(121,052,602)	(109,375,173)
Finance income		152,178	1,299,635
Other income	15	35,249,015	35,995,900
Loss before finance income		(23,651,236)	(14,599,963)
Foreign exchange (losses)/gain		(883,838)	522,394
Loss for the year	16	(24,535,074)	(14,077,569)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
<u>Grants</u> (note 12)			
Grant received during the year	11	9,238,039	15,999,383
Release to statement of profit or loss			
- Depreciation charge	11	(11,430,314)	(8,321,564)
Total other comprehensive (loss)/income for the year		(2,192,275)	7,677,819
Total comprehensive loss for the year		(26,727,349)	(6,399,750)

The notes on pages 8 to 26 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

SEYCHELLES PUBLIC TRANSPORT CORPORATION

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

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	Note	Capital Grants SR	Retained earnings SR	Total SR
Balance at January 1, 2015		47,356,833	82,593,976	129,950,809
Transfer from PTC	17	3,101,593	221,944	3,323,537
Total comprehensive loss for the year		(2,192,275)	(24,535,074)	(26,727,349)
Balance at December 31, 2015		<u>48,266,151</u>	<u>58,280,846</u>	<u>106,546,997</u>
Balance at January 1, 2014		39,679,014	96,671,545	136,350,559
Total comprehensive loss for the year		7,677,819	(14,077,569)	(6,399,750)
Balance at December 31, 2014		<u>47,356,833</u>	<u>82,593,976</u>	<u>129,950,809</u>

The notes on pages 8 to 26 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

STATEMENTS OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2015

	Notes	2015 SR	2014 SR
Cash flows from operating activities			
Loss for the year		(24,535,074)	(14,077,569)
<i>Adjustments for:</i>			
Depreciation on property and equipment	5	18,919,188	17,781,294
Net effect of assets and liabilities transferred to PTC net of cash and cash equivalents		987,144	-
Write off of net receivable from PTC		5,600,189	-
Release of grants	11	(11,430,314)	(8,321,564)
Loss on asset scrapped		-	219,112
Gain on sale of motor vehicle		(72,649)	-
Impairment of investment in subsidiary		-	10,000
Gain on exchange of financial assets	7	(148,500)	(1,039,652)
Interest accrued on financial assets	7	(214,615)	(799,147)
Provision for obsolete inventories	6	(1,238,053)	(3,000,000)
Allowance for credit losses	9	(48,646)	95,565
Interest receivable		(152,178)	(1,299,635)
Movement in retirement benefit obligations	12	3,057,975	4,056,207
		<u>(9,275,533)</u>	<u>(6,375,389)</u>
<i>Changes in working capital</i>			
- Inventories		(437,283)	(6,470,639)
- Trade and other receivables		(794,623)	2,758,458
- Trade and other payables		1,894,574	1,829,622
Net cash inflow/(outflow) from operating activities		<u>(8,612,864)</u>	<u>(8,257,948)</u>
Interest received		152,178	1,299,635
Retirement benefit obligation paid		<u>(1,521,483)</u>	<u>(1,139,177)</u>
		<u>(9,982,169)</u>	<u>(8,097,490)</u>

The notes on pages 8 to 26 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

STATEMENTS OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2015

	Notes	2015 SR	2014 SR
Cash flow from investing activities			
Purchase of property and equipment	5	(11,569,542)	(20,788,822)
Proceed from sale of property and equipment	5	75,000	-
Purchase of investment in financial assets	7	(12,516,073)	(17,036,000)
Proceeds from redemption of investment in financial assets	7	29,432,033	28,756,581
Net cash inflow/(outflow) from investing activities		<u>5,421,418</u>	<u>(9,068,241)</u>
Cash flow from financing activities			
Movement in amount receivable from the subsidiary		-	(593,626)
Grant related to assets received	11	9,238,039	15,999,383
Net cash inflow/(outflow) from financing activities		<u>9,238,039</u>	<u>15,405,757</u>
Net increase/(decrease) in cash and cash equivalents		<u>4,677,288</u>	<u>(1,759,974)</u>
Movement in cash and cash equivalents			
At January 1,		10,760,333	12,520,307
Transfer from PTC	17	48,329	-
Increase/(Decrease) during the year		4,677,288	(1,759,974)
At December 31,	10	<u>15,485,950</u>	<u>10,760,333</u>

The notes on pages 8 to 26 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

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

1. GENERAL INFORMATION

The Corporation is fully owned by the Government of Seychelles and is domiciled in Seychelles. Its head office is located at Victoria, Seychelles and so is its principal place of business.

