



Audited Financial Statements as at 31st December, 2023

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ORGANISATION INFORMATION

BOARD MEMBERS

Mr. Patrick Payet	Chairman
Mr. Randolph Samson	CEO - Member
Mrs. Seylina Joymon	Member
Mr. Robert Stravens	Member
Mr. Richard Rampal	Member
Mrs. Samanta Esparon	Member
Ms. Anne Rosette	Member
Mrs. Audrey Pothin	Member - (19th February 2024)
Ms. Kahaki Jere	Member - (21 January 2024)

SECRETARY

Ms. Taryn Auguste	Secretary
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REGISTERED OFFICE

Bois de Rose Avenue
Roche Caiman
Victoria, Mahé
Seychelles

PRINCIPAL PLACE OF BUSINESS

Bois de Rose Avenue
Roche Caiman
Victoria, Mahé
Seychelles

AUDITORS

Auditor General
P O Box 49, Unity House
Victoria, Mahé
Seychelles

BOARD MEMBERS' REPORT

The Board members are pleased to submit their report together with the audited financial statements of the Authority for the year ended December 31, 2023.

PRINCIPAL ACTIVITY

The Seychelles Financial Services Authority (FSA) is the Regulator for non-bank financial services in the Seychelles. Established under the Financial Services Authority Act, 2013, the Authority is responsible for the licensing, supervision and development of the non-bank financial services industry of the Seychelles, which includes the insurance and the gambling sector. The Authority is also responsible for the registration of International Business Companies, Foundations, Limited Partnerships, International Trusts and Capital Market products within the Seychelles.

VISION

The vision of the FSA is to safeguard the interest of the Seychelles non-bank financial services sector, through the establishment of a sound and ethical regulatory environment.

MISSION

- To uphold the good repute of the Seychelles through good governance and sound regulatory systems.
- To promote capacity building, innovation and efficiency of services within the non-bank financial services sector.
- Ensuring compliance with international regulatory norms and best practices.

CURRENT YEAR EVENT

The Authority adopted International Financial Reporting Standards (IFRS) for the first time in 2016. Therefore, the year 2023 is the Eight financial year that the Financial Services Authority is presenting its financial statements under International Financial Reporting Standards (IFRS).

The new FSA board was appointed effective January, 2021. The Chairman and 8 other board members (including the new CEO) are new appointees to the board and one is an appointee from the previous boards. One board member resigned from the Board in August 2023 .

RESULTS

	2023
	SR'000
Profit for the year	69,119
Retained earnings brought forward	307,053
Profit available for distribution	376,172
Transfer to Government of Seychelles (GOS)	(61,547)
Retained earnings carried forward	314,626

DIRECTORS AND DIRECTORS' INTEREST

None of the directors has any direct or indirect interest in the Authority.

STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

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

The Board Members is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in compliance with Financial Services Authority Act, 2013. 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; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. The Members have the general responsibility of safeguarding the assets, both owned by the Authority and those that are held in trust and used by the Authority.

The Board Members consider that they have met their aforesaid responsibilities.

AUDITORS

The Authority is audited by the Auditor General.

BOARD MEMBERS APPROVAL

Patrick Payet
Chairman



Randolf Samson
Member & CEO

Robert Stravens
Member



Seylina Joymon
Member



Anne Rosette
Member



Samantha Esparon
Member



Richard Rampal
Member



Kahaki Jere
Member



Audrey Pothin
Member

Dated: 16.08.2024

Mahé, Republic of Seychelles

OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE FINANCIAL SERVICES AUTHORITY

Opinion

The accompanying financial statements of the Financial Services Authority (Authority), set out on pages 4 to 27, which comprise the statement of financial position, profit or loss and other comprehensive income, changes in equity, cash flows and the notes to financial statements including a summary of significant accounting policies for the year as at 31 December 2023 have been audited as required by Section 13 (4) of the Financial Services Authority Act, 2013.

Accordingly, in my opinion:

1. proper accounting records have been kept by the Authority as far as appears from my examination of those records relating to material transactions;
2. the financial statements on pages 4 to 27 give a true and fair view of the financial position of the Authority as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Financial Services Authority Act, 2013.

Basis for Opinion

The audit was conducted in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor General's Responsibilities for the audit of the Financial Statements section of my report.

I am independent of the Authority in accordance with INTOSAI Code of Ethics applicable to its members, together with other ethical requirements that are relevant to the audit of the financial statements in Seychelles. I am satisfied that all information and explanations which, to the best of my knowledge and belief, where necessary for the purpose of audit have been obtained. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

1. The Authority suspended and later revoked the business licence of Falcon Insurance General insurance resulting in the payment of the costs of audit, administrators' fees, other professional services to the extent of SR9,930,852 as at 31.12.2023 (2022 and 2023). A further sum of SR2.1m, disclosed under contingent liability for 2023, was incurred up to June 2024. The Authority has expressed uncertainty with regard to full recovery of all costs incurred through the liquidation/winding up process of Falcon Insurance. Subject to the outcome of the

liquidation process, the further costs to be borne by the Authority cannot be reasonably be estimated as the liquidation was yet to commence at the time of this Report.

