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REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE SEYCHELLES CIVIL AVIATION AUTHORITY

Scope

I have audited the financial statements of the Seychelles Civil Aviation Authority for the year ended 31 December 2012 as set out on pages 1-12.

Responsibility of the Board for the Financial Statements

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice and in compliance with the requirements of the Seychelles Civil Aviation Authority Act, 2005 and the Public Enterprise Monitoring Act, 2009. 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; selection 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 my audit and report it to the Minister responsible for Civil Aviation. The audit was conducted in accordance with International Standards on Auditing issued by the INTOSAI. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 Authority, 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.

Opinion

In my opinion:

- the financial statements on pages 1-12 give a true and fair view of the financial position of the Authority as at 31 December 2012, and the results of its financial operations and cash flows for the year then ended;
- proper accounting records have been kept by the Authority as far as it appears from my examination of those records; and
- I have obtained the information necessary for the purpose of the audit and am satisfied with the information received.



Marc Benstrong
Auditor General

28 March 2013
Victoria

Seychelles Civil Aviation Authority
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31st DECEMBER 2012

		2012	2011
	Notes	SCR	SCR
Assets			
Non-current Assets			
Property, Plant & Equipment	8	282,129,696	261,021,236
Capital Work in Progress	9	22,081,184	29,026,219
Long Term Deposit		-	<u>10,000,000</u>
		304,210,880	300,047,455
Current Assets			
Trade Debtors	10	54,897,195	88,491,808
Other Debtors & Prepayments	11	4,386,724	1,693,357
Staff Loans	12	4,377,904	3,859,057
Cash and Bank Balances	13	<u>121,925,662</u>	<u>185,587,485</u>
			<u>58,987,271</u> <u>153,031,493</u>
Less:			
Current Liabilities			
Trade Creditors		4,634,507	3,363,718
Other Creditors & Accruals		4,278,478	5,639,491
Provision for Terminal Benefits		8,278,754	7,044,063
Provision for Business Tax	14	<u>9,439,762</u>	<u>26,631,501</u>
			<u>12,062,123</u> <u>28,109,395</u>
Net Current Assets		158,955,984	124,922,098
Total Assets Less Current Liabilities		<u>463,166,864</u>	<u>424,969,553</u>
Represented By			
Government Capital Reserve		184,907,963	184,907,963
Retained Earnings	15	<u>278,258,901</u>	<u>240,061,590</u>
Long Term Liability		463,166,864	424,969,553
		<u>463,166,864</u>	<u>424,969,553</u>


Chief Executive Officer


Financial Controller

The accompanying notes 1-17 form part of these financial statements

Seychelles Civil Aviation Authority
INCOME STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2012

	Notes	2012	2011
		SCR	SCR
Income			
Aeronautical Revenue	4(a)	266,102,766	238,868,699
Non-Aeronautical Revenue	4(b)	26,226,711	24,419,420
Other Operating Income	4(c)	5,387,770	3,453,558
Exchange Gain/(Loss)		(3,223,241)	7,349,750
Profit on Disposal		<u>222,058</u>	<u>-</u>
Net Income		294,716,064	274,091,427
Operating Expenses			
Staff Costs	5	71,451,571	66,727,397
Repair and Maintenance		25,479,100	22,707,550
Other Operating Expenses	7	51,710,542	43,737,690
Bad & Doubtful Debts		125,921	902,706
Depreciation	8	<u>28,107,476</u>	<u>176,874,610</u>
Profit before Business Tax		117,841,454	103,896,322
Business Tax	14	<u>(38,807,680)</u>	<u>(34,205,786)</u>
Net Profit After Tax		79,033,774	69,690,536
Distribution to Government	15	<u>(43,685,976)</u>	<u>(39,600,000)</u>
Retained Profit for the year		<u>35,347,798</u>	<u>30,090,536</u>

The accompanying notes 1-17 form part of these Financial Statements

Seychelles Civil Aviation Authority
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2012

	2012	2011
	SCR	SCR
Cash Flows from Operating Activities		
Profit Before Tax	117,841,454	103,896,322
Depreciation Expenses	28,107,476	36,119,762
Loss/(Profit) on Disposal	(222,058)	-
Bad & Doubtful Debts	(214,944)	143,386
Exchange Losses/(Gains) on Year End Transactions	<u>2,660,013</u>	<u>(2,815,385)</u>
	148,171,941	137,344,085
Business Tax Paid	(45,554,322)	(38,670,000)
 Movements in Working Capital		
(Increase) /Decrease in Accounts Receivable (including Staff Loans)	27,937,331	(29,101,016)
Increase/(Decrease) in Accounts Payable	(90,224)	4,228,584
Increase/(Decrease) in Provision for Compensation	<u>1,234,691</u>	<u>29,081,798</u> <u>2,935,731</u> <u>(21,936,701)</u>
 Cash Flows from Investing Activities		
Purchase of Assets & WIP	(35,297,108)	(28,227,875)
Sales of Assets	222,058	-
Security Deposit	<u>10,000,000</u>	<u>(25,075,050)</u> <u>-</u> <u>(28,227,875)</u>
 Cash Flows from Financing Activities		
Dividend Paid	(43,685,976)	(43,685,976) (39,600,000) (39,600,000)
Net Increase/(Decrease) in Cash	62,938,391	8,909,509
Cash as at 1 st January	<u>58,987,271</u>	<u>50,077,762</u>
Cash as at 31st December	<u>121,925,662</u>	<u>58,987,271</u>