The principal activity of the Corporation is as stated in the Directors' report on page 2.

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 SPTC have been prepared in accordance with International Financial Reporting Standards (IFRS), the Seychelles Companies Act, 1972. These financial statements have been prepared under the historical cost convention, except that:

- (i) Held-to-maturity investments and relevant financial assets and liabilities are carried at their amortised cost; and
- (ii) Relevant financial assets are stated at their fair value.

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

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary.

Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives. *The amendment has no impact on the Corporation's financial statements.*

Annual Improvements 2010-2012 Cycle

IFRS 2, 'Share based payments' amendment is amended to clarify the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. *The amendment has no impact on the Corporation's financial statements.*

IFRS 3, 'Business combinations' is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss. *The amendment has no impact on the Corporation's financial statements.*

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

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

IFRS 8, 'Operating segments' is amended to require disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. *The amendment has no impact on the Corporation's financial statements.*

IFRS 13 (Amendment), 'Fair Value Measurement' clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. *The amendment has no impact on the Corporation's financial statements.*

IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible' are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. *The amendment has no impact on the Corporation's financial statements.*

IAS 24, 'Related party disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. *The amendment has no impact on the Corporation's financial statements.*

IAS 38, 'Intangible Assets' is amended to require an entity to take into account accumulated impairment losses when adjusting the amortisation on revaluation. *The amendment has no impact on the Corporation's financial statements.*

Annual Improvements 2011-2013 Cycle

IFRS 1, 'First-time Adoption of International Financial Reporting Standards' is amended to clarify in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. *The amendment has no impact on the Corporation's financial statements, since the Corporation is an existing IFRS preparer.*

IFRS 3, 'Business combinations' is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint venture under IFRS 11. *The amendment has no impact on the Corporation's financial statements.*

IFRS 13, 'Fair value measurement' is amended to clarify that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. *The amendment has no impact on the Corporation's financial statements.*

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

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

Annual Improvements 2011-2013 Cycle (Cont'd)

IAS 40, 'Investment property' is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 assists users to distinguish between investment property and owner-occupied property. Preparers also need to consider the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. *The amendment has no impact on the Corporation'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 2016 or later periods, but which the Corporation has not early adopted.

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

IFRS 9 Financial Instruments

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

IFRS 14 Regulatory Deferral Accounts

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

IFRS 15 Revenue from Contract with Customers

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

Equity Method in Separate Financial Statements (Amendments to IAS 27)

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

Annual Improvements to IFRSs 2012-2014 Cycle

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Disclosure Initiative (Amendments to IAS 1)

Where relevant, the Corporation 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 IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation'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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(b) Property and equipment**

Property 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.

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

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values over their expected useful lives as follows:

	%
Improvements to buildings on leasehold land	2% - 20%
Furniture, fittings and equipment	10% - 50%
Vehicles and engines	12.5% - 20%

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

When 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 statement of profit or loss.

(c) Inventories

Inventories are stated at the lower of cost and net realisable value. In general cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes the borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. Provisions are made for obsolete inventories based on management's appraisal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(d) Financial instruments**

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

(i) *Held-to-maturity financial assets*

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management 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 to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate method.

(ii) *Trade and other receivables*

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

(iii) *Cash and cash equivalents*

Cash comprises of 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, against which bank overdrafts, if any, are deducted. The cash flow statement is prepared using the indirect method.