2. A difference of SR9m was noted between the asset register (motor vehicles, plant and equipment, furniture and fixtures and other assets) of SR24m and the Fixed assets schedule in the Financial Statement of SR33m. Consequently, the Property plant and equipment may be overstated in the Financial Statements; and
3. The two projects relating to software development treated in work in progress, commenced in 2019 and remained to be made functional, having fully paid the contract sums totaling SR13,431,897 as at 31.12.2023. According to the Authority, the projected costs for additional works is estimated at some SR 4,241,460. The Authority informed that it was contemplating the possibility of legal action, against the software developer, to ensure the functioning of the projects by linking the accounting and the project management systems, in question.

My opinion is not qualified in respect of the above matters.

Responsibilities of the Management and those charged with Governance

The management is responsible for the preparation of financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Financial Services Authority Act, 2013 and the Public Enterprise Monitoring Commission Act, 2013, and for such internal control as the Board determines, is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Responsibilities of the Auditor General for the audit of financial statements

The audit objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and issue an auditor's report in accordance the Financial Services Authority Act, 2013.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

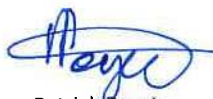

As part of the audit in accordance with ISAs, the auditor exercises professional judgement and maintains professional skepticism throughout the audit. The auditor also:

- identifies and assesses that risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the opinion. The risk of not detecting material misstatement resulting from fraud is higher than one

STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2023

				Re-stated		Re-stated
	Notes	December 31, 2023	December 31, 2022	December 31, 2022	December 31, 2020	December 31, 2020
		SR	SR	SR	SR	SR
ASSETS						
Non-current assets						
Property, plant and equipment	5	50,910,326	59,546,331	48,953,255	54,871,375	46,608,626
Investment property	6	180,584,700	242,266,051	180,584,700	240,314,059	180,441,341
Long term receivables	7(f)	12,541,163	8,563,410	8,563,410	10,241,148	10,241,148
		<u>244,036,188</u>	<u>310,375,792</u>	<u>238,101,365</u>	<u>305,426,582</u>	<u>237,291,115</u>
Current assets						
Trade and other receivables	7	14,588,620	12,477,916	12,477,916	16,283,599	16,283,599
Cash and cash equivalents	8	159,520,020	153,089,697	153,089,697	126,172,388	126,172,388
Restricted cash as security for credit card		300,000	150,000	150,000		
		<u>174,408,640</u>	<u>165,717,613</u>	<u>165,717,613</u>	<u>142,455,987</u>	<u>142,455,987</u>
Total assets		<u>418,444,828</u>	<u>476,093,405</u>	<u>403,818,978</u>	<u>447,882,569</u>	<u>379,747,102</u>
EQUITY AND LIABILITIES						
		27,129,783				
Capital and reserves						
Stated capital	9	8,715,700	8,715,700	8,715,700	8,715,700	8,715,700
Capital grant	10	(0)	854,064	854,064	2,562,190	2,562,190
Revaluation Reserve		13,542,479	26,674,451	16,081,372	21,690,601	13,427,852
Retained earnings		314,625,633	368,734,168	307,052,816	332,496,725	272,624,007
		<u>336,883,812</u>	<u>404,978,383</u>	<u>332,703,952</u>	<u>365,465,216</u>	<u>297,329,749</u>
LIABILITIES						
Non-current liabilities						
Retirement benefit obligations	11	21,571,895	16,845,751	16,845,751	11,909,719	11,909,719
		<u>21,571,895</u>	<u>16,845,751</u>	<u>16,845,751</u>	<u>11,909,719</u>	<u>11,909,719</u>
Current liabilities						
Other payables	12	59,989,122	54,269,271	54,269,271	10,612,046	10,612,046
		<u>59,989,122</u>	<u>54,269,271</u>	<u>54,269,271</u>	<u>70,507,634</u>	<u>70,507,634</u>
Total liabilities		<u>81,561,017</u>	<u>71,115,022</u>	<u>71,115,022</u>	<u>82,417,353</u>	<u>82,417,353</u>
Total equity and liabilities		<u>418,444,828</u>	<u>476,093,405</u>	<u>403,818,975</u>	<u>447,882,569</u>	<u>379,747,102</u>

These financial statements have been approved for issue by the Board of Directors on: 16/08/24


 

Patrick Payet
Chairman

Randolf Samson
Member & CEO

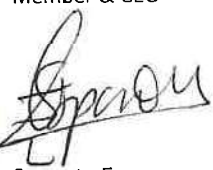
Robert Stravens
Member



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Audrey Pothin
Member

The notes on pages 8 to 27 form an integral part of these financial statements.
Auditors' report on page 3.

	Notes	2023 SR	2022 SR
Revenue	2(l)/13	187,661,108	197,493,943
Staff costs	14	(73,105,962)	(60,024,328)
Administrative expenses	15	(39,035,554)	(31,510,293)
Educational dissemination	16	(751,350)	(231,992)
Other operating costs	17	(1,762,600)	(1,757,449)
Finance income - Interest on staff loans/investment		3,361,549	1,036,776
Marketing Grant to SIB		(4,714,550)	(545,108)
Other income	18	106,878	130,801
Foreign exchange (losses)/gains		(2,640,173)	(1,162,917)
Other comprehensive income - Surplus on Revaluation of Investment prop	6(a)	nil	1,951,992
Profit and total comprehensive income for the year		69,119,346	105,381,423

The notes on pages 8 to 27 form an integral part of these financial statements.
Auditors' report on page 3.

