

SCAA

Seychelles Civil Aviation Authority

2013 Audited Financial Statement

**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 2013 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.

Seychelles Civil Aviation Authority

AUDITOR REPORTS

As At 31st DECEMBER 2013

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 2013, 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

03 April 2014
Victoria

Seychelles Civil Aviation Authority
STATEMENT OF FINANCIAL POSITION
As At 31st DECEMBER 2013

| | Notes | 2013 SCR | 2012 SCR |
|--|-------|---------------------------|---------------------------|
| Assets | | | |
| Non-current Assets | | | |
| Property, Plant & Equipment | 8 | 286,748,914 | 282,129,696 |
| Capital Work in Progress | 9 | <u>23,108,651</u> | <u>22,081,184</u> |
| | | 309,857,565 | 304,210,880 |
| Current Assets | | | |
| Trade Debtors | 10 | 59,120,094 | 54,897,195 |
| Other Debtors & Prepayments | 11 | 4,520,901 | 4,386,724 |
| Staff Loans | 12 | 3,799,156 | 4,377,904 |
| Provisional Tax | 13 | 8,506,920 | - |
| Cash and Bank Balances | 14 | <u>49,588,925</u> | <u>121,925,662</u> |
| | | 125,535,996 | 185,587,485 |
| Less: | | | |
| Current Liabilities | | | |
| Trade Creditors | | 7,191,860 | 4,634,507 |
| Other Creditors & Accruals | | 1,702,980 | 4,278,478 |
| Provision for Terminal Benefits | | 8,828,328 | 8,278,754 |
| Provision for Business Tax | 13 | <u>-</u> | <u>9,439,762</u> |
| | | 17,723,168 | 26,631,501 |
| Net Current Assets | | 107,812,828 | 158,955,984 |
| Total Assets Less Current Liabilities | | <u>417,670,393</u> | <u>463,166,864</u> |
| Represented By | | | |
| Government Capital Reserve | | 184,907,963 | 184,907,963 |
| Retained Earnings | 15 | <u>232,762,430</u> | <u>278,258,901</u> |
| | | <u>417,670,393</u> | <u>463,166,864</u> |


 Chief Executive Officer


 Financial Controller

The accompanying notes 1-18 form part of these Financial Statements

Seychelles Civil Aviation Authority
INCOME STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2013

| | Notes | 2013 SCR | 2012 SCR |
|-------------------------------------|-------|--------------------------|--------------------------|
| Income | | | |
| Aeronautical Revenue | 4(a) | 259,795,050 | 266,102,766 |
| Non-Aeronautical Revenue | 4(b) | 26,472,537 | 26,226,711 |
| Other Operating Income | 4(c) | 4,424,249 | 5,387,770 |
| Exchange Gain/(Loss) | | (2,806,008) | (3,223,241) |
| Profit on Disposal | | <u>760,000</u> | <u>222,058</u> |
| Net Income | | 288,645,828 | 294,716,064 |
| Operating Expenses | | | |
| Staff Costs | 5 | 71,359,687 | 71,451,571 |
| Repairs and Maintenance | | 28,005,190 | 25,479,100 |
| Other Operating Expenses | 7 | 56,748,190 | 51,710,542 |
| Bad & Doubtful Debts | | 663,232 | 125,921 |
| Depreciation | 8 | <u>30,132,919</u> | <u>28,107,476</u> |
| | | 186,909,218 | 176,874,610 |
| Profit before Tax | | 101,736,610 | 117,841,454 |
| Business Tax | 13 | <u>(33,493,081)</u> | <u>(38,807,680)</u> |
| Net Profit After Tax | | 68,243,529 | 79,033,774 |
| Distribution to Government | 15 | <u>(34,121,765)</u> | <u>(43,685,976)</u> |
| Retained Profit for the year | | <u>34,121,764</u> | <u>35,347,798</u> |