(iv) *Trade and other payables*

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

Derecognition

A financial asset is derecognised when the rights to receive cash flows have expired or the Corporation has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

The Corporation assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Corporation of financial assets is impaired. The carrying amount of the asset is reduced and the amount of loss is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(e) Retirement benefit obligations***Defined benefit plans*

The Corporation provides for a payment of gratuity to permanent employees. Gratuities are paid every five years (except in the case of early retirement) as from January 2007, 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 Corporation does not carry out any actuarial valuation since the Directors have based themselves on the method as prescribed by the Seychelles Employment Act and they have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

(f) Foreign currencies**(i) Functional and presentation currency**

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

(ii) Functional and presentation currency

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

(iii) 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. 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.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(g) Grants**

- (i) 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.

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.

- (ii) Grants related to income also received from the Government of Seychees are presented as part of profit or loss under other income in the statement of profit or loss.

(h) 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 Corporationed at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(i) Revenue recognition

Revenue is recognised to the extent that 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 measured at the fair value of consideration received.

Sale of 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.

(j) Business tax

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Provisions

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Corporation's activity exposes it to a variety of financial risks, including: credit risk, liquidity risk, currency risk and interest rate risk.

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

(a) Credit risk

The Corporation's credit risk is primarily attributable to its trade receivables and other receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Corporation's management based on experience and the current economic environment.

The Corporation's sales are mostly on a cash basis and credit sales are made to customers with an appropriate credit history. Credit risk is therefore considered to be low.

(b) Liquidity risk

The Corporation manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities as applicable. Liquidity risk is considered as low.

(c) Currency risk

The Corporation is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to GB Pound Sterling, ZAR and US Dollar. Foreign exchange risk arises from commercial transactions and assets denominated in currencies other than the functional currency.

At December 31, 2015, if the Seychelles Rupee had weakened/strengthened by 5% against US Dollar with all variables held constant, loss for the year would have been SR 303,257 (2014: SR 325,582) 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:

Investment in financial assets
Trade and other payables

US Dollar	
2015	2014
SR	SR
334,691	358,233
(31,434)	(32,651)
<u>303,257</u>	<u>325,582</u>

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(d) Interest rate risk

The Corporation have significant interest-bearing assets and income and operating cash flows from these assets are dependent of changes in market interest rates. As at December 31, 2015, had interest rates weakened/strengthened by 5%, loss for the year of the Corporation would have been higher/lower by SR 10,731 (2014: SR 64,982) higher/lower.

3.2 Fair value estimation

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

The Corporation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, in the financial statements, 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 overleaf.

(a) *Held-to-maturity investments*

The Corporation follows the guidance of International Accounting Standard (IAS) 39 - "Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. In making their judgement for classification, the Corporation evaluates its intention and ability to hold such investments to maturity.

If the Corporation fails to keep these investments to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value and not amortised cost.

(b) *Impairment of 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)**4.1 Critical accounting estimates and assumptions (Cont'd)****(b) *Retirement benefit obligations***

The cost of defined benefit pension plans has been determined using the method as per the Seychelles Employment Act, 1995 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) *Asset lives and residual values*

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.

(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 Corporation 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.

The Directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the asset at the end of their expected useful lives.

(e) *Functional currency*

The Board of Directors have determined the Seychelles Rupees to be the functional currency of the Corporation.

(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 Corporation's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Corporation's views of possible near-term market changes that cannot be predicted with any certainty.

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

5. PROPERTY AND EQUIPMENT

(a)