FINANCIAL SERVICES AUTHORITY

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STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2023

	Note	Stated capital	Capital grant	Revaluation reserve	Retained earnings	Total
		SR	SR	SR		SR
At January 1, 2023		8,715,700	854,064	16,081,372	307,052,816	332,703,952
Total comprehensive income for the year		-	-	-	69,119,346	69,119,346
Amortisation of grant	10	-	(854,064)	-	-	(854,064)
Transfer to the GOS		-	-	-	(61,546,528)	(61,546,528)
Revaluation of Property		-	-	(2,538,894)	-	(2,538,894)
At December 31, 2023		8,715,700	(0)	13,542,479	314,625,633	336,883,812

	Note	Stated capital	Capital grant	Revaluation reserve	Retained earnings	Total
		SR	SR	SR	SR	SR
At January 1, 2022		8,715,700	1,708,127	21,690,601	349,312,639	381,427,067
Total comprehensive income for the year		-	-	-	105,381,423	105,381,423
Amortisation of grant	10	-	(854,063)	-	-	(854,063)
Transfer to the GOS		-	-	-	(85,959,895)	(85,959,895)
Revaluation of Property		-	-	4,983,850	-	4,983,850
At December 31, 2022		8,715,700	854,064	26,674,451	368,734,167	404,978,382
Prior Year Adjustment		-	-	(10,593,079)	(61,681,351)	(72,274,430)
At December 31, 2022		8,715,700	854,064	16,081,372	307,052,816	332,703,952

The notes on pages 8 to 27 form an integral part of these financial statements.
Auditors' report on page 3.

STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2023

	Notes	2023 SR	2022 SR
Cash generated from operations			
Profit for the year		69,119,346	105,381,423
<i>Adjustments for</i>		-	-
Depreciation on property, plant and equipment	5	2,614,083	2,596,118
Adjustment to WIP		-	84,000
Amortisation of capital grant	17	(854,064)	(854,063)
Loss on disposal of asset	18	2,581	7,810
Gain on revaluation of Investment Property		(517)	(1,951,992)
Retirement benefit obligations charge	11	9,982,070	5,894,913
Impairment of trade receivables		(164,188)	(96,491)
Interest receivable		(3,361,549)	(1,036,776)
		<u>77,337,763</u>	<u>110,024,942</u>
<i>Changes in working capital</i>			
- Increase in trade and other receivables		(5,774,272)	(1,591,891)
- (Decrease)/Increase in trade and other payables		<u>5,071,749</u>	<u>(4,997,644)</u>
Cash generated from operations		76,635,239	103,435,406
Retirement obligations paid	11	(5,255,927)	(2,316,124)
Interest received		3,361,549	1,036,776
Net cash inflow from operating activities		<u>74,740,861</u>	<u>102,156,059</u>
Cash flows from investing activities			
Investment in Treasury bills			5,202,897
Purchase of property, plant and equipment	5	(7,112,112)	(2,736,439)
Proceeds from sale of asset		-	9,701
Net cash outflow from investing activities		<u>(7,112,112)</u>	<u>2,476,159</u>
Cash flows from financing activities			
Restricted Cash		(300,000)	(150,000)
Amount transferred to the Government of Seychelles		(60,898,427)	(65,959,894)
Net cash outflow from financing activities		<u>(61,198,427)</u>	<u>(66,109,894)</u>
Net increase in cash and cash equivalents		<u>6,430,321</u>	<u>38,522,324</u>
Movement in cash and cash equivalents			
At January 1,		153,089,698	114,567,375
Increase		6,430,321	38,522,324
At December 31,	8	<u>159,520,020</u>	<u>153,089,698</u>

The notes on pages 8 to 27 form an integral part of these financial statements.

Auditors' report on page 3.

1. GENERAL INFORMATION

The principal activities of the Financial Services Authority are detailed on page 2. Its registered office and principal place of activity is at Bois de Rose Avenue, Roche Caiman Victoria Mahe Republic of Seychelles.

These financial statements will be submitted for consideration and approval at the forthcoming meeting of Board of Directors of the Authority.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Financial Service Authority Act, 2013.

The Authority has adopted International Financial Reporting Standards for the first time for the year ended December 31, 2016 while previously the financial statements were prepared under Generally Accepted Accounting Practice (GAAP).

The financial statements are prepared under the historical cost convention, except that:

- (ii) relevant financial assets are stated at their fair values; and
- (iii) borrowings and relevant financial liabilities are stated at their amortised costs.

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

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

The objective of IFRS S1 is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.

An entity is required to apply IFRS S1 in preparing and reporting sustainability-related financial disclosures in accordance with IFRS Sustainability Disclosure Standards. An entity may apply IFRS Sustainability Disclosure Standards irrespective of whether the entity's related general purpose financial statements are prepared in accordance with IFRS Accounting Standards or other generally accepted accounting principles or practices (GAAP).