The accompanying notes 1-18 form part of these Financial Statements

Seychelles Civil Aviation Authority
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2013

| | 2013 SCR | | 2012 SCR | |
|---|------------------|--------------------------|-------------------|---------------------------|
| Cash Flows from Operating Activities | | | | |
| Profit Before Tax | 101,736,610 | | 117,841,454 | |
| Depreciation Expenses | 30,132,919 | | 28,107,476 | |
| Interest Receivable | (92,910) | | - | |
| Loss/(Profit) on Disposal | (760,000) | | (222,058) | |
| Bad & Doubtful Debts | (7,293) | | (214,944) | |
| Exchange Losses/(Gains) on Year End Transactions | <u>1,082,164</u> | 132,091,490 | <u>2,660,013</u> | 148,171,941 |
| Business Tax Paid | | (50,579,763) | | (45,554,322) |
| Movements in Working Capital | | | | |
| (Increase) /Decrease in Accounts Receivable (including Staff Loans) | (4,760,289) | | 27,937,331 | |
| Increase/(Decrease) in Accounts Payable | (18,145) | | (90,224) | |
| Increase/(Decrease) in Terminal Benefits | <u>549,574</u> | (4,228,860) | <u>1,234,691</u> | 29,081,798 |
| Cash Flows from Investing Activities | | | | |
| Purchase of Assets & WIP | (35,779,604) | | (35,297,108) | |
| Sale of Assets | 760,000 | | 222,058 | |
| Security Deposit | <u>-</u> | (35,019,604) | <u>10,000,000</u> | (25,075,050) |
| Cash Flows from Financing Activities | | | | |
| Dividend Paid | (114,600,000) | (114,600,000) | (43,685,976) | (43,685,976) |
| Net Increase/(Decrease) in Cash | | (72,336,737) | | 62,938,391 |
| Cash as at 1 st January 2013 | | <u>121,925,662</u> | | <u>58,987,271</u> |
| Cash as at 31st December 2013 | | <u>49,588,925</u> | | <u>121,925,662</u> |

The accompanying notes 1-18 form part of these Financial Statements

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2013

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 has been 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 2013

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 2013

(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.

| | 2013 | 2012 |
|--|---------------------------|---------------------------|
| | SCR | SCR |
| 4 INCOME | | |
| (a) Aeronautical Revenue | | |
| Landing fees (International/Domestic) | 23,392,939 | 20,278,854 |
| Passenger Service Fees (International /Domestic) | 147,310,024 | 145,813,302 |
| Air Navigation Charges | 92,673,297 | 103,760,028 |
| IATA Charges | (3,581,210) | (3,749,418) |
| | <u>259,795,050</u> | <u>266,102,766</u> |
| (b) Non Aeronautical Revenue | | |
| Other Airport Charges | 1,613,417 | 2,016,691 |
| Licences and Registration | 249,300 | 1,090,000 |
| Concession Fees | 13,214,802 | 11,786,948 |
| Fuel Throughput Charges | 2,346,614 | 2,331,168 |
| Rent Airport Buildings | 9,048,404 | 9,001,904 |
| | <u>26,472,537</u> | <u>26,226,711</u> |
| (c) Other Income | | |
| Interest Received | 2,749,747 | 4,447,504 |
| Miscellaneous | 1,674,502 | 940,266 |
| | <u>4,424,249</u> | <u>5,387,770</u> |

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2013

| | 2013 | 2012 |
|---|--------------------------|--------------------------|
| | SCR | SCR |
| 5 STAFF COSTS | | |
| Payroll Expenses | 54,051,132 | 50,468,314 |
| Pension Contribution | 949,847 | 890,874 |
| Income Taxes | 9,070,449 | 8,780,396 |
| Compensation & Gratuity | 6,511,571 | 11,021,610 |
| Income Tax on other Benefits | 440,105 | 143,827 |
| Directors & Secretary's Fees (see Note 6) | <u>336,583</u> | <u>146,550</u> |
| | <u>71,359,687</u> | <u>71,451,571</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 2013 a sum of SCR5,961,997 were paid to employees.

