

Audited Financial Statement 2021

Seychelles Civil Aviation Authority



SEYCHELLES CIVIL AVIATION AUTHORITY

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GENERAL INFORMATION



DIRECTORS	:	Appointed effective July, 2022 Noella Vinda Piedro Pierre
		Appointed effective February, 2021 Marlon Orr Sherin Francis Kelly Chetty Yannick Roucou Magalie Essack
		Resigned Garry Jupiter - April 2022 May-Paul Marengo - June 2022
		Resigned effective February, 2021 Suketu Patel Anne Lafortune Amelie Nourice Vincent Amelie Nadine Potter Cindy Vidot Benjamin Choppy Ange Morel
SECRETARY	:	Ms. Audrey Nanon Seychelles Pension Fund Victoria, Mahé Seychelles
REGISTERED OFFICE:		P.O. Box 181, Seychelles International Airport Pointe Larue, Mahé, Seychelles
PRINCIPAL PLACE O : BUSINESS		Seychelles International Airport Pointe Larue, Mahé, Seychelles
AUDITORS	:	Office of the Auditor General 3rd Floor, Block C, Unity House Victoria, Seychelles
BANKERS	:	Seychelles International Mercantile Banking Corporation Limitec The Mauritius Commercial Bank (Seychelles) Limited Absa Bank Seychelles Limited Seychelles Commercial Bank Bank of Baroda Seychelles

The Board of Directors present their report together with the Auditor's Report and the Audited Financial Statements of the Seychelles Civil Aviation Authority (SCAA) (hereafter called the "Authority") for the year ended December 31, 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Authority are 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. There has been no significant change in the nature of these activities during the year under review.

SIGNIFICANT CURRENT YEAR EVENT

First-time adoption of International Financial Reporting Standards (IFRS)

The Authority adopted International Financial Reporting Standards (IFRS) for the first time on January 1, 2021. As per the requirements of IFRS 1, 'First-time adoption of International Financial Reporting Standards', the financial statements include three Statements of Financial Position, two Statements of Profit or Loss and Other Comprehensive Income, two Statements of Cash Flows and two Statements of Changes in Equity and related notes including comparative information for all statements presented.

RESULTS FOR THE YEAR

	Restated	
	2021	2020
	SCR	SCR
Loss before tax	(42,841,072)	(51,165,248)
Tax credit	648,344	28,646,750
Loss for the year	(42,192,728)	(22,518,498)
Retained earnings brought forward - As restated	456,120,852	498,639,351
Accumulated profit available for distribution	413,928,124	476,120,852
Dividends paid	0	(20,000,000)
Retained earnings carried forward	413,928,124	456,120,852

DIVIDENDS

The Directors did not recommend any dividend for the financial year under review (2020: Declared and paid dividend amounting to SCR 20 million).

FIXED ASSETS

The Fixed Assets of the Authority and the movements therein are detailed in Notes 5 and 6 to the financial statements.

The Directors are of the opinion that the carrying amount of fixed assets at the reporting date approximate their fair value.

The Directors are appointed every two years in accordance with the Public Enterprise Monitoring Commission Act, 2013.

DIRECTORS' REPORT (CONT'D)

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Authority since the date of the last report and the date of this report are:

Appointed Effective July, 2022	Resigned April and June 2022 Respectively
Noella Vinda Piedro Pierre	Garry Jupiter May-Paul Marengo
Appointed Effective February 1, 2021	Resigned Effective February 1, 2021
Marlon Orr (Chairman) Sherin Francis Magalie Essack Kelly Chetty Yannick Roucou	Suketu Patel (Chairman) Anne Lafortune Amelie Nourice Vincent Amelie Nadine Potter Cindy Vidot Benjamin Choppy Ange Morel

None of the Directors had any interest in the shares of the Authority during the financial year under review (2020: Nil).

STATEMENT OF BOARD OF DIRECTOR'S RESPONSIBILITIES

The Board of Directors is 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.

In discharging this responsibility, the Board is further responsible to ensure the integrity of financial information; provides financial oversight and monitors financial planning and financial reports, including adoption and supervision of the annual budget; the Directors are to exercise their business judgement to act in what they reasonably believe to be the best interests of the entity in the administration of the entity's assets, and where applicable, its investments.

The Board of Directors discusses issues confronting the Authority related to financial and operational risks and exposures associated with the entity's business strategy, policy matters, service/product innovation and revenue road map (where applicable), are mindful of litigation and regulatory exposures, and other current matters that may present material risk to the entity's financial performance, operations, infrastructure, plans, prospects or reputation, and acquisitions, as well as any issues of concern to the Board.

It is the duty of the Board of Directors to oversee management's performance to ensure that the entity operates in an effective, efficient and ethical manner in order to produce value for its clients and shareholders, in so doing, sees to the establishment of appropriate internal procedures and controls.

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.

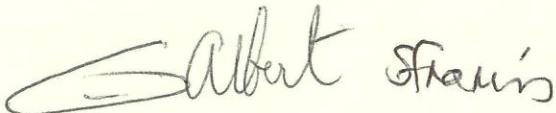
The Board of Directors consider that they have met their responsibilities as set out in the Public Enterprise Monitoring Commission Act, 2013 and the Seychelles Civil Aviation Authority Act 2005.

AUDITORS

The Auditor General is the statutory Auditor of the Authority, in accordance with Section 12(3) of the Seychelles Civil Aviation Act, 2005.

BOARD APPROVAL


Marlon Orr
Director & Chairman


Garry Albert
Chief Executive Officer


Sherin Francis
Director


Magalie Essack
Director


Kelly Chetty
Director


Yannick Roucou
Director


Noella Vinda
Director


Pedro Pierre
Director

Dated:
Victoria, Seychelles

SEYCHELLES CIVIL AVIATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

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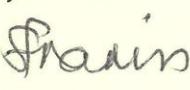


Notes	2021 SCR	Restated		
		2020 SCR	2019 SCR	
Assets				
Non-Current Assets				
Property, Plant & Equipment	5	326,155,091	359,490,504	
Investment Property	6	52,682,599	56,230,507	
Capital Work in Progress	7	44,303,484	8,045,459	
Deferred Tax Asset	8(b)	25,091,931	24,443,587	
Long Term Deposit		-	25,000,000	
		448,233,105	448,210,057	
Current Assets				
Inventory	9	6,359,252	6,358,596	
Trade and Other Receivables	10	86,880,750	64,099,011	
Current Tax Receivables	11(a)	5,593,859	18,975,768	
Cash and Bank Balances	12	149,453,734	167,423,286	
		248,287,595	256,856,661	
Total Assets		696,520,700	705,066,718	
Reserves and Liabilities				
Reserves				
Capital Reserve	13	184,907,963	184,907,963	
Retained Earnings		413,928,124	456,120,852	
		598,836,087	641,028,815	
Liabilities				
Non-Current Liabilities				
Borrowings	14	17,301,530	-	
Gratuity and Compensation	15(a)	4,702,638	2,771,745	
Deferred Tax Liabilities	8(b)	-	8,769,168	
		22,004,168	2,771,745	
Current Liabilities				
Borrowings	14	13,274,949	-	
Gratuity and Compensation	15(a)	11,864,285	12,626,866	
Accrued Leave	15(b)	10,066,121	9,737,421	
Trades & Other Payables	16	40,475,090	38,901,870	
		75,680,445	61,266,157	
Total Equity & Liabilities		696,520,700	705,066,718	
			775,728,242	

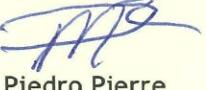
The financial statements have been approved for issue by the Board of Directors on: *7 November 2022*


Marlon Orr
Director & Chairman

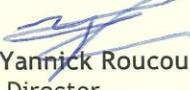

Garry Albert
Chief Executive Officer

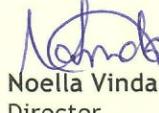

Sherin Francis
Director


Magalie Essack
Director


Pedro Pierre
Director


Kelly Chetty
Director


Yannick Roucou
Director


Noella Vinda
Director

The notes on pages 10 to 41 form an integral part of these financial statements
Auditor General's report on pages 5 to 5(b)



SEYCHELLES CIVIL AVIATION AUTHORITY
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2021