Conceptual foundations: For sustainability-related financial information to be useful, it must be relevant and faithfully represent what it purports to represent. The usefulness of sustainability-related financial information is enhanced if the information is comparable, verifiable, timely and understandable.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)

Fair presentation: A complete set of sustainability-related financial disclosures presents fairly all sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects.

Materiality: An entity is required to disclose material information about the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports.

Reporting entity: An entity's sustainability-related financial disclosures are required to be for the same reporting entity as the related financial statements.

Connected information: An entity is required to provide information in a manner that enables users of general purpose financial reports to understand the connections between the items to which the information relates and the connections between disclosures provided by the entity.

Core content: An entity is required to provide disclosures about governance, strategy, risk management, and metrics and targets.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) amends IAS 1 in the following ways:

- > An entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- > several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- > the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- > the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- > the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

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

IAS 1 — Classification of Liabilities as Current or Non-Current
IAS 7 and IFRS 7 - Supplier Finance Arrangements
IAS 21 - Lack of Exchangeability

Where relevant, the Authority is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

(b) Property, plant and equipment

Property, plant and equipment are reported using the Fair Value model.

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.

A revaluation of the FSA infrastructure was undertaken in December, 2022 with the report being issued in January 2023 by a professional independent assessor. In 2020, the Financial Services Authority (FSA), for the first time FSA elected to use the fair value model to account for owner occupied building. The asset is carried at the revalued amount, being its fair value at the date of revaluation. The increase in value of owner occupied building has been credited to equity and is shown in the statement of accounts under "Revaluation Reserve".

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment (Cont'd)

Depreciation is calculated on the straight line method with reference to the expected useful life of the assets concerned. Depreciation is computed from the month after receipt of goods/assets using the following principal annual rates.

	%
Buildings	4
Gate and fencing	10
Motor vehicles	20
Plant & equipment	10 - 25
Furniture and fittings	10 - 20
Other assets	25

No depreciation has been charged on the value of the freehold property.

Assets are currently being depreciated up to a NIL balance. No depreciation is provided for in the month of disposal.

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

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss.

(c) Investment property

Investment property, held to earn rentals or for capital appreciation or both and not occupied by the Authority are measured and accounted for at fair value.

FSA has adopted the IFRS 13, the Fair value model, for the valuation of its Investment property, which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in income statement for the period in which they arise. As per IAS 40, the gain on the revaluation of Investment property has been recognised in the P&L, Other Comprehensive Income (OCI). Transfers to or from investment property can be made only when there has been a change in the use of the property. The revaluation exercise is undertaken on a bi-yearly basis and therefore the next exercise will be in December, 2024.

(d) Intangible assets - Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives of 4 years.

Costs associated with developing or maintaining computer software are recognised as an expense as incurred and are included in the statement of profit and loss.

(e) Financial instruments

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

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(e) Financial instruments (Cont'd)

(i) Trade and other receivables

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

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the statement of profit or loss.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less.

(iii) Other payables

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

(iv) Share capital

Ordinary shares are classified as equity.

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(g) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position 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.

(h) Capital Grants

Grants related to assets from the Government of Seychelles for acquisition of property and equipment received in form of donations is treated as deferred income by crediting capital grant, classified under equity in the statement of financial position.

Depreciation calculated on such assets is released from grants and credited to depreciation charge in the statement of profit or loss until those assets are fully depreciated.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(h) Capital Grants (Cont'd)**

The Capital Grant has been fully amortised in 2023.

(i) Retirement benefit obligations

The Authority provides for payments of compensation to permanent employees for continuous service. The amount provisioned every year is based on the number of years the employee has worked after the last payment date. This type of employee benefits has the characteristics of a defined benefit plan. The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined obligation at the reporting date less fair value of plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

The Authority does not carry out any actuarial valuation since the Authority's management have based themselves on the method as prescribed by the Ministry of Administrative & Power and Circular 9 A of 1993, 15% of gross salary in the case of PSC and on internal contracts of employees and they have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

(j) Provisions

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

(k) Foreign currencies*Functional and presentation currency*

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

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(l) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is recognised according to the following criteria:

(i) *Services revenue*

Revenue from services are recognised in the year in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

(ii) *Rental income*

Rental income is recognised on an accrual basis with the substance of the relevant rental agreements with the tenants.

(iii) *Interest income*

Interest income is recognised on an accrual basis with the substance of the relevant loan agreements with the staff.

(m) **Business tax**

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Authority's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest risk), credit risk and liquidity risk.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect of its financial performance.

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

(a) **Market risk**

(i) *Currency risk*

The Authority is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollars. Foreign exchange risk arises from commercial transactions and assets denominated in currencies other than the functional currency.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

At December 31, 2023, if the Seychelles Rupee had weakened/strengthened by 5% against US Dollar with all variables held constant, the impact on results for the year would have been SR8.19m (2022: SR 6.17m) higher/lower, mainly as a result of foreign exchange losses/gains on translation of foreign currency monetary assets and liabilities as depicted in the table below:

	2023	2022
	SR	SR
Bank balances	133,613,487	145,271,653
Trade & other receivables	7,927,452	6,469,611
Borrowings		
Other payables	(24,296,708)	(28,333,070)
	117,244,231	123,408,194

Management has proper policies in place to ensure that foreign exchange risk is minimised.