	Freehold land	Buildings on leasehold land	Vehicles and engines	Furniture, fittings and equipment	Capital work in progress	Total
	SR	SR	SR	SR	SR	SR
COST						
At January 1, 2014	75,000	29,787,276	131,853,394	21,860,378	6,425,618	190,001,666
Additions	-	6,102,103	-	3,695,166	10,991,553	20,788,822
Assets scrapped	-	-	(2,695,346)	-	-	(2,695,346)
Transfers	-	6,485,869	-	10,931,302	(17,417,171)	-
At December 31, 2014	75,000	42,375,248	129,158,048	36,486,846	-	208,095,142
Additions	-	4,825,147	4,428,029	282,924	2,033,441	11,569,542
Transfers from PTC (note 17)	-	1,147,495	6,038,671	147,439	-	7,333,605
Disposals	-	-	(140,000)	-	-	(140,000)
At December 31, 2015	75,000	48,347,890	139,484,748	36,917,209	2,033,441	226,858,289
DEPRECIATION						
At January 1, 2014	-	19,594,623	72,606,167	15,863,180	-	108,063,970
Charge for the year	-	740,330	15,048,492	1,992,472	-	17,781,294
Adjustments for assets scrapped	-	-	(2,476,234)	-	-	(2,476,234)
At December 31, 2014	-	20,334,953	85,178,425	17,855,652	-	123,369,030
Transfers from PTC (note 17)	-	594,849	4,011,546	114,112	-	4,720,507
Charge for the year	-	1,270,997	14,645,374	3,002,817	-	18,919,188
Disposal adjustment	-	-	(137,649)	-	-	(137,649)
At December 31, 2015	-	22,200,800	103,697,696	20,972,582	-	146,871,077
NET BOOK VALUE						
At December 31, 2015	75,000	26,147,091	35,787,052	15,944,627	2,033,441	79,987,212
At December 31, 2014	75,000	22,040,295	43,979,623	18,631,194	-	84,726,112

(b) Out of the additions for the year 2015, SR 9,238,039 funded through government grant, (2014: SR 15,999,383) (note 11).

(c) Depreciation has been charged to operating expenses (note 14).

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

6. INVENTORIES

	2015	2014
	SR	SR
Vehicle spares	19,331,368	19,633,027
Consumables, loose tools and operating supplies	9,067,676	8,328,734
	<u>28,399,044</u>	<u>27,961,761</u>
Provision for obsolete inventories (note (b) below)	(283,990)	(1,522,043)
	<u>28,115,053</u>	<u>26,439,718</u>

- (a) The cost of inventories recognised as expense and included in cost of sales amounted to SR49,643,295 (2014: SR56,087,837 for the Corporation) (note 15).

- (b) Movements in provision for obsolete inventories is as follows:

	2015	2014
	SR	SR
At January 1,	1,522,043	4,522,043
Charge for the year (note 14)	(1,238,053)	(3,000,000)
At December 31,	<u>283,990</u>	<u>1,522,043</u>

- (c) The Directors have estimated that no impairment is required in respect of inventories and no spares are required to be recognised as equipment as per the requirements of IAS 16.

7. INVESTMENT IN FINANCIAL ASSETS

	2015	2014
	SR	SR
Current		
Seychelles Commercial bank - Fixed deposits at cost (notes (a)&(b) below)	5,676,438	5,716,129
Baroda - Fixed deposits at cost (notes (a)&(b) below)	6,693,825	16,517,017
Barclays - Fixed deposits at cost (notes (a)&(b) below)	508,924	544,753
At December 31,	<u>12,879,188</u>	<u>22,777,899</u>

- (a) The movement in Held-to-Maturity investments is as follows:

	2015	2014
	SR	SR
At January 1,	22,777,899	26,943,552
Additions during the year	12,516,073	17,036,000
Redemptions during the year	(22,777,899)	(23,040,452)
Gain on exchange	148,500	1,039,652
Interest accrued	214,615	799,147
At December 31,	<u>12,879,188</u>	<u>22,777,899</u>

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

7. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

(b) Held to maturity financial assets included the following:

	Maturity date	2015	2014
		SR	SR
Term deposit	Jan - March	12,370,263	5,716,129
Term deposit	April onwards	508,924	17,061,770
		<u>12,879,188</u>	<u>22,777,899</u>

(c) Interest on held-to-maturity investments are as follows:

	2015	2014
	SR	SR
Seychelles Commercial bank - Maturing on February 14, 2016	7%	3.50%
Baroda - Maturing on February 14, 2016	1%	6.50%
Barclays - Maturing on December 17, 2016	<u>0.91%</u>	<u>1.50%</u>

Held-to-maturity financial assets are denominated in the following currencies:

	2015	2014
	SR	SR
(d) Seychelles Rupee	6,185,363	15,613,249
US Dollar	6,693,825	7,164,650
	<u>12,879,188</u>	<u>22,777,899</u>

They are expected to mature in less than one year and has therefore been classified as current assets.

