

SEYCHELLES CIVIL AVIATION AUTHORITY

**Audited
Financial
Statements
2014**

Seychelles Civil Aviation Authority**TABLE OF CONTENT**

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Seychelles Civil Aviation Authority

DIRECTORS REPORT

FOR THE 31st DECEMBER 2014

The Directors present their report together with the Auditor's Report and the Audited Financial Statements of the Seychelles Civil Aviation Authority (hereafter called the "Authority") for the year ended 31st December 2014.

Principal Activities of the Authority

The principal activities of the Authority remains the provision of Aviation Regulatory and Safety Oversight, the provision of Air Navigation Services, the provision of Aviation Security Services and Management and provision of Operational Services at Seychelles International and Praslin Airports. It also facilitates business development opportunities.

Results for the Year

	31st December 2014	31st December 2013
	SCR	SCR
Operating Income	315,715,115	288,645,828
Operating Expenses	(203,190,827)	(186,909,218)
Profit before taxation	112,524,288	101,736,610
Taxation	(33,707,286)	(33,493,081)
Profit for the Year	78,817,002	68,243,529
Dividends	(37,400,000)	(34,121,765)
Retained Profit at end of Period	41,417,002	34,121,764

Fixed Assets

Additions to property and equipment totalling to SCR50.59 million for the year under review comprise mainly extension to the cargo building, and new fire service and utility vehicles.

The Directors are of the opinion that the market or saleable value of the fixed assets at 31st December 2014 does not differ substantially from the amounts at which they are included in the accounts at that date.

Reserves

The current year's retained profit of SCR 41,417,002 together with opening retained earnings and adjustment totalling to SCR235,913,947 makes a total of SCR277,330,949 in the Authority's reserves.

Dividend

The Directors recommend the payment of dividend of SCR37,400,000.

Directors

Details of the current members of the Board of directors are shown in Note 6. The Directors are appointed every two years in accordance with the Public Enterprise Monitoring Commission Act, 2013.

None of the Directors held interest in the share of the Authority during the financial year.

Statement of Director's Responsibilities

Seychelles Civil Aviation Authority

DIRECTORS REPORT

FOR THE 31st DECEMBER 2014

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

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in Seychelles and for such internal control as management determines is necessary to enable the preparation of financial statements that gives a true and fair view of the financial affairs of the Authority and are free from material misstatement, whether due to fraud or error.

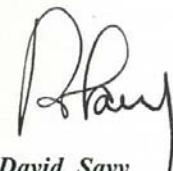
They are responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors consider that they have met their responsibilities as set out in the Public Enterprise Monitoring Commission Act, 2013 and the Seychelles Civil Aviation Authority Act 2005.

Auditors

The Office of the Auditor General will continue in office in accordance with Section 12(3) of the Seychelles Civil Aviation Act, 2005.

Approval



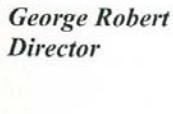
David Savy
Chairman



Wills Agricole
Director



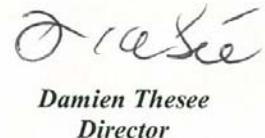
Michelle Murray
Director



George Robert
Director



Anne Lafourture
Director



Damien These
Director

Date: 31/03/2015
Victoria, Seychelles

Seychelles Civil Aviation Authority

AUDITORS REPORT

FOR THE 31st DECEMBER 2014

REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE SEYCHELLES CIVIL AVIATION AUTHORITY FOR THE YEAR ENDED 31ST DECEMBER 2014

Scope

I have audited the financial statements of the Seychelles Civil Aviation Authority for the year ended 31 December 2014 as set out on pages 5-16.

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

AUDITORS REPORT

FOR THE 31st DECEMBER 2014

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 5-16 give a true and fair view of the financial position of the Authority as at 31 December 2014, 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.