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	Notes	2021	Restated	
			SCR	2020
Aeronautical Revenue	17	256,424,777	188,668,288	
Non-Aeronautical Revenue	17	35,659,247	21,544,879	
Other Income	18	1,258,825	673,723	
<i>Less</i> IATA charges		(2,521,098)	(3,297,452)	
Operating Income		290,821,751	207,589,438	
Employment Benefits Costs	19	(195,335,503)	(211,053,594)	
Other Operating Overheads	20	(62,208,574)	(69,921,089)	
Exchange Movements	21	(33,945,721)	60,398,919	
Earnings Before Depreciation, Interest, ECL & Tax		(668,047)	(12,986,327)	
Depreciation Charges	5 & 6	(40,629,952)	(41,226,888)	
Expected Credit Loss (ECL)	10(b)(iii)	(3,918,466)	(1,756,936)	
Finance Income	22	3,852,974	4,804,902	
Finance Costs	14(a)	(1,477,581)	-	
Profit/(Loss) Before Taxation		(42,841,072)	(51,165,248)	
Taxation	11(b)	648,344	28,646,750	
Profit/ (Loss) for the Year and Total Comprehensive Expe	23	(42,192,728)	(22,518,498)	

The notes on pages 10 to 41 form an integral part of these financial statements
 Auditor General's report on pages 5 to 5(b)



SEYCHELLES CIVIL AVIATION AUTHORITY
 Statement of Changes in Equity
 FOR THE YEAR ENDED DECEMBER 31, 2021

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	Capital Reserve	Retained Earning	Total
	SCR	SCR	SCR
At January 1, 2021			
As previously reported	184,907,963	445,997,534	630,905,498
First time adoption of IFRS	-	10,123,318	10,123,318
As restated	184,907,963	456,120,853	641,028,816
Total comprehensive expense for the year	-	(42,192,728)	(42,192,728)
At December 31, 2021	<u>184,907,963</u>	<u>413,928,124</u>	<u>598,836,087</u>
 At January 1, 2020			
- As previously reported	184,907,963	501,322,925	686,230,888
- First time adoption of IFRS	-	(2,683,575)	(2,683,575)
As restated	184,907,963	498,639,350	683,547,313
Total comprehensive expense - As restated	-	(22,518,498)	(22,518,498)
- As previously reported	-	(35,325,390)	(35,325,390)
- First time adoption of IFRS	-	12,806,892	12,806,892
Dividend paid (note 24)	-	(20,000,000)	(20,000,000)
At December 31, 2020	<u>184,907,963</u>	<u>456,120,852</u>	<u>641,028,815</u>

The notes on pages 10 to 41 form an integral part of these financial statements
 Auditor General's report on pages 5 to 5(b)

SEYCHELLES CIVIL AVIATION AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

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	Notes	2021 SCR	Restated 2020 SCR
Cash Flows from Operating Activities			
Profit/Loss Before Taxation		(42,841,072)	(51,165,248)
<i>Adjustments</i>			
Depreciation Property and Equipment	5 & 6	40,629,952	41,226,888
Loss/(Profit) from Disposal Property and Equipment	18	(170,583)	(91,375)
Write off Adjustment (WIP)	7	-	1,168,140
Provision for Expected Credit Losses	10(b)(iii)	3,918,466	1,756,936
Leave Accrued	19	328,700	1,336,777
Gratuity and Compensation Charged	19	13,795,177	13,519,197
Exchange difference on Cash and Bank Balances		29,101,100	(41,507,532)
		<u>44,761,739</u>	<u>(33,756,219)</u>
<i>Movements in Working Capital</i>			
(Increase)/Decrease in Inventories		(656)	(727,348)
(Increase) / Decrease in Trade & Other Receivable		(26,700,205)	56,670,163
Increase/(Decrease) in Accounts Payable		1,573,220	(30,026,668)
Net Cash Generated from Operation		<u>19,634,098</u>	<u>(7,840,073)</u>
Net Tax Received/(Paid)	11	13,381,909	(9,104,035)
Gratuity and Compensation Paid	15	(12,626,866)	(8,769,168)
Net Cash Outflow from Operating Activities		<u>20,389,141</u>	<u>(25,713,276)</u>
Cash Flows from Investing Activities			
Addition to Property & Equipment	5	(4,018,593)	(7,506,219)
Addition to Work In Progress	7	(36,570,822)	(20,108,018)
Proceed from Disposal		755,342	91,375
Additions to Short Term Investment	12	(4,317,243)	(2,880,775)
Receipt of long Term Deposit			25,000,000
		<u>(44,151,315)</u>	<u>(5,403,637)</u>
Cash Flows from Financing Activities			
Loan Receipts/Repayment	14	33,349,176	-
Exchange Movement on Borrowings	14	(2,772,696)	-
Dividend Paid	24	-	(20,000,000)
		<u>30,576,480</u>	<u>(20,000,000)</u>
Net Increase/Decrease in Cash & Equivalent		<u>6,814,305</u>	<u>(51,116,913)</u>
Movement in Cash and Cash equivalents			
January 1		98,497,260	108,106,641
Increase/Decrease		6,814,305	(51,116,913)
Exchange difference on Cash and Bank Balances	12	(29,101,100)	41,507,532
Cash as at 31st December		<u>76,210,466</u>	<u>98,497,260</u>

The notes on pages 10 to 41 form an integral part of these financial statements
Auditor General's report on pages 5 to 5(b)

1. GENERAL INFORMATION

The Seychelles Civil Aviation Authority (the Authority) 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 at nil consideration.

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. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements of the Authority have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and in compliance with the requirements of the Public Enterprise Monitoring Commission Act, 2013.

These financial statements have been prepared under the historical cost convention as modified by the application of fair value measurements required or allowed by relevant accounting standards. Where necessary, comparative figures have been amended to conform with changes in presentation in the current year.

The Authority implemented IFRS for the first time effective year ended December 31, 2021 with restatement of the previous period as appropriate. Effects of first time adoption are detailed on note 2.3. Previously the financial Statements were prepared under Generally Accepted Accounting Practice in Seychelles (Seychelles GAAP).

The Financial Statements are presented in Seychelles Rupees (SCR), which is also the Authority's functional currency.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving higher degree of judgement and complexity or areas where assumptions are significant to the financial statements are disclosed in note 3.

2.2 New and amended standards and interpretations

(a) *New standards and amendments effective for annual periods beginning January 1, 2021*

The Authority applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2021 (unless otherwise stated). The Authority has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New and amended standards and interpretations (Cont'd)

(a) *New standards and amendments effective for annual periods beginning January 1, 2021 (Cont'd)*

i) *Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Authority.

ii) *Covid-19-Related Rent Concessions beyond June 30, 2021 Amendments to IFRS 16*

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until June 30, 2021, but as the impact of the Covid-19 pandemic is continuing, on March 31, 2021, the IASB extended the period of application of the practical expedient to June 30, 2022. The amendment applies to annual reporting periods beginning on or after April 1, 2021. However, the Authority has not received Covid-19-related rent concessions.

(b) *New standards and amendments not yet effective at the reporting date*

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Authority has decided not to adopt early.

(i) *The following amendments are effective for the period beginning January 1, 2022:*

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16); and
- References to Conceptual Framework (Amendments to IFRS 3).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New and amended standards and interpretations (Cont'd)

(b) New standards and amendments not yet effective at the reporting date (Cont'd)

(ii) *The following amendments are effective for the period beginning January 1, 2023:*

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- IFRS 17 Insurance Contracts (effective January 1, 2023) - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to January 1, 2023.

(iii) In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after January 1, 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after January 1, 2023.

In response to feedback and enquiries from stakeholders, in December 2020, the IFRS Interpretations Committee (IFRIC) issued a Tentative Agenda Decision, analysing the applicability of the amendments to three scenarios. However, given the comments received and concerns raised on some aspects of the amendments, in April 2021, IFRIC decided not to finalise the agenda decision and referred the matter to the IASB. In its June 2021 meeting, the IASB tentatively decided to amend the requirements of IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year.

The Authority is currently assessing the impact of these new accounting standards and amendments. The Authority will assess the impact of the final amendments to IAS 1 on classification of its liabilities once those are issued by the IASB. The Authority does not believe that the amendments to IAS 1, in their present form, will have a significant impact on the classification of its liabilities.

2.3 First-time adoption of IFRS

The Authority has adopted IFRS effective year ended December 31, 2021 and comparatives which were on Seychelles GAAP have been restated accordingly. Restatements are in respect of period ended December 31, 2020 and 2019 together with comparative information as described in the summary of significant accounting policies. In preparing the Financial Statements, the Authority's opening Statement of Financial Position was prepared as at January 1, 2020.