8. AMOUNT RECEIVABLE FROM SUBSIDIARY

Amount receivable from subsidiary

	2015	2014
	SR	SR
At January 1,	5,600,189	5,006,563
Movement during the year	817,926	593,626
Write off (note 14)	(6,418,115)	-
At December 31,	<u>-</u>	<u>5,600,189</u>

9. TRADE AND OTHER RECEIVABLES

	2015	2014
	SR	SR
Trade receivables	5,834,706	3,917,905
Prepayments	1,506,589	1,024,778
Deposits and advances	3,592,430	5,216,429
Receivables in respect of cash defalcation	458,080	438,070
	<u>11,391,805</u>	<u>10,597,182</u>
Provision for credit impairment (note 9(b))	<u>(2,367,134)</u>	<u>(2,415,780)</u>
	<u>9,024,671</u>	<u>8,181,402</u>

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

9. TRADE AND OTHER RECEIVABLES (CONT'D)

- (a) The carrying amounts of 'trade and other receivables' approximate their fair value.
- (b) The movement on the provision for credit impairment is as follows:

	2015	2014
	SR	SR
At January 1,	2,415,780	2,320,215
(Reversal)/charge for the year (note 14)	(48,646)	95,565
At December 31,	2,367,134	2,415,780

- (c) At December 31, 2015, trade receivables of SR 1,387,081 (2014: SR 506,571) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015	2014
	SR	SR
Between 3 and 6 months	1,242,135	419,362
Over 6 months	144,946	87,209
	1,387,081	506,571

- (d) The other classes within trade and other receivables did not contain impaired assets.
- (e) The carrying amounts of trade and other receivables are denominated in Seychelles Rupee.
- (f) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.
- (g) The Company does not hold any collateral as security.
- (h) Trade and other receivables approximate their fair value.

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

10. CASH AND CASH EQUIVALENTS

	2015	2014
	SR	SR
Cash in hand	18,000	17,000
Cash at bank	3,097,687	5,027,204
	<u>3,115,687</u>	<u>5,044,204</u>

- (a) For the purpose of statement of cash flows, cash and cash equivalents comprise of the following at the end of the reporting period:

	2015	2014
	SR	SR
Cash and bank balances	3,115,687	5,044,204
Short term deposits (note 7(b))	12,370,263	5,716,129
	<u>15,485,950</u>	<u>10,760,333</u>

11. CAPITAL GRANTS

	2015	2014
	SR	SR
<u>Grants related to assets:</u>		
At January 1,	47,356,833	39,679,014
Transfer from PTC (note 17)	3,101,593	-
Grant received during the year (note 5 (b))	9,238,039	15,999,383
Release to statement of profit or loss (note 14)		
- Depreciation charge	(11,430,314)	(8,321,564)
At December 31,	<u>48,266,151</u>	<u>47,356,833</u>

12. RETIREMENT BENEFIT OBLIGATIONS

(a) Other post retirement benefits

Other post retirement benefits comprised mainly retirement gratuity and compensation payable under the Employment Act. Movement during the year was as follows:

	2015	2014
	SR	SR
At January 1,	15,755,207	12,838,177
Charge for the year (note 14(a))	3,057,975	4,056,207
Paid during the year	(1,521,483)	(1,139,177)
Transfer from PTC (note 17)	325,033	-
At December 31,	<u>17,616,732</u>	<u>15,755,207</u>

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

13. TRADE AND OTHER PAYABLES

	2015	2014
	SR	SR
Trade payables	1,772,553	778,193
Other payables and accruals	7,185,529	6,285,315
	<u>8,958,082</u>	<u>7,063,508</u>

- (a) The carrying amounts of 'trade and other payables' approximate their amortised costs.
- (b) The carrying amounts of trade and other payables are denominated in the following currencies:

	2015	2014
	SR	SR
Seychelles Rupee	8,200,452	6,347,862
US Dollar	628,682	653,024
Others	128,948	62,622
	<u>8,958,082</u>	<u>7,063,508</u>