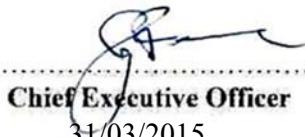


Marc Benstrong
Auditor General

31 March 2015
Victoria

Seychelles Civil Aviation Authority
STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2014

		2014	2013
	Notes	SCR	SCR
Assets			
Non-current Assets			
Property, Plant & Equipment	8	304,579,928	286,748,914
Capital Work in Progress	9	<u>26,553,612</u>	<u>23,108,651</u>
		331,133,540	309,857,565
Current Assets			
Trade Debtors	10	79,306,897	59,120,094
Other Debtors & Prepayments	11	8,008,009	4,520,901
Staff Loans	12	3,547,184	3,799,156
Provisional Tax	13	5,823,469	8,506,920
Cash and Bank Balances	14	<u>54,927,281</u>	<u>49,588,925</u>
		151,612,840	125,535,996
Less:			
Current Liabilities			
Trade Creditors		8,634,038	7,191,860
Other Creditors & Accruals		4,486,514	1,702,980
Provision for Terminal Benefits		<u>7,386,916</u>	<u>20,507,468</u>
		<u>8,828,328</u>	<u>17,723,168</u>
Net Current Assets		131,105,372	107,812,828
Total Assets		<u>462,238,912</u>	<u>417,670,393</u>
Represented By			
Government Capital Reserve		184,907,963	184,907,963
Retained Earnings	15	<u>277,330,949</u>	<u>232,762,430</u>
		<u>462,238,912</u>	<u>417,670,393</u>


Chief Executive Officer

31/03/2015


Financial Controller

The notes set out on page 8-16 form an integral part of these Financial Statements

Seychelles Civil Aviation Authority
INCOME STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2014

	Notes	2014	2013
		SCR	SCR
Income			
Aeronautical Revenue	4(a)	275,146,048	259,795,050
Non-Aeronautical Revenue	4(b)	27,691,735	26,472,537
Other Operating Income	4(c)	2,241,798	4,424,249
Exchange Gain/(Loss)		10,417,744	(2,806,008)
Profit on Disposal		<u>217,790</u>	<u>760,000</u>
Net Income		315,715,115	288,645,828
Operating Expenses			
Staff Costs	5	86,358,443	71,359,687
Repairs and Maintenance		26,417,620	28,005,190
Other Operating Expenses	7	57,605,337	56,748,190
Bad & Doubtful Debts		247,277	663,232
Depreciation	8	<u>32,562,150</u>	<u>30,132,919</u>
		<u>203,190,827</u>	<u>186,909,218</u>
Profit before Tax		112,524,288	101,736,610
Business Tax	13	<u>(33,707,286)</u>	<u>(33,493,081)</u>
Net Profit After Tax		78,817,002	68,243,529
Distribution to Government	15	<u>(37,400,000)</u>	<u>(34,121,765)</u>
Retained Profit for the year		<u>41,417,002</u>	<u>34,121,764</u>

The notes set out on page 8-16 form an integral part of these Financial Statements

Seychelles Civil Aviation Authority
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st DECEMBER 2014

	2014	2013
	SCR	SCR
Cash Flows from Operating Activities		
Profit Before Tax	112,524,288	101,736,610
Depreciation Expenses	32,562,150	30,132,919
Interest Receivable/Payable	(181,209)	(92,910)
Loss/(Profit) on Disposal	(217,790)	(760,000)
Bad & Doubtful Debts	12,236	(7,293)
Exchange Losses/(Gains) on Year End Transactions	<u>(473,234)</u>	144,226,441
		<u>1,082,164</u>
Business Tax Paid	(27,872,318)	(50,579,763)
 Movements in Working Capital		
(Increase) /Decrease in Accounts Receivable (including Staff Loans)	(22,771,618)	(4,760,289)
Increase/(Decrease) in Accounts Payable	4,217,599	(18,145)
Increase/(Decrease) in Terminal Benefits	<u>(1,441,412)</u>	(19,995,431)
		<u>549,574</u>
		(4,228,860)
 Cash Flows from Investing Activities		
Purchase of Assets & WIP	(54,037,004)	(35,779,604)
Sale of Assets	<u>416,668</u>	(53,620,336)
		<u>760,000</u>
		(35,019,604)
 Cash Flows from Financing Activities		
Dividend Paid	<u>(37,400,000)</u>	(37,400,000)
		<u>(114,600,000)</u>
		(114,600,000)
Net Increase/(Decrease) in Cash	5,338,356	(72,336,737)
Cash as at 1 st January 2014	<u>49,588,925</u>	<u>121,925,662</u>
Cash as at 31st December 2014	<u>54,927,281</u>	<u>49,588,925</u>

The notes set out on page 8-16 form an integral part of these Financial Statements

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2014

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, Mahé.