The accompanying notes 1-17 form part of these Financial Statements

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2012

1 CORPORATE INFORMATION

The Seychelles Civil Aviation Authority (SCAA) was set up under the Seychelles Civil Aviation Authority Act, 2005 which came into force in April 2005. The Authority was vested with the assets and liabilities of the former Directorate of Civil Aviation for which a financial consideration was not paid. The net value of assets over the liabilities was credited to a Capital Reserve account.

The Authority is domiciled in Seychelles and its registered office is at Seychelles International Airport, Anse des Genets, Mahe.

The activities of the Authority are regulatory, with respect to regulation of civil aviation activities and safety oversight, as well as service provider in the provision of air navigation services and management of Seychelles International and Praslin Airports.

2 BASIS OF PREPARATION

The financial statements of the Authority have been prepared under the historical cost convention, modified to include the valuation of certain property, plant and equipment.

The financial statements of the Authority have been prepared in accordance with generally accepted accounting practice in Seychelles.

The financial statement values are presented in Seychelles Rupee (SCR) unless otherwise indicated.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below:

(a) Property, Plant and Equipment and Depreciation

Apart from land which is purchased by the Authority, the value of land occupied by the Authority is not included in the Financial Statements. A number of sites occupied on Mahé including the land upon which the existing Seychelles International Airport is situated are held by the Authority on a lease for 99 years at a nominal rent. The transfer of other land ownership on Mahé and Praslin to the Authority is still under discussion with the Government.

Buildings and infrastructure are stated at revalued amount less accumulated depreciation, while plant and equipment, motor vehicles and others are stated at cost less accumulated depreciation.

The cost of an asset comprises its purchase price and any attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions and improvement are capitalised and expenditure for maintenance and repairs are charged to the income statement.

Buildings and infrastructure are stated at fair value for existing use as ascertained by a professional valuer as at 2005. These have been recognised on the grounds that the Authority has unrestricted right to the enjoyment of the future economic benefits arising from these assets.

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2012

Depreciation of buildings and infrastructure is recognised in profit or loss. Depreciation on property, plant and equipment is calculated on a straight line basis such that rates used will write-off cost, less estimated residual value, of each asset evenly over their expected useful lives. Land is not depreciated.

The annual rates of depreciation are as follows:

• Buildings and Infrastructure	4%
• Plant & Machinery	10%
• Furniture, Fittings And Office Equipment	20%
• Motor vehicles	20%
• Computers – Hardware And Software	25%
• Others	25%

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset is included in the income statement in the year the asset is derecognised.

(b) Government Financial Assistance

Subventions and capital grants received from the Seychelles Government are treated as follows:

- Subvention for recurrent expenditure is treated as revenue on an accrual basis.
- Capital grants towards acquisition of fixed assets are amortised over the estimated useful lives of the assets.

(c) Foreign Currency

Transactions in currencies other than Seychelles Rupees are converted at the rate of exchange ruling at the transaction date. At the balance sheet date, foreign currency monetary assets and liabilities are converted at the rate ruling at that date. Exchange differences arising are taken to the income statement.

(d) Taxation

Business tax is provided at the rates ruling at the balance sheet date on profits of the Authority adjusted for items not allowed for taxation purposes.

(e) Cash and Bank Balances

Cash and bank balances comprise cash at bank, in hand and short-term deposits within an original maturity of one year or less in the balance sheet.

For the purpose of the cash flow, cash and cash equivalent consist of the cash and bank balances as defined above net of outstanding bank overdrafts.

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2012

(f) Provisions

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

(g) Going Concern

The management has made an assessment of its ability to continue as a going concern and is satisfied that the Authority has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Authority's ability to continue as going concern. Therefore the financial statements continue to be prepared on the going concern basis.