14. EXPENSES BY NATURE

	2015	2014
	SR	SR
Employee benefit expenses (note 14 (a))	94,650,522	88,221,436
Depreciation (note 5)	18,919,188	17,781,294
Release of capital grant (note 11)		
- Depreciation charge	(11,430,314)	(8,321,564)
Cost of inventories recognised as expense (note 6(a))	49,643,295	56,087,837
Write off (note 8)	6,418,115	-
Premises and equipment maintenance	4,717,167	3,594,016
Electricity and water expenses	3,184,178	3,188,753
Insurance and licence costs	4,226,385	4,122,678
Professional fees	1,466,056	1,144,977
Rent	692,406	491,200
Telephone charges	1,813,447	1,630,880
Provision for obsolete inventories (note 6(b))	(1,238,053)	(3,000,000)
(Reversal)/provision for credit impairment (note 9(b))	(48,646)	95,565
Security expenses	2,722,055	2,552,435
Other expenses	1,784,368	1,467,519
	<u>177,520,169</u>	<u>169,057,026</u>

Analysed as:

- Operating expenses	56,467,567	59,681,853
- Administrative expenses	121,052,602	109,375,173
	<u>177,520,169</u>	<u>169,057,026</u>

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

14 (a) EMPLOYEE BENEFIT EXPENSES

	2015	2014
	SR	SR
Wages and salaries	87,249,124	81,084,082
Provision for retirement benefit obligations (note 12)	3,032,535	4,056,207
Pension costs	1,452,510	1,419,265
Other staff costs	2,916,353	1,661,882
	<u>94,650,522</u>	<u>88,221,436</u>

15. OTHER INCOME

	2015	2014
	SR	SR
Rental income	288,000	262,000
Gain from sale of motor vehicle	72,649	-
Advertising income	478,333	311,250
Income from repairs	931,103	2,201,319
Grant received from Government of Seychelles	32,250,000	32,000,000
Sundry income	1,228,929	1,221,331
	<u>35,249,015</u>	<u>35,995,900</u>

16. LOSS FOR THE YEAR

Loss for the year is arrived at after (crediting) and charging the following:

	2015	2014
	SR	SR
<i>crediting:</i>		
Interest income	152,178	1,299,635
Rental income	<u>288,000</u>	<u>262,000</u>
<i>and charging:</i>		
Depreciation on property and equipment (note 5)	18,919,188	17,781,294
Release of capital grants (note 11)		
- Depreciation charge	(11,430,314)	(8,321,564)
Directors' remuneration	188,400	765,048
Auditors' remuneration	281,750	233,192
Rental of office premises	<u>692,406</u>	<u>491,200</u>

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

		Period ended
		November 30
		2015
17. NET ASSETS TRANSFERRED FROM PTC		
(a) Asset		SR
Property and equipment - Net book value (Note 5(a))		2,613,098
Inventories		895,506
Trade and other receivables		993,443
Cash and cash equivalents		48,329
		<u>4,550,376</u>
(b) Liabilities		
Retirement benefit obligations (note 12)		(325,033)
Other payables		(901,806)
		<u>(1,226,839)</u>
Net assets		<u>3,323,537</u>
Represented as follows:		
Capital grants		3,101,593
Retained earnings		221,944
		<u>3,323,537</u>

18. COMMITMENTS**(a) Capital commitments**

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follow

	2015	2014
	SR'000	SR'000
Property development	13,000	5,800
Equipment	4,000	1,500
Buses and vehicles	3,200	-
	<u>20,200</u>	<u>7,300</u>

19. CONTINGENT LIABILITIES

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

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

20. RELATED PARTY TRANSACTIONS

	2015	2014
	SR	SR
Amount receivable from subsidiary	-	5,600,189
Directors' remuneration	188,400	765,048
Grant received from the Government of Seychelles		
- Capital grant (note 10)	9,238,039	15,999,383
- Revenue grant (note 17)	32,250,000	32,000,000

The above transactions have been made at arm's length, on normal commercial terms and in the ordinary course of business.

- (a) Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. There has been no guarantees provided for any related party payables.
- (b) Key management personnel compensation

	2015	2014
	SR	SR
(c) Salaries and short term benefits	703,801	663,048