(ii) Cash flow and fair value interest rate risk

The Authority's income and operating cash flows are exposed to interest rate risk as it sometimes borrows at variable rates.

(b) Credit risk

The Authority's credit risk is primarily attributable to its trade receivables. The Authority does not have a significant concentration of credit risk, with exposure spread over a large number of customers. In addition, the Authority has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

The table below shows the concentration of trade receivables by number of counterparties at the end of the reporting period.

	2023	2022
	%	%
5 major counterparties	63	50
Others (diversified risks)	37	50
	100	100

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Furthermore, management monitors rolling forecasts of the Authority's liquidity reserve on the basis of expected cash flows.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (Cont'd)

(c) Liquidity risk (Cont'd)

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 1 year SR'000	Between 1 and 2 years SR'000	Between 2 and 5 years SR'000	Over 5 years SR'000	Total SR'000
At December 31, 2023					
Bank Borrowings					
Other payables	<u>59,989</u>				<u>59,989</u>
At December 31, 2022					
Bank Borrowings					0
Other payables	<u>54,269</u>			-	<u>54,269</u>

3.2 Fair Value Estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Authority for similar financial instruments.

3.3 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 shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Authority sets the amount of capital in proportion to risk. 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 may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Authority monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt less cash and cash equivalents. Adjusted capital comprises all components of equity.

During 2023, the Authority's strategy, which was unchanged from 2022, was to maintain the debt-to-adjusted capital ratio at a reasonable level in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratio was as follows:

	2023 SR'000	2022 SR'000
Total debt	59,989	54,269
Less: Cash and cash equivalents	(159,520)	(153,090)
Net debt	<u>(99,531)</u>	<u>(98,820)</u>
 Gearing ratio	 <u>NIL</u>	 <u>NIL</u>

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments 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.

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Functional currency

The choice of the functional currency of the Authority has been based on factors such as the primary economic environment in which the entity operates, the currency that mainly influences sales prices for goods and services, cost of providing goods and services and labour costs. The functional currency has been assumed by the Directors to be the Seychelles Rupee.

(b) Retirement benefit obligations

The cost of defined benefit pension plans has been determined using the method as per the Seychelles Employment Act and the Directors have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

(c) Useful lives and residual values

Determining the carrying amounts of property and equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The Directors have used historical information relating to the Authority and the relevant industry in which it operates in order to best determine the useful lives and residual values of property and equipment.

(d) Depreciation policies

Property and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the 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.

(e) Impairment of other assets

Property and equipment are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2023

5. PROPERTY, PLANT AND EQUIPMENT

(a) DECEMBER 31, 2023

	Land & Buildings	Gates & fences	Motor vehicles	Plant & equipment	Furniture & fixtures	Other assets	Work-in progress	Total
	SR	SR	SR	SR	SR	SR	SR	SR
COST								
At January 1, 2023	28,244,330	637,788	3,255,468	15,567,235	6,218,316	5,805,375	13,468,005	73,196,516
Additions	3,452,994			639,905.43	871,057	977,753	1,170,404	7,112,112
Disposal				(12,390.00)				(12,390)
Revaluation	(2,538,894)							(2,538,894)
At DECEMBER 31, 2023	29,158,430	637,788	3,255,468	16,194,750	7,089,372	6,783,128	14,638,408	77,757,344
ACCUMULATED DEPRECIATION								
At January 1, 2023			3,134,832	11,814,527	5,403,575	3,252,023		24,242,744
Charge for the year		637,788	85,082	1,154,154	357,492	1,017,355		2,614,083
Disposal				(9,809)				(9,809)
Revaluation								
At DECEMBER 31, 2023	-	637,788	3,219,914	12,958,872	5,761,067	4,269,378	-	26,847,018
NET BOOK VALUE								
At DECEMBER 31, 2023	29,158,430	-	35,554	3,235,878	1,328,305	2,513,750	14,638,408	50,910,326

(a) In early 2017, Parcel Number: V17891 was cancelled and sub-divided into two parcels (V19847 and V19848) where parcel V19847 (with a total area of 2557 m²) was transferred to the Government for onward leasing to PUC at at transfer price of SCR1. The sub division of the land commenced in 2016 and was finalised on 24.02.2017. No adjustment was effected for the reduction in cost in the accounts.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2023

5. PROPERTY, PLANT AND EQUIPMENT

(a) DECEMBER 31, 2022

	Land & Buildings	Gates & fences	Motor vehicles	Plant & equipment	Furniture & fixtures	Other assets	Work-in progress	Total
	SR	SR	SR	SR	SR	SR	SR	SR
COST								
At January 1, 2022	33,426,914	637,788	3,255,468	15,082,836	6,112,912	4,958,849	13,515,897	76,990,664
Additions	426,645			959,886	339,661	974,139	36,108	2,736,439
Disposal	-			(475,488)	(234,257)	(125,504)	-	(835,249)
Write offs	-							
Transfers/Adjustments	4,983,850					(2,109)	(84,000)	4,897,741
At DECEMBER 31, 2022	38,837,409	637,788	3,255,468	15,567,235	6,218,316	5,805,375	13,468,005	83,789,595
Prior year Adjustments	(10,593,079)							(10,593,079)
At DECEMBER 31, 2022	28,244,330	637,788	3,255,468	15,567,235	6,218,316	5,805,375	13,468,005	73,196,516