The note 2.3 explains the principal adjustments made by the Authority upon restatement from Seychelles GAAP to IFRS.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 First-time adoption of IFRS

(a) *Reconciliation of Statement of Financial Position as at December 31, 2020*

	Conversion Notes	Seychelles GAAP SCR	Effect of adopting IFRS SCR	IFRS adjusted SCR
ASSETS				
Non current assets				
Property, plant and equipment	2.3(d)(i)	415,721,011	(56,230,507)	359,490,504
Investment property	2.3(d)(i)	-	56,230,507	56,230,507
Capital work in progress		8,045,459	-	8,045,459
Deferred tax asset	2.3(d)(ii)	-	24,443,587	24,443,587
		<u>423,766,470</u>	<u>24,443,587</u>	<u>448,210,057</u>
Current assets				
Inventories	2.3(d)(iii)	-	6,358,596	6,358,596
Trade and other receivables	2.3(d)(iv)	67,289,129	(3,190,118)	64,099,011
Current tax receivable	2.3(d)(v)	26,727,093	(7,751,325)	18,975,768
Cash and cash equivalents	2.3(d)(vi)	167,423,286	-	167,423,286
		<u>261,439,508</u>	<u>(4,582,847)</u>	<u>256,856,660</u>
Total assets		<u>685,205,978</u>	<u>19,860,740</u>	<u>705,066,718</u>
RESERVES AND LIABILITIES				
Reserves				
Capital reserve		184,907,963	-	184,907,963
Retained earnings	2.3(d)(vii)	445,997,534	10,123,318	456,120,852
		<u>630,905,498</u>	<u>10,123,318</u>	<u>641,028,815</u>
LIABILITIES				
Non-current liabilities				
Borrowings		-	-	-
Gratuity and compensation	2.3(d)(viii)	-	2,771,745	<u>2,771,745</u>
Current liabilities				
Borrowings				
Gratuity and compensation	2.3(d)(viii)	15,398,611	(2,771,745)	12,626,866
Accrued Leave			9,737,421	9,737,421
Trade and other payables	2.3(d)(v) & (ix)	38,901,870	-	38,901,870
		<u>54,300,481</u>	<u>6,965,676</u>	<u>61,266,157</u>
		<u>685,205,978</u>	<u>19,860,739</u>	<u>705,066,718</u>

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 First-time adoption of IFRS (Cont'd)

(b) *Reconciliation of Statement of Financial Position as at January 1, 2019*

	Conversion Notes	Seychelles GAAP	Effect of adopting IFRS	IFRS adjusted	
		SCR	SCR	SCR	
ASSETS					
Non current assets					
Property, plant and equipment	2.3(d)(i)	430,376,568	(58,840,953)	371,535,615	
Investment property	2.3(d)(i)	-	58,840,953	58,840,953	
Capital work in progress		8,170,694	-	8,170,694	
Long term deposit		25,000,000	-	25,000,000	
		<u>463,547,262</u>	<u>-</u>	<u>463,547,262</u>	
Current assets					
Inventories	2.3(d)(iii)	-	5,631,248	5,631,248	
Trade and other receivables	2.3(d)(iv)	125,696,680	(3,170,571)	122,526,109	
Current tax receivable	2.3(d)(v)	2,412,177	7,459,556	9,871,733	
Cash and cash equivalents	2.3(d)(vi)	174,151,890	-	174,151,890	
		<u>302,260,747</u>	<u>9,920,233</u>	<u>312,180,981</u>	
Total assets		<u>765,808,009</u>	<u>9,920,233</u>	<u>775,728,243</u>	
RESERVES AND LIABILITIES					
Reserves					
Capital reserve		184,907,963	-	184,907,963	
Retained earnings	2.3(d)(vii)	501,322,925	(2,683,574)	498,639,351	
		<u>686,230,888</u>	<u>(2,683,574)</u>	<u>683,547,314</u>	
LIABILITIES					
Non-current liabilities					
Gratuity and compensation	2.3(d)(viii)	-	1,879,415	1,879,415	
Deferred tax liabilities		-	4,203,163	4,203,163	
		<u>-</u>	<u>6,082,578</u>	<u>6,082,577</u>	
Current liabilities					
Gratuity and compensation	2.3(d)(viii)	10,648,583	(1,879,415)	8,769,168	
Provision for Leave		-	8,400,644	8,400,644	
Trade and other payables	2.3(d)(v) & (ix)	68,928,538	-	68,928,538	
		<u>79,577,121</u>	<u>6,521,230</u>	<u>86,098,351</u>	
		<u>765,808,009</u>	<u>9,920,233</u>	<u>775,728,242</u>	

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 First-time adoption of IFRS (Cont'd)

(c) *Reconciliation of the Statement of Profit or Loss and Other Comprehensive Income as at December 31, 2020*

	Conversion Notes	Seychelles GAAP SR	Effect of adopting IFRS SR	IFRS adjusted SR
Revenue		206,915,714	3,297,452	210,213,167
Other income	2.3(d)(x)	5,478,625	(4,804,902)	673,723
<i>Less</i> IATA charges		-	(3,297,452)	(3,297,452)
Employee benefit costs	2.3(d)(ix) & (xi)	(206,735,073)	(4,318,521)	(211,053,594)
Exchange movements		60,398,919	-	60,398,919
Other operating overheads	2.3(d)(xi)	(73,630,182)	3,709,092	(69,921,089)
Earnings before depreciation, interest, ECL and tax		(7,571,996)	(2,116,879)	(12,986,327)
Depreciation charge		(41,226,888)	-	(41,226,888)
Expected credit loss (ECL)	2.3(d)(iv)	(1,737,388)	(19,547)	(1,756,936)
Finance income	2.3(d)(x)	-	4,804,902	4,804,902
Finance Cost	2.3(d)(xi)	-	-	-
Loss before taxation		(50,536,272)	(628,976)	(51,165,248)
Taxation credit	2.3(d)(v)	15,210,882	13,435,868	28,646,750
Loss for the year		(35,325,390)	12,806,892	(22,518,498)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 First-time adoption of IFRS (Cont'd)

(d) Explanatory notes

i) Investment property

Under Seychelles GAAP Investment Property was presented under Property, Plant and Equipment (PPE). On adoption of IFRS, the Authority reclassified all buildings or portion that are being used for rental and capital appreciation purposes from note 5 to 6. Depreciation charge relating to Investment Property was simultaneously reclassified from PPE to Investment Property.

ii) Deferred tax asset

The Authority was neither accounting nor disclosing deferred tax under Seychelles GAAP. The adoption of IFRS led to the adoption of IAS 12 which mandate accrual of deferred tax. The various transitional adjustments resulted in the recognition of various temporary difference. Deferred tax adjustments are as per accounting policy note 2.4(h) and per note 8.

iii) Inventories

Under Seychelles GAAP all inventory items were being expensed on receipt. On adoption of IFRS all materials or supplies to be consumed in the production process or in the rendering of services were recounted and reconciled at each year end. This led to the increase in inventories and retained earnings by SCR 5.6m and SCR 6.4m as at January 1, 2020 and December 31, 2020. Other operating cost fell by SCR 0.8 m.

iv) Trade and other receivables

The adoption of IFRS has fundamentally changed the Authority's accounting for impairment losses for financial assets by replacing the incurred loss approach under Seychelles GAAP with a forward-looking expected credit loss (ECL) approach. IFRS requires the Authority to recognise an allowance for ECL for all financial assets not held at fair value through profit and loss. At December 31, 2020, the Authority recognised additional impairment on its trade receivables of SCR 3.19m (2019: SCR 3.17m) which resulted in a decrease in retained earnings by the same amount. Refer to note 10(b)(iii).

v) Tax receivable / (payable)

The Authority's Business tax was provided on accounting profits at the rates ruling at the Statement of Financial Position date. On adoption of IFRS the Authority aligned its business tax per policy note 2.4(h). This led to reversal of business tax credit of SCR 15.21m (2019: Reduction of tax charge by SCR 7.8m) which resulted in decreases and increases in retained earnings in 2020 and 2019 respectively by same amounts. Tax receivable increased by SCR 7.8m in 2019 and fell by SCR 7.5m in 2020 (Refer to note 11(a)).

vi) Cash and cash equivalents

Under Seychelles GAAP all cash and bank balances were classified as Cash and Cash Equivalents. The adoption of IFRS have led to the exclusion of fixed deposits above 3 months which amounted to SCR 66.1m and SCR 68.9m respectively as at January 1, 2020 and December 31, 2020.