6 DIRECTORS FEES & EXECUTIVE EMOLUMENTS

Directors

| | | |
|---|-----------------------|-----------------------|
| D. Savy (appointed September '11) | 68,468 | 23,400 |
| P.Morin (appointed January '11) | - | 4,387 |
| A. Hassan (appointed September '11) | 3,441 | 17,550 |
| Samanta Aglae (appointed November 2010) | 3,441 | 17,550 |
| D Bianchi (appointed November 2010) | - | 5,850 |
| W Agricole (appointed November 2010) | 44,128 | 17,550 |
| E. Grandcourt (appointed September '11) | 3,441 | 17,550 |
| M. Murray (appointed September '11) | 44,128 | 17,550 |
| T. Mondon (appointed April '12) | 44,128 | 13,163 |
| S. Naiken (appointed Mar '13) | 40,687 | - |
| B. Belle (appointed Mar '13) | 24,219 | - |
| G. Robert (appointed Mar '13) | 40,687 | - |
| Secretary fees | <u>19,815</u> | <u>12,000</u> |
| | <u>336,583</u> | <u>146,550</u> |

Senior Executive Emoluments

| | | |
|-------------------------|---------|---------|
| Chief Executive Officer | 604,932 | 578,880 |
|-------------------------|---------|---------|

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2013

| | | |
|-------------------------|-----------|-----------|
| Other Senior Management | 3,915,978 | 3,594,900 |
|-------------------------|-----------|-----------|

| | 2013 SCR | 2012 SCR |
|-----------------------------------|--------------------------|--------------------------|
| 7 OTHER OPERATING EXPENSES | | |
| Administration Costs | 28,454,410 | 27,196,677 |
| Communication Costs | 5,339,383 | 3,581,748 |
| Transportation Costs | 2,627,089 | 3,096,548 |
| Staff Training | 8,165,014 | 7,723,249 |
| Other General Expenses | <u>12,162,294</u> | <u>10,112,320</u> |
| | <u>56,748,190</u> | <u>51,710,542</u> |
| After charging: | | |
| Audit Fees | 75,000 | 65,000 |

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2013

8 PROPERTY, PLANT AND EQUIPMENT

| | Land | Building & Infrastructure | Plant & Machinery | Furniture, Fittings & Office Equipment | Motor Vehicles | Computer – Hardware & Software | Other Assets | Total |
|---------------------------------|------------------|---------------------------|-------------------|--|-------------------|--------------------------------|-------------------|--------------------|
| Costs | SCR | SCR | SCR | SCR | SCR | SCR | SCR | SCR |
| As at 1 January 2012 | 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 | | 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 |
| Additions during the year | | 11,443,337 | 9,998,985 | 1,141,885 | 684,224 | 10,124,938 | 1,358,768 | 34,752,137 |
| Disposals during the year | | | | | | | (764,000) | (764,000) |
| As at 31 December 2013 | 1,558,050 | 299,980,036 | 60,492,456 | 14,531,915 | 27,780,733 | 64,421,259 | 25,269,824 | 494,034,273 |
| Accumulated Depreciation | | | | | | | | |
| As at 1 January 2012 | | 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 | | 71,976,054 | 19,684,303 | 9,472,296 | 22,906,468 | 35,117,199 | 18,760,120 | 177,916,440 |
| Depreciation for the year | | 11,574,021 | 5,112,025 | 1,443,926 | 1,278,358 | 7,396,492 | 3,328,097 | 30,132,919 |
| Disposals Depreciation | | | | | | | (764,000) | (764,000) |
| As at 31 December 2013 | | 83,550,075 | 24,796,328 | 10,916,222 | 24,184,826 | 42,513,691 | 21,324,217 | 207,285,359 |
| Net Book Value | | | | | | | | |
| 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 |
| As at 31 December 2013 | 1,558,050 | 216,429,961 | 35,696,128 | 3,615,693 | 3,595,907 | 21,907,568 | 3,945,607 | 286,748,914 |

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2013

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2013

| | 2013 | 2012 |
|--------------------------------------|--------------------------|--------------------------|
| | SCR | SCR |
| 9 CAPITAL WORK IN PROGRESS | | |
| Work in Progress brought forward | 22,081,184 | 29,026,219 |
| Expenditure incurred during the year | 21,235,372 | 24,626,457 |
| Transferred to Fixed Assets | (20,149,625) | (31,286,880) |
| Transferred to Expenditure | <u>(58,280)</u> | <u>(284,612)</u> |
| | <u>23,108,651</u> | <u>22,081,184</u> |

A sum of SCR58,280 relating to immigration desk has been transferred to expenditure.