	2012 SCR	2011 SCR
4 INCOME		
(a) Aeronautical Revenue		
Landing fees (International/Domestic)	20,278,854	19,876,089
Passenger Service Fees (International /Domestic)	145,813,302	132,003,512
Air Navigation Charges	103,760,028	89,898,239
IATA Charges	<u>(3,749,418)</u>	<u>(2,909,141)</u>
	<u>266,102,766</u>	<u>238,868,699</u>
(b) Non Aeronautical Revenue		
Other Airport Charges	2,016,691	691,473
Licences and Registration	1,090,000	978,960
Concession Fees	11,786,948	10,856,988
Fuel Throughput Charges	2,331,168	3,395,386
Rent Airport Buildings	<u>9,001,904</u>	<u>8,496,613</u>
	<u>26,226,711</u>	<u>24,419,420</u>
(c) Other Income		
Interest Received	4,447,504	1,258,348
Miscellaneous	<u>940,266</u>	<u>2,195,210</u>
	<u>5,387,770</u>	<u>3,453,558</u>

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2012

	2012 SCR	2011 SCR
5 STAFF COSTS		
Payroll Expenses	50,468,314	50,864,906
Pension Contribution	890,874	536,054
Income Taxes	8,780,396	8,226,353
Compensation & Gratuity	11,021,610	6,956,459
Income Tax on other Benefits	143,827	-
Directors & Secretary's Fees (see Note 6)	<u>146,550</u>	<u>143,625</u>
	<u>71,451,571</u>	<u>66,727,397</u>

Compensation and Gratuity is paid to employees upon completion of a 2-year contract in line with the Employment Act and SCAA contract of service. Compensation and Gratuity are provided for in the accounts yearly and expensed under payroll costs. As of 31st December 2012 a sum of SCR8,654,338 were paid to employees.

6 DIRECTORS FEES & EXECUTIVE EMOLUMENTS

Directors

M. Loustau Lalanne (appointed July '07)	-	3,900
D. Savy (appointed September '11)	23,400	5,850
A. St Ange (appointed January '09)	-	13,163
P. Morin (appointed January '11)	4,387	16,088
A. Hassan (appointed September '11)	17,550	4,387
C. Mederic (appointed January '09)	-	15,113
Samanta Aglae (appointed November 2010)	17,550	16,087
D. These (appointed November 2010)	-	13,163
D. Bianchi (appointed November 2010)	5,850	17,550
W. Agricole (appointed November 2010)	17,550	17,550
E. Grandcourt (appointed September '11)	17,550	4,387
M. Murray (appointed September '11)	17,550	4,387
T. Mondon (appointed April '12)	13,163	-
Secretary fees	<u>12,000</u>	<u>12,000</u>
	<u>146,550</u>	<u>143,625</u>

Senior Executive Emoluments

Chief Executive Officer	578,880	526,248
Other Senior Management	3,594,900	2,957,904

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2012

	2012 SCR	2011 SCR
7 OTHER OPERATING EXPENSES		
Administration Costs	27,196,677	19,221,183
Communication Costs	3,581,748	3,163,626
Transportation Costs	3,096,548	3,134,175
Staff Training	7,723,249	7,490,123
Other General Expenses	<u>10,112,320</u>	<u>10,728,583</u>
	<u>51,710,542</u>	<u>43,737,690</u>
After charging:		
Audit Fees	65,000	65,000

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2012

8 PROPERTY, PLANT AND EQUIPMENT

	Land	Building & Infrastructure	Plant & Machinery	Furniture, Fittings & Office Equipment	Motor Vehicles	Computer –			Total
						SCR	SCR	SCR	
Costs	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR
As at 1 January 2011	1,558,050	265,334,237	44,432,456	10,439,325	23,719,600	43,335,427	19,095,626	407,914,721	
Additions during the year	0	1,889,026	2,304,883	1,718,007	970,316	368,111	2,947,112	10,197,455	
Disposals during the year									0
As at 31 December 2011	1,558,050	267,223,263	46,737,339	12,157,332	24,689,916	43,703,538	22,042,738	418,112,176	
Additions during the year	0	21,313,436	3,756,132	1,232,698	2,714,775	10,592,783	2,632,318	42,242,142	
Disposals during the year					(308,182)				(308,182)
As at 31 December 2012	1,558,050	288,536,699	50,493,471	13,390,030	27,096,509	54,296,321	24,675,056	460,046,136	
Accumulated Depreciation									
As at 1 January 2011	0	50,637,715	10,534,724	6,593,146	18,527,430	22,476,849	12,201,314	120,971,178	
Depreciation for the year		10,636,196	4,455,294	1,940,202	4,847,866	10,843,156	3,397,048	36,119,762	
Prior year Adjustments relating to									
Over depreciation				(416,999)	(1,310,300)	(4,617,785)	(628,710)	(6,973,794)	
As at 31 December 2011	0	61,273,911	14,990,018	8,116,349	22,064,996	28,702,220	14,969,652	150,117,146	
Depreciation for the year		10,702,143	4,694,285	1,355,947	1,149,654	6,414,979	3,790,468	28,107,476	
Disposals Depreciation					(308,182)				(308,182)
As at 31 December 2012	0	71,976,054	19,684,303	9,472,296	22,906,468	35,117,199	18,760,120	177,916,440	
Net Book Value									
As at 31 December 2011	1,558,050	205,949,352	31,747,321	4,040,983	2,624,920	15,001,318	7,073,086	267,995,030	
As at 31 December 2012	1,558,050	216,560,645	30,809,168	3,917,734	4,190,041	19,179,122	5,914,936	282,129,696	