Also the effect of exchange rate changes on Cash and Cash Equivalents held or due in a foreign currency is now being reported in the Statement of Cash Flows in order to reconcile cash and cash equivalents at the beginning and the end of the period. At December 31, 2020 exchange on cash and bank balances amounted to SCR 41.5m.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 First-time adoption of IFRS (Cont'd)

(d) Explanatory notes (Cont'd)

vii) Retained earnings reconciliation

	2020	2019
	SCR	SCR
As previously reported	445,997,534	501,322,925
Deferred tax asset (notes 2.3(ii) and 8)	24,443,587	(4,203,163)
Inventories incorrectly expensed (notes 2.3(iii) and 9)	6,358,596	5,631,248
Increase in expected credit losses (notes 2.3(iv) and 10(b)(iii))	(3,190,118)	(3,170,572)
Credit reversed/Reversal of overstated business tax (notes 2.3(v) & 11(a))	(7,751,326)	7,459,556
Leave provision (notes 2.3(ix), 16 and 19)	(9,737,421)	(8,400,644)
As restated	<u>456,120,853</u>	<u>498,639,350</u>

viii) Gratuity and Compensation

Compensation and Gratuity is paid to employees upon completion of a 2-year contract in line with the Employment Act 1995 and SCAA Contract of Service. For 2020 financial year the Directors have reclassified **SCR 2.8m** as long term gratuity and compensation provision to Non Current Liabilities (2019: SCR 8.8m).

ix) Accrual of leave days/employment benefits liabilities

Under Seychelles GAAP, the Authority recognised costs related to its leave days on a cash basis. Upon adoption of IFRS, leave days/other post employment benefits are now recognised and are measured on accrual basis using the provisions of the Employment Act 1995 as amended and **SCR 9.7m** have been recognised in full against retained earnings (2019: SCR 8.4m).

x) Finance income presentation

Under Seychelles GAAP financial cost was presented together with Other Income. Upon adoption of IFRS, the Authority applied IAS 1 paragraph 82 to present interest income separately. This led to a decrease in other income by **SCR 4.80m** and increase in finance income by the same amount.

xi) Expenses reclassified

Staff training totalling **SCR 2.98m** was reclassified from Other Operating Overhead to Employee Benefit Cost while bank charges and commission amounting to **SCR 44k** which was previously classified as Finance Cost have been reclassified to Other Operating Overheads.

xii) Use of estimates

The estimates at December 31, 2020 are consistent with those made for the same dates in accordance with Seychelles GAAP (after adjustments to reflect any differences in accounting policies) apart from provision for expected credit losses and leave provision where Seychelles GAAP did not require estimates.

The estimates used by the Authority to present these amounts in accordance with IFRS reflect conditions at January 1, 2020, the date of transition to IFRS and as at December 31, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies

(a) Property, plant and equipment and Investment Property

Property, plant and equipment except for buildings and infrastructure purchased after December 31, 2014 are stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and any attributable costs of bringing the asset to working condition for its intended use.

Buildings and infrastructure purchased before December 31, 2014 are stated at revalued amount less accumulated depreciation which is their deemed cost. The last revaluation was conducted in 2014 by a professional valuer. 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.

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.

Depreciation is calculated on the straight line method to write off the cost of the assets over their estimated useful lives as follows:

	Rate
Buildings and infrastructure	4%
Plant and machinery	10%
Furniture, fittings and office equipment	20%
Motor vehicles	20%
Computer equipment	25%
Others	25%

Capital work in progress and land is not depreciated. Capital work in progress has been classified as a separate financial statement area. This is reclassified to PPE or Investment Property on completion when Management finalise its ultimate purpose.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

Apart from land which has been purchased by the Authority, the value of land transferred to the Authority at SCR1 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 99-year lease at a nominal rent of SCR 1 and are on Parcel S133, S312, S5766, S5767, S5768, S5769, and S5770. The transfer of other land ownership on Mahé and Praslin to the Authority is still under discussion with the Government.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.4 Summary of significant accounting policies****(b) Inventories**

Inventories comprising of terminal and airside spares, repairs and maintenance, human resources and general items, are stated at the lower of cost and net realisable value. In general cost is determined on a first in first out basis. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses. Provisions are made for obsolete stocks based on Management's appraisal.

(c) Financial instruments**(i) Recognition and measurement**

Financial assets and liabilities are recognised on the SCAA's Statement of Financial Position when the Authority has become a party to the contractual provisions of the instrument.

Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. Financial assets include trade & other receivables, cash and cash equivalent and long term deposits.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Authority commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Subsequent measurement of financial assets depends on the Authority's business model for managing the asset and the cash flow characteristics of the asset. The Authority's financial assets are classified as financial assets at amortised cost, including accounts receivable, deposits, and cash and cash equivalents. They are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method.

Interest income, foreign exchange gains and losses if any and impairment are recognised in Statement of Profit or Loss. Any gain on derecognition is recognised in the Statement of Profit or Loss.

Financial liabilities

The Authority classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable cost incurred.

Financial liabilities at amortised cost including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in the Statement of Profit or Loss.

(ii) Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.4 Summary of significant accounting policies (Cont'd)****(c) Financial instruments (Cont'd)****(iii) Expected credit loss on financial assets (ECL)**

The Authority recognises loss allowances for ECL on financial assets measured at amortised cost including trade receivable and cash and cash equivalents. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Authority is exposed to credit risk.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Authority in accordance with the contract and all the cash flows that the Authority expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

(iv) Impairment loss on financial assets (ECL)

The Authority measures loss allowances for trade receivable using simplified approach and has calculated ECLs based on lifetime ECLs. The Authority has established a provision matrix that is based on the Authority's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

The Directors have considered that ECL on cash and cash equivalents is negligible and therefore no provision made.

(v) Derecognition

The Authority derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(vi) Offsetting financial instruments

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

(d) Cash and cash equivalents

Cash and cash equivalents include cash in hand and short term deposits held with banks. Cash equivalents are short term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, against which the bank overdrafts are deducted.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.4 Summary of significant accounting policies (Cont'd)****(e) Impairment of non-financial 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 grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(f) Capital Reserve

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.

(g) Employee Benefits**(i) Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid annual leave and sick leave, bonuses, and non-monetary benefits such as staff insurance), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

(ii) Defined contribution plans

A defined contribution plan is a pension plan under which the Authority pays a fixed contribution into a separate entity. The Authority has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employees service in the current and prior periods.

The Authority and Seychellois employees contribute to the Seychelles Pension Fund (SPF). This is a pension scheme which was promulgated under the Seychelles Pension Fund Act, 2005.

(iii) Retirement benefits

Compensation and Gratuity is paid to employees upon completion of a 2-year contract in line with the Employment Act 1995 and SCAA Contract of Service. Compensation and Gratuity are provided for in the accounts yearly and expensed under Staff costs.

(h) Taxation**Current tax**

Tax in the Statement of Profit or Loss relates to current year's tax which is the expected amount of tax payable in respect of taxable profit for the year and is measured using the tax rates that have been enacted at the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.4 Summary of significant accounting policies (Cont'd)****(h) Taxation (Cont'd)***Deferred tax*

Deferred tax is provided for using the liability method on all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from tax losses, unrealised exchange movements, provision for credit losses, payroll provisions and accelerated tax depreciation.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled. The tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date are used to determine deferred tax.

Current and deferred taxes are recognised as income or expenses in the Statement of Profit or Loss. Deferred tax assets are recognised to the extent that it is possible that future taxable profit will be available against which the temporary differences can be utilised.

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

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

(ii) Transaction 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 rates at the date of transaction.