ACCUMULATED DEPRECIATION

At January 1, 2022	-	637,788	2,912,833	11,087,402	5,337,556	2,490,899	-	22,466,479
Charge for the year			221,999	1,199,876	295,194	879,050		2,596,118
Disposal				(472,751)	(229,175)	(117,926)		(819,853)
Write offs								-
Transfers/Adjustments								-
At DECEMBER 31, 2022	-	637,788	3,134,832	11,814,527	5,403,575	3,252,023	-	24,242,744

NET BOOK VALUE

At DECEMBER 31, 2022	28,244,330	-	120,636	3,752,708	814,741	2,553,352	13,468,005	48,953,772
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(b)

In early 2017, Parcel Number: V17891 was cancelled and sub-divided into two parcels (V19847 and V19848) where parcel V19847 (with a total area of 2557 m²) was transferred to the Government for onward leasing to PUC at at transfer price of SCR1. The sub division of the land commenced in 2016 and was finalised on 24.02.2017. No adjustment was effected for the reduction in cost in the accounts.

(c)

A revaluation of the FSA infrastructure was undertaken in December, 2023 with the report being issued in March 2024 by a professional independent assessor. In 2020, the Financial Services Authority (FSA), for the first time FSA elected to use the fair value model to account for owner occupied building. The asset is carried at the revalued amount, being its fair value at the date of revaluation. The increase in value of owner occupied building has been credited to equity and is shown in the statement of accounts under "Revaluation Reserve".

(d) Prior year adjustments relates to correction of overstatement of revaluation of owned properties.

Over statement	
2020	(8,262,749)
2022	(2,330,330)
	(10,593,079)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (e) Work in-progress comprised construction of new warehouses:

	2023	2022
	SR	SR
Consultancy/ structural engineer fees	1,026,225	16,000
IT Work In Progress	13,431,897	13,431,897
Improvement to infrastructure	180,286	20,108
	<u>14,638,408</u>	<u>13,468,005</u>

6. INVESTMENT PROPERTY

	2023	2022
	SR	SR
Value in Current State		
At January 1,	180,584,700	240,314,059
Adjustment from previous year (b)		(61,681,351)
Revaluation surplus		1,951,992
At December 31,	<u>180,584,700</u>	<u>180,584,700</u>
Accumulated depreciation		
At January 1,	-	-
Charge for the year		
At December 31,	<u>-</u>	<u>-</u>
Net Book Value	<u>180,584,700</u>	<u>180,584,700</u>

- (a) A revaluation of the FSA infrastructure was finalise in March 2024 by a professional independent assessor. Investment properties have been revalued as follows:

	2023	2,022
	Value in Current State (SR)	Value in Current State (SR)
Ware house A on Parcel Number V17888	23,992,200	23,992,200
Ware house B on Parcel Number V17889	33,322,500	33,322,500
Ware house C on Parcel Number V17890	26,100,000	26,100,000
Ware house K on Parcel Number V17885	48,735,000	48,735,000
Ware house J on Parcel Number V17893	48,435,000	48,435,000
	<u>180,584,700</u>	<u>180,584,700</u>

- (b) The Financial Services Authority is currently occupying units A1, A2 and A3 for a total area of 840m2 within the Warehouse A.

Prior year adjustments relates to correction of overstatement in the revaluation of Investment properties. The overstatement arose due to the fact that in previous years, the replacement cost was erroneously used to calculate the revaluation instead of the Value in use.

Over statement	
2020	(59,872,718)
2022	<u>(1,808,633)</u>
	<u>(61,681,351)</u>

7. TRADE AND OTHER RECEIVABLES

	2023	2022
	SR	SR
Trade receivables	6,032,364	6,906,386
Prepayments	1,244,286	1,235,391
Loans and receivables (note (f))	16,487,961	12,456,535
Accrued interest on fixed deposit	1,853,971	-
Other receivables	1,518,247	614,249
	<u>27,136,829</u>	<u>21,212,561</u>
Provision for credit impairment (note (c) and (d))	<u>(7,047)</u>	<u>(171,235)</u>
	<u>27,129,783</u>	<u>21,041,326</u>

Disclosed as follows:

	2022	2022
	SR	SR
Within one year	14,588,620	12,477,916
After more than one year (note (f))	12,541,163	8,563,410
	<u>27,129,783</u>	<u>21,041,326</u>

(a) The carrying amount of trade and other receivables approximate their fair values.

(b) As at December 31, 2023, trade receivables that were past due but not impaired amounted to **SR 1,248,976** (2022: SR1,564,599). These receivables were aged above 90 days.

(c) As at December 31, 2023, trade receivables amounting to SR 7,047 were impaired (2022: SR 171,235). These relate to a number of independent customers who are in unexpectedly difficult economic situations. These receivables were aged above 90 days.