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 of 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 STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2014

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) 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2014

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.

2014	2013
SCR	SCR

4 INCOME

(a) Aeronautical Revenue

Landing fees (International/Domestic)	22,626,353	23,392,939
Passenger Service Fees (International /Domestic)	158,208,202	147,310,024
Air Navigation Charges	98,016,957	92,673,297
IATA Charges	<u>(3,705,464)</u>	<u>(3,581,210)</u>
	<u>275,146,048</u>	<u>259,795,050</u>

(b) Non Aeronautical Revenue

Other Airport Charges	105,433	1,613,417
Licences and Registration	202,358	249,300
Concession Fees	15,703,272	13,214,802
Fuel Throughput Charges	2,389,641	2,346,614
Rent Airport Buildings	<u>9,291,031</u>	<u>9,048,404</u>
	<u>27,691,735</u>	<u>26,472,537</u>

(c) Other Income

Interest Received	851,364	2,749,747
Miscellaneous	<u>1,390,434</u>	<u>1,674,502</u>
	<u>2,241,798</u>	<u>4,424,249</u>

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2014

	2014 SCR	2013 SCR
5 STAFF COSTS		
Payroll Expenses	62,390,696	54,051,132
Pension Contribution	1,511,950	949,847
Income Taxes	10,900,938	9,070,449
Compensation & Gratuity	10,724,631	6,511,571
Income Tax on other Benefits	492,622	440,105
Directors & Secretary's Fees (see Note 6)	<u>337,606</u>	<u>336,583</u>
	<u>86,358,443</u>	<u>71,359,687</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.

6 DIRECTORS FEES & EXECUTIVE EMOLUMENTS

Directors

D. Savy (appointed September '11)	77,640	68,468
A. Hassan (appointed September '11)	-	3,441
Samanta Aglae (appointed November 2010)	-	3,441
W Agricole (appointed November 2010)	49,404	44,128
E. Grandcourt (appointed September '11)	-	3,441
M. Murray (appointed September '11)	49,404	44,128
T. Mondon (appointed April '12)	4,117	44,128
S. Naiken (appointed Mar '13)	4,117	40,687
B. Belle (appointed Mar '13)	-	24,219
G. Robert (appointed Mar '13)	49,404	40,687
A.Lafortune (appointed Feb'14)	41,170	-
D.Thesee (appointed Feb'14)	41,170	-
Secretary fees	<u>21,180</u>	<u>19,815</u>
	<u>337,606</u>	<u>336,583</u>

Senior Executive Emoluments

Chief Executive Officer	668,844	604,932
Other Senior Management	4,968,344	3,915,978

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2014

	2014 SCR	2013 SCR
7 OTHER OPERATING EXPENSES		
Administration Costs	28,490,310	28,454,410
Communication Costs	5,797,525	5,339,383
Transportation Costs	3,154,633	2,627,089
Staff Training	7,004,736	8,165,014
Other General Expenses	<u>13,158,133</u>	<u>12,162,294</u>
	<u>57,605,337</u>	<u>56,748,190</u>
After charging:		
Audit Fees	100,000	75,000

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2014

8 PROPERTY, PLANT AND EQUIPMENT

	Land	Building & Infrastructure	Plant & Machinery	Furniture, Fittings & Office	Motor Vehicles	Computer – Hardware & Software	Other Assets	Total
	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR
Costs								
As at 1 January 2013	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
Additions during the year	-	29,548,187	3,700,432	652,418	15,025,052	1,543,866	122,088	50,592,043
Disposals during the year					(645,753)			(645,753)
As at 31 December 2014	1,558,050	329,528,223	64,192,888	15,184,333	42,160,032	65,965,125	25,391,912	543,980,563
Accumulated Depreciation								
As at 1 January 2013	-	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
Depreciation for the year		12,002,167	6,092,980	1,451,982	1,701,800	9,527,522	1,785,699	32,562,150
Disposals Depreciation					(446,874)			(446,874)
As at 31 December 2014	-	95,552,242	30,889,308	12,368,204	25,439,752	52,041,213	23,109,916	239,400,635
Net Book Value								
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
As at 31 December 2014	1,558,050	233,975,981	33,303,580	2,816,129	16,720,280	13,923,912	2,281,996	304,579,928