(j) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Summary of significant accounting policies (Cont'd)

(k) Revenue recognition

The Authority earn revenue from aeronautical and non-aeronautical goods and services:

Aeronautical revenue

Aeronautical revenue relates to the following services and is recognised in accordance with IFRS 15 and it is governed by the Statutory Instruments:

i <i>Landing fees</i>	- <i>Using regulated tariffs for aircraft landings based on maximum take-off weight for each landing by an airline.</i>
iii <i>Aircraft parking</i>	- <i>On regulated tariffs for each aircraft parked by an airline for more than four hours, based on the maximum take-off weight per 24-hour period.</i>
ii <i>Passenger service charges</i>	- <i>Using regulated tariffs for each departing passenger at an airport of departure.</i>
<i>Air Navigation Fees</i>	- <i>Using regulated tariff based on distance flown in the FIR region and maximum take-off weight of aircraft.</i>
iv <i>Safety & security regulation</i>	- <i>Tariff based on different type of safety and security oversight services provided to Aircraft and Service Providers.</i>

The Authority accounts for contracts with customers for each revenue stream when all five steps for revenue recognition in accordance with IFRS 15 have been addressed. These steps have been outlined as follows:

- The contract has been approved by the parties to the contract - the contracts are implied based on aviation business practices;
- Each party's rights in relation to the goods or services to be transferred can be identified - the Authority has the right to restrict access to the facilities it provides to customers should they not pay as stipulated by agreed terms for the services it provides;
- The payment terms for the goods or services to be transferred can be identified (see below);
- The contract has commercial substance - the contracts affect the Authority's cash flows and risk as transactions are entered into to earn a profit; and
- It is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected - the Authority considers the customer's ability and intention to pay the amount of consideration based on prior business dealings with the customer.

The Authority satisfies its performance obligations in relation to its revenue streams at a point in time,

- Landing fees - upon landing of an aircraft at the Authority's airports.
- Passenger service fees - upon departure by a passenger from the Authority's airports.
- Air navigation fees - after the aircraft has passed in the Seychelles Flight Information Region (FIR).
- Safety and security - upon the delivery of Airworthiness certificate to aircraft and licences validation for aviation personnel.

Revenue is due within 30 days of satisfaction of a performance obligation. There are no warranties, returns and any related obligations in relation to the Authority's revenue streams. Revenue is measured at the transaction price allocated to that performance obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.4 Summary of significant accounting policies (Cont'd)****(k) Revenue recognition (Cont'd)****Non-aeronautical revenue**

Non-aeronautical revenue relates to lease income and other revenue. Revenue from leasing activities is recognised in accordance with IFRS 16 on a straight line basis over the lease term. Other revenue is recognised in accordance with IFRS 15 as detailed below:

Retail Concession - Based on the higher of a minimum guaranteed rental and/or a percentage of turnover.

Parking - Based on time-based tariffs.

Rental and Lease - Based on medium and long-term rental & lease agreements with tenants.

Other - Recognised based on type of permit as well as the access that the permit grants or services provided such as fuel throughput Aircraft security services.

(l) Leases

The Authority assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Authority applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Authority recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Authority had a lease for a period of less than one year and the Directors applied the exemption per IFRS 16 not to recognise right-of-use assets and liabilities for leases with low value or having a lease period of less than 1 year.

3. 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.

3.1 Critical accounting estimates and assumptions

The Authority 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, there were no estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Authority within the next financial year.

(a) Impairment of Financial Assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Authority uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Authority's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Authority's historical credit loss experience and forecast economic conditions may therefore not be representative of the actual default in the future.

Bank balances have been assessed to have low credit risk at each reporting date as they are held with reputable banking institutions. Directors have estimated impairment to be immaterial.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**(b) Functional Currency**

The Board of Directors have determined the Seychelles Rupees to be the functional currency of the Authority [Refer to note 2.4(i)].

(c) Depreciation Policies

Property, Plant and Equipment and investment property (note 5 & 6) are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Authority 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 actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

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.

(d) Split between Property, plant and equipment and Investment property

The Directors split portions of buildings for rental from those for own based on floor space being rented. Thus building for own use is approximated estimated at 70% of the area while 30% of the remaining for rental.

(e) Impairment of Fixed Assets

Property, Plant and Equipment and Investment Property (notes 5 & 6) 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.

Cash flows which are utilised in these assessments are extracted from the yearly budget.

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

4. FINANCIAL RISKS MANAGEMENT

The Authority's comprehensive risk management process involves identifying, understanding and managing the risks associated with each of the Authority's business units. Risk awareness, control and compliance are embedded in the Authority's day-to-day activities.

The Authority operates within clearly defined guidelines that are approved by the Board and the Authority's policy is not to engage in speculative transactions. The Board recognises the critical importance of having efficient and effective risk management policies and systems in place. To this end, there is clear organisational structure with delegated authorities and responsibilities from the Board to Management.

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

4.1 Credit Risk

Credit risk is the risk of loss to the Authority as a result of the failure by a customer or counterparty to meet its contractual obligations. The Authority's credit risk arises mainly from long term deposits, trade and other receivables and cash and bank balances.

Though 95% of the Authority's international collections or billings are collected by IATA clearing house, the credit risk concentration on trade and other receivables are being mitigated. Most international revenue is collected within the 60 days except rejected billings which takes more time to reconcile. The credit quality of trade and other receivable that are neither past due nor impaired can be assessed by reference to historical information about each customer. Apart from IATA, credit limits on all customer is 30 days.

The allowance account in respect of trade receivables and other receivable is used to record impairment losses unless the Authority is satisfied that no recovery of the amounts owing is possible. At that point, the amounts considered irrecoverable are written off against the allowance account.

4.2 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Authority's exposure to the risk of changes in foreign exchange rates relates primarily to the Authority's operating activities when revenue, expense and borrowings is denominated in a foreign currency. Foreign currency risk is not hedged.

4. FINANCIAL RISKS MANAGEMENT (CONT'D)

4.2 Foreign currency risk (Cont'd)

As at December 31, the Authority's exposure to foreign currency risk was as follows, based on the notional amounts:

	2021			2021		
	Notional Amount	Year End Spot Rate	SCR Amount	Notional Amount	Year End Spot Rate	SCR Amount
Trade and other receivables						
In USD	4,943,606	14.69	72,598,343	2,080,200	21.58	44,896,947
In Euro	84,269	16.51	1,391,066	80,149	26.43	2,117,938
Cash and Bank Balances						
In USD	4,680,752	14.69	68,738,242	3,419,714	21.58	73,807,681
In Euro	53,542	16.51	883,846	118,087	26.43	3,120,469
In Pound Sterling	3,480	19.79	68,874	3,480	28.99	100,880
Borrowings						
In USD	2,082,115	14.69	30,576,479	-	21.58	-
Trade and Other Payables						
In USD	2,146,450	14.69	31,521,262	96,350	21.58	2,079,522

At December 31, if the Seychelles Rupees had weakened/strengthened by 5% against United States Dollar and Euro with all variables held constant, impact on results would have been as follows:

	2021		2020	
	Euro	USD	Euro	USD
	SCR	SCR	SCR	SCR
	+/-	+/-	+/-	+/-
Cash and bank balances	44,192	3,436,912	156,023	3,690,384
Trade and other receivables	69,553	3,629,917	105,897	2,244,847
Borrowings	-	1,528,824	-	-
Trade and other Payables	-	1,576,063	-	103,976
	113,746	10,171,716	261,920	6,039,207

4.3 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is the Authority's policy to manage interest cost using a mix of fixed and variable rates debts.

As at December 31, 2021, the Authority had borrowing from Nouvobanq at 5.31%, being 5% over 3 months Secured Overnight Financing Rate (SOFR), whilst interest bearing assets on fixed deposits were between 2.25% to 5.75%. Therefore the impact of interest rate risk was immaterial.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021



4. FINANCIAL RISKS MANAGEMENT (CONT'D)

4.4 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Authority maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Authority's liquidity reserve on the basis of expected cash flow and do not foresee any major liquidity risk over the short term.

The table below analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than	Between 1	Over	Total
	1 year	and 3 years	3 years	
	SCR	SCR	SCR	SCR
At December 31, 2021				
Gross borrowings	15,330,631	33,448,649	5,890,147	54,669,427
Gratuity and compensation	11,864,285	4,702,638	-	16,566,922
Trade and other payables	40,475,090	-	-	40,475,090
	67,670,005	38,151,287	5,890,147	111,711,439
At December 31, 2020				
Gratuity and compensation	12,626,866	2,771,745	-	15,398,611
Trade and other payables	38,901,870	-	-	38,901,870
	51,528,736	2,771,745	-	54,300,481

4.5 Capital risk management

The Authority's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for Government of Seychelles and benefits for other stakeholders, and
- to provide an adequate return to Government by pricing products and services commensurately with the level of risk.