(d) The movement in the provision for credit impairment is as follows:

	2023	2022
	SR	SR
At January 1,	171,235	267,725
(Reversal)/ Charge to the statement of profit or loss (note 16)	<u>(164,188)</u>	<u>(96,491)</u>
At December 31,	<u>7,047</u>	<u>171,235</u>

(e) The carrying amount of the Authority's trade and other receivables are denominated in the following currencies:

	2023	2022
	SR	SR
US Dollar	7,927,452	6,469,611
Seychelles rupee	19,202,330	14,571,716
	<u>27,129,783</u>	<u>21,041,326</u>

(f) Loans and receivables comprise staff loans and are analysed as follows:

	2023	2022
	SR	SR
Within one year	3,946,799	3,893,125
After more than one year	12,541,163	8,563,410
	<u>16,487,961</u>	<u>12,456,535</u>

(g) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Authority does not hold any other collaterals as securities, except for pledges on vehicles as security for Vehicle Loans

(h) The other classes within trade and other receivables do not contain impaired assets and except for pledges in vehicles as security for staff loans, the Authority does not hold any other collateral as security.

8. CASH AND CASH EQUIVALENTS

	<u>2023</u>	<u>2022</u>
	SR	SR
Cash at banks	159,520,020	153,089,697
Restricted cash	<u>300,000</u>	<u>150,000</u>
	<u>159,820,020</u>	<u>153,239,697</u>

- (a) The total amount in cash at banks include a total of US\$5million (equivalent SCR.71,749,702.49) invested in a 4.65% interest bearing with a tenor of 365days Fixed Deposit account with the Alsalam bank. The fixed deposit will mature on 31st May 2024.

- (b) Restricted cash relates to cash margin held as collateral by Nouvobanq for the VISA corporate card

9. STATED CAPITAL

Government contributed assets (notes (a) & 5(b))

- (a) This represents the value of land transferred to the Authority by the Government of Seychelles in 1999.

10. CAPITAL GRANT

Capital grant was received from the Government of Seychelles for purchase of assets in 1999. Capital grant is amortised over the useful lives of the assets to which they relate. The Capital Grants was fully amortised in 2023.

11. STAFF BENEFIT OBLIGATIONS

	<u>2023</u>	<u>2022</u>
	SR	SR
At January 1,	16,845,751	13,266,961
Charge for the year (note 14)	9,982,070	5,894,913
Payments during the year	<u>(5,255,927)</u>	<u>(2,316,124)</u>
At December 31,	<u>21,571,895</u>	<u>16,845,751</u>

- (a) Retirement benefit obligations have been computed based on Directors estimate of the provisions as above, which have been based on the Ministry of Employment benefit computation, and 15% of gross salary in the case of PSC and internal contract of employees.

12. OTHER PAYABLES

	2023	2022
	SR	SR
Amount payable to the Government of Seychelles (note 12(a) and 23)	20,648,102.13	20,000,000
Advance payments -fees	13,847,045	9,640,976
Deposits-rent	10,686,621	9,249,027
Accrued Expenses	2,080,275	731,244
Other payables	12,727,079	14,648,024
	<u>59,989,122</u>	<u>54,269,271</u>

Disclosed as follows:

	2023	2022
	SR	SR
Within one year	59,989,122	54,269,271
	<u>59,989,122</u>	<u>54,269,271</u>

- (a) The amount payable to the GOS represents the surplus for the year which is transferred on a quarterly basis as per section 12(3) of the Financial Services Authority Act 2013.

- (b) The carrying amount of other payables are denominated in the following currencies:

	2023	2022
	SR	SR
US Dollar	24,296,708	28,333,070
Seychelles rupee	35,692,413	17,252,032
	<u>59,989,122</u>	<u>45,585,103</u>

13. REVENUE

	2023	2022
	SR	SR
(a) Corporate and SITZ Fees		
IBC registration fees	7,445,664	7,491,293
IBC annual licence fees	80,734,722	89,156,950
Other licence fees	5,890,367	6,639,844
Funds and securities fees	11,989,930	9,438,511
Insurance fees	1,729,952	1,815,064
Gambling Fees	8,572,750	8,739,750
Other services	22,469,532	26,110,404
	<u>138,832,917</u>	<u>149,391,816</u>
(b) Rental income		
Investment property	48,304,478	47,644,154
Outdoor space	523,713	457,973
	<u>48,828,192</u>	<u>48,102,127</u>
	<u>187,661,108</u>	<u>197,493,943</u>

14. STAFF COST

	2023	2022
	SR	SR
Salaries & wages	59,936,669	51,452,220
FSA Board fees (note 21)	305,066	290,440
SITZ Employment Council/FSA Appeals Board	377,550	404,107
Gratuity and compensation Charged (note 11)	9,982,070	5,894,913
Employer's pension contribution	2,504,607	1,982,648
	<u>73,105,962</u>	<u>60,024,328</u>

