

PUC

2023

ANNUAL REPORT



PUBLIC UTILITIES CORPORATION

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FOREWORD FROM THE CEO

On behalf of the Board of Directors, our management team, and all our employees, I am pleased to present the 2023 Annual Report to our stakeholders.



Joel E Valmont
Chief Executive Officer

2023 was a challenging year marked by ongoing exposure to commodity price fluctuations due to international conflicts. Despite these financial risks, we successfully bolstered our infrastructure and maintained a high standard of service for our customers.

A Year of Achievements Amidst Great Challenges

2023 was a challenging year marked by ongoing exposure to commodity price fluctuations due to international conflicts. Despite these financial risks, we successfully bolstered our infrastructure and maintained a high standard of service for our customers.

In June 2023, we proudly commissioned a new 33kV system for South Mahé, significantly improving electricity services in the southeast and southwest regions of Mahé, as well as in the industrial areas of Providence, Zone 20, the Pte Larue International Airport, and Île Soleil. This system has enabled us to integrate new residential developments and large projects such as the Canopy Hotel at Anse La Mouche, Laila Hotel at Anse Royale, and Mango Hotel at Baie Lazare into our network without limitations. Future connections to other large developments currently not on the PUC grid will be feasible once our generation expansion projects are commissioned.

In the same month, we inaugurated the raised La Gogue dam, increasing its storage capacity by 60%, from 1 million m³ to 1.6 million m³. This expansion has enhanced our water supply resources and improved our resilience in maintaining water service levels during severe droughts, particularly in central and northeastern Mahé. However, due to network configuration and limitations, vulnerabilities remain for the population and businesses in the southern part of the island. We plan to address this in the short term (2024-2025) by implementing additional desalination plants and, in the longer term, constructing a dam at Grand Anse.

To address the growing shortages in generation capacity on both Mahé and Praslin, we signed a €21 million contract to expand the Roche Caiman power station by 16 MW, with commissioning expected by July 2025. Additionally, we concluded a competitive bidding process to upgrade the Baie Ste Anne power station by 8 MW, with the contract anticipated to be signed in the first half of 2024.

Like all businesses in the Providence area, we were significantly affected by the explosion on December 7th. The newly built 33kV sub-station building was severely damaged, forcing the closure of our adjacent payment centre. We hope to reopen it by Q2 2024. Fortunately, the 33kV systems withstood the explosion, allowing us to restore power that night to the southern part of the island and the Providence area. Our desalination plant operations were also impacted, with minor building damages repaired within two weeks, allowing the plants to resume operation. Additionally, the roof of a 2,000 m³ GRP tank at Pte Paris was damaged and will need replacement.

Against a backdrop of depleting cash reserves due to rising costs, we undertook a tariff analysis for the period 2023-2027 to plan for the future. This analysis was essential to understand the necessary tariff increases required to fund the expansion and upgrade of critical infrastructure, as well as to cover rising costs primarily associated with debt repayments, maintenance of assets and employee-related expenses.

FOREWORD FROM THE CEO

The insights gained were crucial for ensuring the financial sustainability of PUC in the short to medium term. In late 2023, we held discussions with the Government and reached a consensus to implement the recommended tariff increase in 2024.

Recognizing Our Employees

We began the year by honouring our retirees, including several high-performing individuals who held key responsibilities within the Corporation. Their departure, while timely, has reduced our pool of experienced experts.

To address this, we continued to recruit and train young graduates and technical professionals eager to join our dynamic and challenging work environment. We also elevated the training of our top management team by enrolling them in a Transformational Leadership program.

Additionally, we implemented a salary increase across the board in April, ranging from 10% to 3%, using a bottom-up approach on the salary grid. Despite our financial constraints, I acknowledge that further review of remunerations is necessary to enhance our ability to attract and retain highly productive employees.

In the last quarter of 2023, we established an Employee Representative Committee. This framework ensures that employees have a stronger voice and another means to communicate directly with the top management team.