The Authority sets the amount of capital in proportion to risk. The Authority is not subject to external imposed capital requirements. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Authority in negotiation with Government of Seychelles, may adjust the amount of dividends paid to the Government of Seychelles and increase or reduce debt. Net debt is calculated as total interest-bearing borrowings (including current and non-current borrowings) less cash and bank balances plus short-term investment while equity include capital reserve and retained earnings.

As at December 31, 2021 Gearing was estimated to be Nil as Cash and bank balances exceed total debts. (2020: None).

4.6 Fair value estimation

The nominal value less estimated credit adjustments of financial liabilities and assets are assumed to approximate their fair values.

5. PROPERTY, PLANT & EQUIPMENT

	Land	Building & Infrastructure	Plant & Machinery	Furniture, Fittings & Office Equipment		Motor Vehicles	Computer - Hardware & Software	Other Assets	Total
				SCR	SCR	SCR	SCR	SCR	SCR
Costs									
As at 1 January 2020 Restated	6,774,800	429,832,584	107,313,547	25,629,107	57,677,400	87,603,280	30,666,931	745,497,649	
As at 1 January 2020 - Reported	6,774,800	518,530,279	107,313,547	25,629,107	57,677,400	(1,005,624)	30,666,931	834,195,344	
Reclassification to Investment Property (Note 6)	-	(88,697,695)	-	-	-	-	-	-	(88,697,695)
Additions	6,000	18,677,833	4,190,631	956,113	1,135,000	684,114	921,642	26,571,333	
Direct Purchase	6,000	295,206	3,508,145	956,113	1,135,000	684,114	921,642	7,506,220	
Transfer from WIP	-	18,382,627	682,486	-	-	-	-	19,065,113	
Disposals	-	-	-	-	(1,192,300)	(22,515)	(1,214,815)		
As at 31 December 2020 - Restated	6,780,800	448,510,417	111,504,178	26,585,220	57,620,100	88,264,879	31,588,573	770,854,167	
Additions	243,577	3,020,931	463,075	-	477,175	126,632	4,331,390		
Direct Purchase	-	2,951,711	463,075	-	477,175	126,632	4,018,593		
Transfer from WIP	-	243,577	69,220	-	-	-	312,797		
Disposals	-	-	-	(753,342)	(204,176)	(48,106)	(1,005,624)		
As at 31 December 2021	6,780,800	448,753,994	114,525,109	27,048,295	56,866,758	88,537,879	31,667,098	774,179,934	

Included in land, buildings and infrastructure is a house on Parcel S5256 purchased on March 28, 2018 for a sum of seven million Seychelles rupees (SCR 7m). As a result of matrimonial dispute, a Court injunction on registration of Transfer has been imposed pending settlement of the matter. Ongoing Civil Suit set for hearing pending attempts for a judgement by consent.

5. PROPERTY, PLANT & EQUIPMENT CONT'D

	Land SCR	Building & Infrastructure SCR	Plant & Machinery SCR	Furniture, Fittings & Office SCR	Motor Vehicles SCR	Computer - Hardware & Software SCR	Other Assets SCR	Total
Accumulated Depreciation								
As at 1 January 2020 Restated	-	144,686,967	63,545,939	19,423,162	46,821,011	74,568,221	24,916,735	373,962,035
As at 1 January 2020 - Reported	-	174,543,709	63,545,939	19,423,162	46,821,011	74,568,221	24,916,735	403,818,777
Reclassification to								
Investment Property (Note 6)	-	(29,856,742)	-	-	-	-	-	(29,856,742)
Charge for the year - Restated	-	18,130,765	6,559,648	2,158,315	4,650,055	4,848,971	2,268,688	38,616,442
Reported	-	20,741,211	6,559,648	2,158,315	4,650,055	4,848,971	2,268,688	41,226,888
Reclassification to								
Investment Property (Note 6)	-	(2,610,446)	-	-	-	-	-	(2,610,446)
Disposals Depreciation	-	-	-	-	(1,192,300)	(22,515)	-	(1,214,815)
As at 31 December 2020 - Restated	-	162,817,732	70,105,587	21,581,477	50,278,766	79,394,678	27,185,423	411,363,662
Depreciation for the year	-	17,940,417	6,811,425	1,929,058	3,790,131	4,269,167	2,341,847	37,082,044
Disposals Depreciation	-	-	-	-	(326,448)	(46,310)	(48,106)	(420,864)
As at 31 December 2021	-	180,758,149	76,917,012	23,510,535	53,742,449	83,617,534	29,479,163	448,024,841
Net Book Value								
As at 31 December 2020 - Restated	6,780,800	285,692,685	41,398,591	5,003,743	7,341,334	8,870,201	4,403,151	359,490,504
As at 31 December 2021	6,780,800	267,995,845	37,608,097	3,537,760	3,124,309	4,920,344	2,187,936	326,155,091

6. INVESTMENT PROPERTY

COST	Restated	
	2021	2020
SCR	SCR	
At January 1 - As restated	88,697,695	88,697,695
As previously reported	-	-
Reclassifications from property, plant and equipment (note 5)	88,697,695	88,697,695
Additions	-	-
At December 31,	88,697,695	88,697,695

ACCUMULATED DEPRECIATION	2021	2020
SCR	SCR	
At January 1 - As restated	32,467,188	29,856,742
- As previously reported	29,856,742	-
- Reclassifications from property, plant and equipment (note 5)	2,610,446	29,856,742
Charge for the year - Restated	3,547,908	2,610,446
- As previously reported	-	-
- Reclassifications from property, plant and equipment (note 5)	3,547,908	2,610,446
At December 31,	36,015,096	32,467,188
NET BOOK VALUE	52,682,599	56,230,507

7. CAPITAL WORK IN PROGRESS

	2021	2020
SCR	SCR	
At January 1,	8,045,459	8,170,694
Expenditure incurred during the year	36,570,822	20,108,018
Transfer to property, plant & equipment (note 5)	(312,797)	(19,065,113)
Write off (note 7(a))		(1,168,140)
	44,303,484	8,045,459

(a) The write off relates to consultancy fees and charges paid on South East Island reclamation and New SCAA Head Quarters projects. This was after management took a position to differ the implementation of two projects in line with SCAA's financial plan pertaining to Covid-19 impact on the investment funding and liquidity position. The cost of the two projects were estimated to SCR 148 million and are unlikely to be undertaken in the foreseeable future.

8. DEFERRED TAX

(a) Deferred taxes are calculated on all temporary differences under the liability method at applicable rates as mentioned in note 11(d).

There is a legally enforceable right to offset deferred tax assets and deferred tax liabilities when the deferred taxes relate to the same fiscal authority for the same entity.

8. DEFERRED TAX (CONT'D)

(b) The following amounts are shown in the Statement of Financial Position:

	Restated	
	2021	2020
	SCR	SCR
Deferred tax assets (note 8(c)(i))	34,605,365	36,983,815
Deferred tax liability (note 8(c)(ii))	(9,513,433)	(12,540,228)
	<u>25,091,932</u>	<u>24,443,587</u>

The movement on the deferred tax account is as follows:

At January 1,	24,443,587	(4,203,163)
<i>Credit to Statement of Profit or Loss (note 11(a))</i>	648,345	28,646,750
At December 31,	<u>25,091,932</u>	<u>24,443,587</u>

(c) Deferred tax is recognised in the Statement of Financial Position with respect to the following:

(i) Deferred Tax Assets

	Tax Losses	Unrealised Exchange Loss	Provision for Credit Losses	Payroll Provisions	Total
	SCR	SCR	SCR	SCR	SCR
At January 1, 2020					
As previously reported	-	-	-	-	-
Effect of adopting IAS 12	-	56,020	969,535	5,714,768	6,740,323
As restated	-	<u>56,020</u>	<u>969,535</u>	<u>5,714,768</u>	<u>6,740,323</u>
restated	27,946,390	(56,020)	527,081	1,826,041	30,243,492
As previously reported	-	-	-	-	-
Effect of adopting IAS 12	<u>27,946,390</u>	<u>(56,020)</u>	<u>527,081</u>	<u>1,826,041</u>	<u>30,243,492</u>
At December 31, 2020	27,946,390	-	1,496,616	7,540,809	36,983,815
Credit/(Charge) for the year	(3,032,293)	806,212	730,182	(882,549)	(2,378,450)
Change in temporary difference at	1,950,525	967,454	1,175,540	449,103	4,542,622
Change in tax rate (notes 11(b) &	(4,982,818)	(161,242)	(445,358)	(1,331,652)	(6,921,072)
At December 31, 2021	<u>24,914,096</u>	<u>806,212</u>	<u>2,226,797</u>	<u>6,658,260</u>	<u>34,605,365</u>