15. ADMINISTRATIVE EXPENSES

	2023	2022
	SR	SR
Administration costs	5,052,135	4,323,328
Rental Costs	5,972,276	5,855,502
Communication costs	2,061,430	2,344,670
Transport and travelling costs	4,944,827	3,955,375
Maintenance and repairs	1,626,959	1,172,849
Training	3,917,988	3,639,269
Legal fees	845,053	1,317,600
Audit and Accountancy fees	100,000	100,000
Professional fees	2,648,420	5,319,500
Administrator Fees	8,243,404	
Bank charges	105,134	60,551
(Reversal)/ charge for provision for credit impairment (note 8(d))	(164,188)	(96,491)
Bad Debts Written Off	108,778	
General expenses	3,573,338	3,518,139
	<u>39,035,554</u>	<u>31,510,293</u>

The administrator fees in 2023 relates to the suspension of Falcon Insurance company License. The fees are inclusive of Audit, Acturial, Legal, Consultancy and other Administrative fees

16. EDUCATIONAL DISSEMINATION

	2023	2022
	SR	SR
Information dissemination	424,479	102,548
Advertisement	326,871	129,444
	<u>751,350</u>	<u>231,992</u>

17. OTHER OPERATING COSTS

	2023	2022
	SR	SR
Depreciation		
- Property, plant and equipment (note 5)	2,614,083	2,596,118
Assets written off (note 5(a))	2,581	15,395
Amortisation of capital grant	(854,064)	(854,063)
	<u>1,762,600</u>	<u>1,757,449</u>

18. OTHER INCOME

	2023	2022
	SR	SR
Sundry income	106,878	130,801
	<u>106,878</u>	<u>130,801</u>

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

As at December 31, 2023 the full cost of the project in relation to FSA building is yet to be determine.

The Authority is expected to incur approximately to SR9.8 million in the year 2024 for the cost for consultancy and construction of a warehouse. (2022: major renovation of the FSA Admin Block at Bois De Rose Sr.2.7million).

The FSA currently has capital commitments for the completion of the NetEDGE software, however to date the costing relating to it has not yet been established.

As sound financial management, we are currently holding funds which we have invested in the fixed term deposit and will be utilised for fixed asset additions in the future.

(b) Operating lease commitments - where the Authority is the lessor

The Authority leases land under non-cancellable operating lease agreements and buildings under cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewable rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2023	2022
	SR	SR
Not later than one year	265,091	267,893
Later that one year and not later than five years	1,060,365	1,071,570
	<u>1,325,456</u>	<u>1,339,463</u>

The future aggregate minimum lease payments under cancellable operating leases are as follows:

	2023	2022
	SR	SR
Not later than one year	47,923,787	47,262,711
Later that one year and not later than five years	80,208,059	108,184,901
	<u>128,131,846</u>	<u>155,447,612</u>

20. CONTINGENT LIABILITIES

The license of FALCON Insurance Co. Ltd. was suspended on October 26th, 2022, under section 96 (1) of the Insurance Act, 2008 ("the Act") by the FSA in response to the findings of the audit work undertaken by a Chartered Accountants with effect 26th September, 2022. The FSA revoked the general insurer licence of FALCON on February 8th, 2024, however, the courts have not pronounced any decision on the dissolution of the Company.

As per the application lodged before the court for the winding up, the FSA has requested that the FSA's costs (as the petitioner) shall be paid out of the assets of the company as an expense of the liquidation.

FSA would be considered as a creditor as part of the liquidation/winding up process with the expectation that it would be able to recover the cost of the administration, bearing in mind the substantial tax liabilities of the company and the hierarchy of creditors as per the insolvency laws in Seychelles.

The potential financial effect for the Authority with relevance to the Falcon case up to the date of finalising the Financial statement amounts to SR,2.1million

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2023

21. RELATED PARTY TRANSACTIONS**Board Member' emoluments (note 14)**

	<u>2023</u>	<u>2022</u>
	SR	SR
PATRICK ALLAIN PAYET	49,920	49,920
ROBERT STRAVENS	33,280	33,280
SAMANTA ESPARON	33,280	33,280
RICHARD RAMPAL	33,280	33,280
SEYLINA JOYMON	33,280	33,280
PHILLIP ARMAND MOUSTACHE	33,280	33,280
WENDY PIERRE	33,280	33,280
ANNE ROSETTE	33,280	27,733
MUHAMMAD DANYAL SALEY	22,187	27,733
	<u>305,066</u>	<u>305,066</u>

Holding Entity

- Surplus payable (note 13)

(61,546,528)(85,959,894)

(a) Transactions with related parties are made at normal market prices.

(b) Outstanding balances payable by management personnel relating to vehicles loans are secured and bear interest. Other outstanding balances at the end of the reporting period are unsecured and interest-free. There has been no guarantees provided or received for any related party payables or receivables. For the year ended December 31, 2023, the Authority had not recorded any impairment of receivables relating to amounts owed by related parties (2022: Nil). This assessment is undertaken at the end of each financial year through examining the financial position of the related party and the market in which the latter operates.

(c) **Key management personnel**

	<u>2023</u>	<u>2022</u>
	SR	SR
Salaries and other benefits	21,807,308	23,233,566
Accrued Benefits	2,732,434	767,054
Employer Pension costs	910,773	2,567,340
	<u>25,450,515</u>	<u>26,567,960</u>

The above key management personnel includes the salaries and accrued benefits of the CEO, Deputy CEO, Directors and Managers of the FSA