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2014

2014	2013
SCR	SCR

9 CAPITAL WORK IN PROGRESS

Work in Progress brought forward	23,108,651	22,081,184
Expenditure incurred during the year	32,976,938	21,235,372
Transferred to Fixed Assets	(29,459,227)	(20,149,625)
Transferred to Expenditure	<u>(72,750)</u>	<u>(58,280)</u>
	<u>26,553,612</u>	<u>23,108,651</u>

A sum of SCR15,750 relating to Departure/Transit Area, SCR35,000 relating to Praslin Slipway and SCR22,000 relating to Rain Water Harvesting has been transferred to expenditure.

10 TRADE DEBTORS

Trade Debtors	79,140,697	59,414,893
Debtors' Exchange Rate Revaluation	210,617	(262,617)
Bad Debts Provisions	<u>(44,417)</u>	<u>(32,182)</u>
	<u>79,306,897</u>	<u>59,120,094</u>

11 OTHER DEBTORS AND PREPAYMENTS

Prepayment	816,167	1,077,337
Treasury Account	516,055	299,626
Interest Receivables	282,233	92,910
VAT Liability	6,229,344	2,934,286
Rent Deposit	<u>164,210</u>	<u>116,742</u>
	<u>8,008,009</u>	<u>4,520,901</u>

12 STAFF LOANS

Vehicle Loans	3,432,100	3,738,392
General Purpose Loans	46,262	13,219
Other Loans	<u>68,822</u>	<u>47,545</u>
	<u>3,547,184</u>	<u>3,799,156</u>

13 TAXATION

Tax Balance Brought Forward	(8,506,920)	9,439,762
<i>Charge for current year:</i>		
Provision for business tax based on profit for the period	33,707,286	33,493,081
Adjustment of Reassessment of Tax 2010	-	(860,000)
Adjustment of Reassessment of Tax 2013	(3,151,517)	-
Tax paid relating to prior years arrears	-	(8,579,763)
Provisional Tax Paid	<u>(27,872,318)</u>	<u>(42,000,000)</u>
	<u>(5,823,469)</u>	<u>(8,506,920)</u>

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2014

	2014	2013
	SCR	SCR

14 CASH AND BANK BALANCES

Cash on hand	47,362	46,627
Seychelles Rupee a/c Balance	18,981,193	(1,195,806)
Euro A/c Balance	8,048,551	6,065,102
US\$ Dollar a/c Balance	(2,750,779)	9,622,855
Short-Term Security Deposit	<u>30,600,954</u>	<u>35,050,147</u>
	<u>54,927,281</u>	<u>49,588,925</u>

15 RETAINED EARNINGS

Balance brought forward as at 1st Jan	232,762,430	278,258,901
Profit during the year	78,817,002	68,243,529
Adjustment of Provisional Tax	3,151,517	860,000
Less: Distribution to Government (Note 16)	<u>(37,400,000)</u>	<u>(114,600,000)</u>
Retained earnings for the year	<u>277,330,949</u>	<u>232,762,430</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.

17 RELATED PARTY TRANSACTION

SCAA received income of SCR2,454,383 from Skychef Limited (a major service provider) during the year 2014. Additionally, Skychef had outstanding debts of SCR270,645 as at 31st December 2014. Both the SCAA and the Skychef Boards have the same Chairman.

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	60,634,117	24,018
Euro	11,697,942	78,938
Seychelles Rupees	<u>79,280,780</u>	<u>20,404,512</u>
Total	<u>151,612,839</u>	<u>20,507,468</u>

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2014

(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.