8. DEFERRED TAX (CONT'D)

(ii) Deferred Tax Liability

	Accelerated Tax Depreciation SCR	Unrealised Exchange Gain SCR	Total SCR
At January 1, 2020			
As previously reported	10,943,486	-	10,943,486
Effect of adopting IAS 12			
As restated	10,943,486	-	10,943,486
Charge for the year - As restated	599,050	997,692	1,596,742
As previously reported			
Effect of adopting IAS 12			
At December 31, 2020	599,050	997,692	1,596,742
Charge/(Credit) for the year	11,542,536	997,692	12,540,228
Change in temporary difference at old rate	(2,029,103)	(997,692)	(3,026,795)
Change in tax rate (notes 11(b) & 11(d))	(126,416)	(997,692)	(1,124,108)
At December 31, 2021	(1,902,687)	-	(1,902,687)
	9,513,433	-	9,513,433

9. INVENTORIES

	Restated	
	2021	2020
	SCR	SCR
Terminal and Airside Spares	694,179	695,970
Maintenance Spares & Consumables (PME)	3,298,975	3,100,989
Maintenance Spares & Consumables (Bld & Infra)	688,829	801,399
Office and & General; Admin Consumables	1,677,269	1,760,238
	6,359,252	6,358,596

10. TRADE AND OTHER RECEIVABLES

	Restated	
	2021	2020
	SCR	SCR
Gross trade receivables (note 10(a))	91,260,682	58,882,894
Less: Allowance for expected credit loss (notes 10(b) & 10(c))	(8,907,184)	(4,988,718)
	82,353,498	53,894,176
Other receivables	2,843,910	8,526,361
Prepayments	1,683,342	1,678,474
	86,880,750	64,099,011

(a) The carrying value of trade and other receivables measured at amortised cost approximates its fair value.

(b) Credit Loss Allowances

The Authority measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Credit Loss Allowances (Cont'd)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Authority writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, i.e., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. The average credit period on trade receivables is 60 days. No interest is charged on outstanding trade receivables.

The following table details the risk profile of trade receivables based on the Authority's provision matrix.

(i) At December 31, 2021

	Trade receivables-days past due				Total
	< 30 days	31-60 days	61-90 days	> 90 days	
Gross amount (SCR)	79,027,960	2,514,774	1,241,578	8,476,371	91,260,683
Expected loss rate (%)	3.75%	4.59%	25.22%	65.06%	
Lifetime ECL (SCR)	2,963,549	115,428	313,126	5,515,081	8,907,184

(ii) At December 31, 2020

	Trade receivables-days past due				Total
	< 30 days	31-60 days	61-90 days	> 90 days	
Gross amount (SCR)	43,786,652	1,656,498	908,659	12,531,085	58,882,894
Expected loss rate (%)	1.48%	1.72%	7.79%	33.86%	
Lifetime ECL (SCR)	648,041	28,492	70,785	4,242,616	4,989,934

(iii) Expected credit loss movement during the year is as follows:

	2021	2020
	SCR	SCR
At January 1, - restated	4,988,718	3,231,783
- As previously reported	1,798,600	61,211
- First time adoption of IFRS	3,190,118	3,170,572
Bad debt written off		
Charge for the year - As restated	3,918,466	1,756,935
- As previously reported	-	1,737,389
- First time adoption of IFRS	-	19,546
At December 31,	8,907,184	4,988,718

(c) Sensitivity analysis

If the ECL rates on trade receivables above 90 days past due had been 1% higher/(lower) as of December 2021, the loss allowance would have been +/- SCR 55,155 (2020: +/- SCR 42,426).

(d) Trade and other receivables include SCR 7.2m due to related parties. (2020: SCR16.4m) (note 27).

11. CURRENT TAX ASSET

(a) Statement of Financial Position

	2021	Restated 2020
	SCR	SCR
At January 1,	(18,975,768)	(9,871,733)
As previously reported	(26,727,094)	(2,412,177)
Impact of adopting IFRS	(7,751,326)	7,459,556
Charge to Statement of Profit or Loss (note 11(b))		
As previously reported	-	(15,210,882)
Impact of adopting IFRS	-	15,210,882
<i>Net receipts/(payments) during the year</i>	<u>13,381,909</u>	<u>(9,104,035)</u>
At December 31,	<u>(5,593,859)</u>	<u>(18,975,768)</u>

(b) Statement of Profit or Loss

Current tax at applicable tax rate (notes 11(a) & (d)) - As restated	-	-
Deferred tax credit (note 8(b))	648,345	28,646,750
	<u>(648,345)</u>	<u>(28,646,750)</u>

(c) Reconciliation between tax expense and accounting profit is as follows:

Loss Before Taxation:	(42,841,072)	(51,165,248)
Tax calculated at applicable tax rates (note 11(d))	(12,852,322)	(15,349,575)
Expenses not deductible for tax purposes	12,711,715	2,867,457
Income exempt for tax purposes	(1,975,810)	(14,854,379)
Excess of capital allowances over depreciation	165,892	(609,893)
Unutilised tax losses carried forward	1,950,525	27,946,390
	<u>(0)</u>	<u>-</u>

(d) Applicable tax rates are as follows:

	2021 & 2020
≤ SCR. 1,000,000	25%
> SCR. 1,000,000	30%

Change in tax rates - effective 2022

In exercise of the powers conferred by section 81 of the Business Tax Act 2009, the Minister of Finance, Economic Planning and Trade announced changes to tax rates for all entities effective January 1, 2022, as shown below:

≤ SCR. 1,000,000	15%
> SCR. 1,000,000	25%

12 Cash & Cash Equivalent

	2021	2020
	SCR	SCR
Cash on Hand	271,840	387,926
Cash at Bank	149,181,893	167,035,359
Total Cash & Bank Balances	149,453,734	167,423,286
Fixed Deposit	(73,243,270)	(68,926,027)
Cash & Cash Equivalent for Cash Flow	76,210,464	98,497,259

13. CAPITAL RESERVE

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.

14. BORROWINGS

	2021
	SCR
Received during the year	33,349,176
Paid during the year	(2,772,696)
Exchange Movement	<u>30,576,480</u>
<i>Analysed as:</i>	
Non-current	17,301,530
Current	<u>30,576,479</u>

(a) The Authority obtained a loan of USD 5 million from Seychelles International Mercantile Banking Corporation Limited (Nouvobanq). The loan is secured by a first line charge and a floating charge of the Authority's worth to secure USD 5 million.

The loan attracts a fixed interest rate of 5.24% per annum charged on the daily outstanding balances and compounded monthly. The rate has changed in 2022 to 5.315 following a change in banks computation using SOFR rate. Interest charges amount to SR624K. The loan repayment is subject to a moratorium period of 9 months and thereafter payable over 57 months. The fair value is not significantly different to their carrying value.

(b) The exposure of the Authority's borrowings to foreign exchange risk and maturity profile are shown on notes 4.2.