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2012

	2012 SCR	2011 SCR
9 CAPITAL WORK IN PROGRESS		
Work in Progress brought forward	29,026,219	10,995,800
Expenditure incurred during the year	24,626,457	19,897,927
Transferred to Fixed Assets	(31,286,880)	(1,867,508)
Transferred to Expenditure	<u>(284,612)</u>	-
	<u>22,081,184</u>	<u>29,026,219</u>
A sum of SCR284,612 relating to structural design of new SCAA Office was debited to work in progress in 2011. This proposed project has not materialised and the amount has been transferred as expenditure.		
10 TRADE RECEIVABLES		
Trade Debtors	54,117,123	85,251,844
Debtors' Exchange Rate Revaluation	819,547	3,494,383
Bad Debts Provisions	<u>(39,475)</u>	<u>(254,419)</u>
	<u>54,897,195</u>	<u>88,491,808</u>
11 OTHER DEBTORS AND PREPAYMENTS		
Prepayment	1,263,435	1,106,126
Treasury Account	432,096	244,404
Interest Receivables	2,564,893	207,104
Rent Deposit	<u>126,300</u>	<u>135,723</u>
	<u>4,386,724</u>	<u>1,693,357</u>
12 STAFF LOANS		
Vehicle Loans	4,077,605	3,339,156
General Purpose Loans	60,516	42,045
Other Loans	<u>239,783</u>	<u>477,856</u>
	<u>4,377,904</u>	<u>3,859,057</u>
13 CASH AND BANK BALANCES		
Cash on hand	47,320	15,000
Seychelles Rupee a/c Balance	16,762,145	14,793,914
Euro A/c Balance	3,611,484	1,680,474
US\$ Dollar a/c Balance	5,472,133	1,863,371
Short-Term Security Deposit	<u>96,032,580</u>	<u>40,634,512</u>
	<u>121,925,662</u>	<u>58,987,271</u>

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2012

2012	2011
SCR	SCR

14 TAXATION

Tax Balance Brought Forward	12,062,123	16,526,337
<i>Charge for current year:</i>		
Provision for business tax based on profit for the period	38,807,680	34,205,786
Adjustment of Reassessment of Tax 2009 &2011	4,124,281	-
Provisional Tax Paid	<u>(45,554,322)</u>	<u>(38,670,000)</u>
	<u>9,439,762</u>	<u>12,062,123</u>

15 RETAINED EARNINGS

Balance brought forward as at 1st Jan	240,061,590	209,971,054
Profit during the year	79,033,774	69,690,536
Adjustment of Provisional Tax	(4,124,281)	-
Prior year Adjustment –Over depreciation	6,973,794	-
Less: Distribution to Government	<u>(43,685,976)</u>	<u>(39,600,000)</u>
Retained earnings for the year	<u>278,258,901</u>	<u>240,061,590</u>

16 DISTRIBUTION TO GOVERNMENT

Distribution to Government is made in accordance with directions given by the Minister under Section 11 (3) of the Seychelles Civil Aviation Authority Act, 2005. Such directions were pending at the time of finalising the financial statements.

17 FINANCIAL RISK MANAGEMENT

(a) Currency risk

Some of the Authority's assets and liabilities are denominated in foreign currencies. There is a resultant exposure to foreign exchange fluctuations which may affect the Authority's assets and liabilities in a material manner.

The Authority's financial assets and liabilities are denominated as follows:

	Asset	Liabilities
	SCR	SCR
US Dollar	66,015,001	-
Euro	5,011,895	-
Seychelles Rupees	<u>114,560,589</u>	<u>26,631,501</u>
Total	<u>185,587,485</u>	<u>26,631,501</u>

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2012

(b) Liquidity Risk

SCAA practices prudent liquidity risk management by maintaining adequate funds to meet its funding needs

(c) Credit Risk

SCAA seeks to invest cash assets safely and profitably. SCAA also seeks to control credit risk by setting limit and ensuring that credit facility is made to customer with appropriate credit history and monitoring customers financial standing through credit review. SCAA considers the risk of material loss in the event of non-performance to be minimal.

(d) Fair Value

The carrying amount of the Authority financial assets and liabilities at the Balance Sheet date approximates the fair value.