10 TRADE RECEIVABLES

| | | |
|------------------------------------|--------------------------|--------------------------|
| Trade Debtors | 59,414,893 | 54,117,123 |
| Debtors' Exchange Rate Revaluation | (262,617) | 819,547 |
| Bad Debts Provisions | <u>(32,182)</u> | <u>(39,475)</u> |
| | <u>59,120,094</u> | <u>54,897,195</u> |

11 OTHER DEBTORS AND PREPAYMENTS

| | | |
|----------------------|-------------------------|-------------------------|
| Prepayment | 1,077,337 | 1,263,435 |
| Treasury Account | 299,626 | 432,096 |
| Interest Receivables | 92,910 | 2,564,893 |
| VAT Liability | 2,934,286 | - |
| Rent Deposit | <u>116,742</u> | <u>126,300</u> |
| | <u>4,520,901</u> | <u>4,386,724</u> |

12 STAFF LOANS

| | | |
|-----------------------|-------------------------|-------------------------|
| Vehicle Loans | 3,738,392 | 4,077,605 |
| General Purpose Loans | 13,219 | 60,516 |
| Other Loans | <u>47,545</u> | <u>239,783</u> |
| | <u>3,799,156</u> | <u>4,377,904</u> |

13 TAXATION

| | | |
|---|---------------------------|-------------------------|
| Tax Balance Brought Forward | 9,439,762 | 12,062,123 |
| <i>Charge for current year:</i> | | |
| Provision for business tax based on profit for the period | 33,493,081 | 38,807,680 |
| Adjustment of Reassessment of Tax 2009 & 2011 | - | 4,124,281 |
| Adjustment of Reassessment of Tax 2010 | (860,000) | - |
| Tax paid relating to prior years arrears | (8,579,763) | - |
| Provisional Tax Paid | <u>(42,000,000)</u> | <u>(45,554,322)</u> |
| | <u>(8,506,920)</u> | <u>9,439,762</u> |

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2013

| | 2013 | 2012 |
|----------------------------------|--------------------------|---------------------------|
| | SCR | SCR |
| 14 CASH AND BANK BALANCES | | |
| Cash on hand | 46,627 | 47,320 |
| Seychelles Rupee a/c Balance | (1,195,806) | 16,762,145 |
| Euro A/c Balance | 6,065,102 | 3,611,484 |
| US\$ Dollar a/c Balance | 9,622,855 | 5,472,133 |
| Short-Term Security Deposit | <u>35,050,147</u> | <u>96,032,580</u> |
| | <u>49,588,925</u> | <u>121,925,662</u> |

15 RETAINED EARNINGS

| | | |
|--|---------------------------|---------------------------|
| Balance brought forward as at 1st Jan | 278,258,901 | 240,061,590 |
| Profit during the year | 68,243,529 | 79,033,774 |
| Adjustment of Provisional Tax | 860,000 | (4,124,281) |
| Prior year Adjustment –Over depreciation | - | 6,973,794 |
| Less: Distribution to Government (Note 16) | <u>(114,600,000)</u> | <u>(43,685,976)</u> |
| Retained earnings for the year | <u>232,762,430</u> | <u>278,258,901</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.

For the year 2013 the amount payable was SCR34,121,765, however, the Government requested an additional sum of SCR80,478,235 making a total of SCR114,600,000.

17 RELATED PARTY TRANSACTION

SCAA received rental income of SCR1,696,248 from Skychef Limited (a major service provider) during the year 2013. Additionally, Skychef had outstanding debts of SCR362,511 as at 31st December 2013. Both the SCAA and the Skychef Boards have the same Chairman.

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2013

18 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 | 62,996,680 | 6,111 |
| Euro | 7,397,958 | - |
| Seychelles Rupees | <u>55,141,358</u> | <u>17,717,057</u> |
| Total | <u>125,535,996</u> | <u>17,723,168</u> |

(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.