15. Employee Benefits & Leave Provisions(a) **Gratuity and Compensation**

	2021	2020
	SCR	SCR
At January 1,	15,398,611	10,648,583
Charge for the year (note 19)	13,795,177	13,519,197
Paid during the year	<u>(12,626,866)</u>	<u>(8,769,168)</u>
At December 31,	16,566,922	15,398,611
<i>Analysed as:</i>		
Non-current	4,702,638	2,771,745
Current	<u>11,864,285</u>	<u>12,626,866</u>
	<u>16,566,923</u>	<u>15,398,611</u>

15. Employee Benefits & Leave Provisions (CONT'D)

(b) Accrued Leave

	2021	2020
	SCR	SCR
At January 1,	9,737,421	8,400,644
Charge for the year (note 19)	328,700	1,336,777
At December 31,	10,066,121	9,737,421

16. TRADE AND OTHER PAYABLES

	Restated	
	2021	2020
	SCR	SCR
Trade payables	2,027,872	14,602,027
Levies due to Government (note 27)	33,451,927	17,001,434
Other payables	4,995,291	7,298,409
	40,475,090	38,901,870

17. REVENUE

	2021	2020
	SCR	SCR
Aeronautical		
Landing fees	19,729,432	9,744,105
Passenger Service Charges	151,873,514	102,048,270
Air Navigation Charges	84,292,036	76,267,363
Safety Regulation Charges	529,795	608,550
	256,424,777	188,668,288
Non-aeronautical		
Concession & Property Rental	31,909,886	18,686,720
Aviation Security Fees	3,641,162	2,690,531
Others Airport Fees	108,199	167,628
	35,659,247	21,544,879
Total Revenue	292,084,024	210,213,167

18. OTHER INCOME

	Restated	
	2021	2020
	SCR	SCR
Administration fees	132,236	133,818
Profit on disposal	170,583	91,375
Others	956,006	448,530
	1,258,825	673,723

19. EMPLOYEE BENEFIT COSTS

Salaries and wages	164,141,203	168,676,776
Employer's Pension Costs	4,829,614	4,995,080
Gratuity and compensation charge (note 15)	13,795,177	13,519,197
Leave accrual (note 15)	328,700	1,336,777
Others	12,240,809	22,525,765
	195,335,503	211,053,595

20. OTHER OPERATING OVERHEADS

	2021	2020	Restated
	SCR	SCR	SCR
Office & General Administrative Costs	11,972,340	14,838,184	
ICT Service Support & Maintenance	4,218,616	4,707,254	
Air Navigation Support Services & Maintenance	7,168,396	9,406,782	
Safety & Security Regulation Costs	918,096	3,206,744	
Airport Operation Cost	6,226,913	9,070,309	
Commercial	1,696,532	1,138,039	
Corporate social responsibility Tax	175,959	1,131,884	
Electrical and Technical Services & Maintenance	29,702,675	26,277,538	
Auditor's remuneration	100,000	100,000	
Finance charges	29,047	44,357	
	<u>62,208,574</u>	<u>69,921,089</u>	

21. EXCHANGE MOVEMENTS

	2021	2020
	SCR	SCR
Realised exchange loss/(gain)	33,493,571	(57,073,279)
Unrealised exchange loss/(gain)	452,150	(3,325,640)
	<u>33,945,721</u>	<u>(60,398,919)</u>

22. FINANCE INCOME

	2021	2020	Restated
	SCR	SCR	SCR
Interest from fixed deposit	3,642,756	4,403,316	
Interest on staff loans	210,218	401,586	
	<u>3,852,974</u>	<u>4,804,902</u>	

23. LOSS FOR THE YEAR

This has been arrived at after charging:

	2021	2020
	SCR	SCR
- Auditor's remuneration	100,000	100,000
- Directors' remuneration (note 27(e))	345,600	388,800

24. DIVIDEND PAID

Dividend to Government is made in accordance with directions given by the Minister under Section 11 (3) of the Seychelles Civil Aviation Authority Act, 2005. Dividend paid to Government in 2020 amounted to SCR 20 million. In light of the impact of the COVID-19 pandemic, monthly payment was for the first 4 months of 2020. No Dividend was paid in 2021.

25. CONTINGENT LIABILITIES

In July 2016, a legal claim was lodged by a Duty-Free retail shop claiming damages of SCR1.06 million to its merchandise while construction work was ongoing to adjacent premises. As at December 31, 2021, a judgement was yet to be pronounced, however the claim is estimated to be SCR 300,000.

26. COMMITMENTS

Capital Commitments

	2021	2020
	SCR	SCR
Approved and contracted for	83,792,873	5,153,140
Approved and but not contracted for	-	-
	<u>83,792,873</u>	<u>5,153,140</u>

27. RELATED PARTY TRANSACTIONS

(a) Identification of related parties

SCAA is a public entity established under the Seychelles Civil Aviation Authority Act, 2005 of Seychelles and reports to the Minister for Transport, Civil Aviation and Ports & Marine. It therefore has a significant number of related parties including other state-owned entities, government departments and other entities within the sphere of Government. In addition, the Authority has a related party relationship with its Directors and Executive officers (Key Management). Unless specifically disclosed, transactions are concluded on an arm's length basis and the Authority is open to transact with any entity.

Key Management Personnel has been defined as the Authority's Board of Directors, CEO and Senior Executive effective for 2021 and 2020. Non-executive Directors are included in the definition of key management personnel as required by IFRS. The definition of Key Management includes close family members of key management personnel and any entity over which key management exercises control or joint control.

27. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related Party Transaction and Balances

	Balances		Transactions		
	Loans & Advance	Deposits	Levies Collected	Trade Receivable	Trade Payables
	SCR	SCR	SCR	SCR	SCR
December 31, 2021					
Public Entities	(30,576,479)	100,379,523		7,244,671	2,680,160
Government organisations and	-	-	(33,451,927)	-	-
December 31, 2020					
Public Entities	-	115,169,669	-	16,472,791	2,042,044
Government organisations and	-	-	(17,001,434)	-	-

(c) Remuneration to Executive Key Management

The aggregate remuneration provided for and paid to Key Management personnel comprised.

	2021	2020
	SCR	SCR
*Chief Executive Officer	1,493,409	1,080,000
Other Key Management Personnel Staff		
Salary and allowances	7,388,767	8,762,637
End on Contract Payment (EOC)	1,090,532	1,769,194
Other Benefit	-	-
	<u>8,479,299</u>	<u>10,531,831</u>

*The increase in CEO's renumeration in 2021 is due to his 3 year End of Contract payment

No other benefits was paid to Key Management Staff in 2020 and 2021 due Financial Covid mitigation being implemented.

(d) Loans and advances to key management

Loans to Key Management personnel were approved and disbursed as per the Authority's loan policy. As at December 31, 2021 loans and advances to Key Management amounted to SCR200,094 (2020: SCR366,693). There were no new loans issued in 2020 & 2021.

27. RELATED PARTY TRANSACTIONS (CONT'D)

(e) Directors' Fees to Non-Executive Directors

	Resignation	Appointment	2021 SCR	2020 SCR
Marlon Orr		Feb-21	63360	
Sherin Francis		Feb-21	42240	-
May-Paul Marengo	Jun-22	Feb-21	42240	-
Kelly Chetty		Feb-21	42240	-
Garry Jupiter	Apr-22	Feb-21	42240	-
Yannick Roucou		Feb-21	42240	-
Magalie Essack		Feb-21	42240	-
David Savy	Apr-20	Sep-11		32,000
Suketu Patel	Jan-21	May-20	5760	50,560
Anne Lafortune	Jan-21	Feb-14	3840	59,040
Vincent Amelie	Jan-21	May-17	3840	59,040
Nadine Potter	Jan-21	May-17	3840	59,040
Cindy Vidot	Jan-21	May-17	3840	59,040
Benjamin Choppy	Jan-21	May-20	3840	35,040
Ange Morel	Jan-21	May-20	3840	35,040
			<u>345,600</u>	<u>388,800</u>

28 Events After The Reporting Period

Announcement of a Major Restructuring

Following the Cabinet approval of a bill by Cabinet of Ministers in October 2021, the Management of SCAA and the Board embarked on the preparatory journey for the separation of SCAA into two legal entities. The separation shall entail that SCAA shall remain as the regulatory and oversight body for safety, security and civil aviation operations in our jurisdiction and; the other entity shall become the Airport Authority responsible for air navigation, fire and rescue, security and passenger welfare in the general operations of the airport on a commercial basis.

The restructuring shall support to achieve reduction of potential conflicts of interest between the regulatory authority and the service provider. It will also allow the Airport Authority to derive maximum commercial opportunities.

Ukraine/Russian Conflict

The Ukraine/Russia conflict in late February 2022 resulted in imposition of sanctions on Russia, and the expectation of further challenges which could delay the economic recovery. It was also anticipated that the sanction may weaken the recovery of the tourism activity. Whilst the Aeroflot Airline was also sanctioned, tourism activity even from Russian markets continues to increase, especially as other Airline substituted for Aeroflot routes. As the COVID-19 pandemic slowly eases, the appetite for travelling is high, and the Authority anticipates increasing passenger movements especially recovery from the main European market and increasing scheduled and non-scheduled flights.

The increase in Gas and Oil prices are expected to bring additional challenges such as increase in prices of tickets, but the recovery of the industry and expected increase in earnings for the Authority and Airlines remains relatively positive.

The above events and information does not affect any amounts recognised in the 2021 financial statements, and the Authority will continue to operate as a going concern.