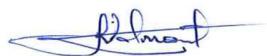
Transition to Net Zero

As part of our commitment to leading the deployment of medium-scale renewable energy plants, we signed a 15-year Power Purchase Agreement (PPA) with QAIR, a company registered in Mauritius, for the procurement of energy from a 5.8 MW peak floating PV plant. The plant is expected to be operational in the first half of 2025, increasing PV penetration by an additional 1.5% and paving the way for similar medium-sized PV plants to be implemented in the country on an Independent Power Producer (IPP) basis. We have also begun exploring ways to scale up and accelerate the implementation of PV plants on the islands of Praslin and La Digue. We expect to submit a proposal for government approval in 2024.

Vote of thanks

My deepest gratitude goes to our dedicated employees, the foundation of our success. I would also like to extend my sincere thanks to Mr. Leonard Alvis, whose mandate as Chairman ended on 31st January, 2024. His leadership, compassion, and collaboration have diligently guided the Board and enabled me to fulfil my responsibilities. Additionally, I thank Mr. Philippe Chong Seng, a devoted board member, whose mandate ended on the same date.

I take this opportunity to thank our shareholders and the Board of Directors for their support and continued trust in me and our workforce. I look forward to the continued development of PUC, recognizing that 2024 will be one of our most challenging years.



Joel E Valmont
Chief Executive Officer

2023: YEAR IN PICTURES



Transformational Leadership Training for Managers



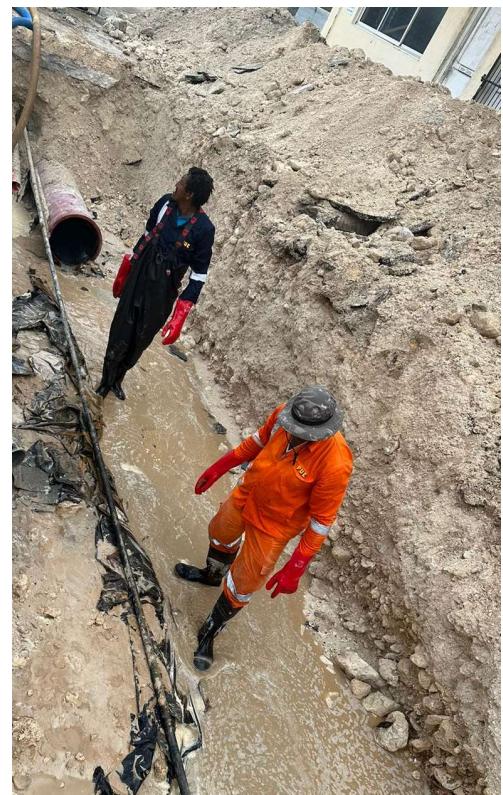
Desalination staff at work



Kick-off meeting with IMM re: EPC contract for 2x8 MW generator sets for Roche Caiman power station



Working on temporary intake for La Digue desalination plant



Wastewater staff at work

2023: YEAR IN PICTURES



World Water Day Hike – Mahé staff



Hike – Praslin staff



World Water Day – Sensitization and Recruitment Fair



Labour Day – Mahé staff



Champions of PUC Sports Day - Finance team

ABOUT US

The Public Utilities Corporation (PUC) is a state-owned enterprise, governed by the Public Utilities Corporation Act of 1st January 1986 and subsequent amendments and the Public Enterprises Act, 2023.

Our primary mandate is to guarantee the safe, dependable, and cost-effective provision of electricity, water, and wastewater services to the population of Seychelles.

We strive to provide confidence to our shareholder, customers, lending agencies and other stakeholders that we operate with a strong emphasis on customer focus, efficiency and quality control processes, whilst promoting environmental sustainability in service delivery. In 2023, we successfully achieved re-certification for **ISO 9001:2015 Quality Management System** and **ISO 14001-2015 Environmental Management System**.

Our Vision

To serve as an exemplary organization dedicated to fostering sustainable socio-economic development in Seychelles.

Our Values

Customer Focus

Honesty & Transparency

Innovation

Continuous Improvement

Team Culture

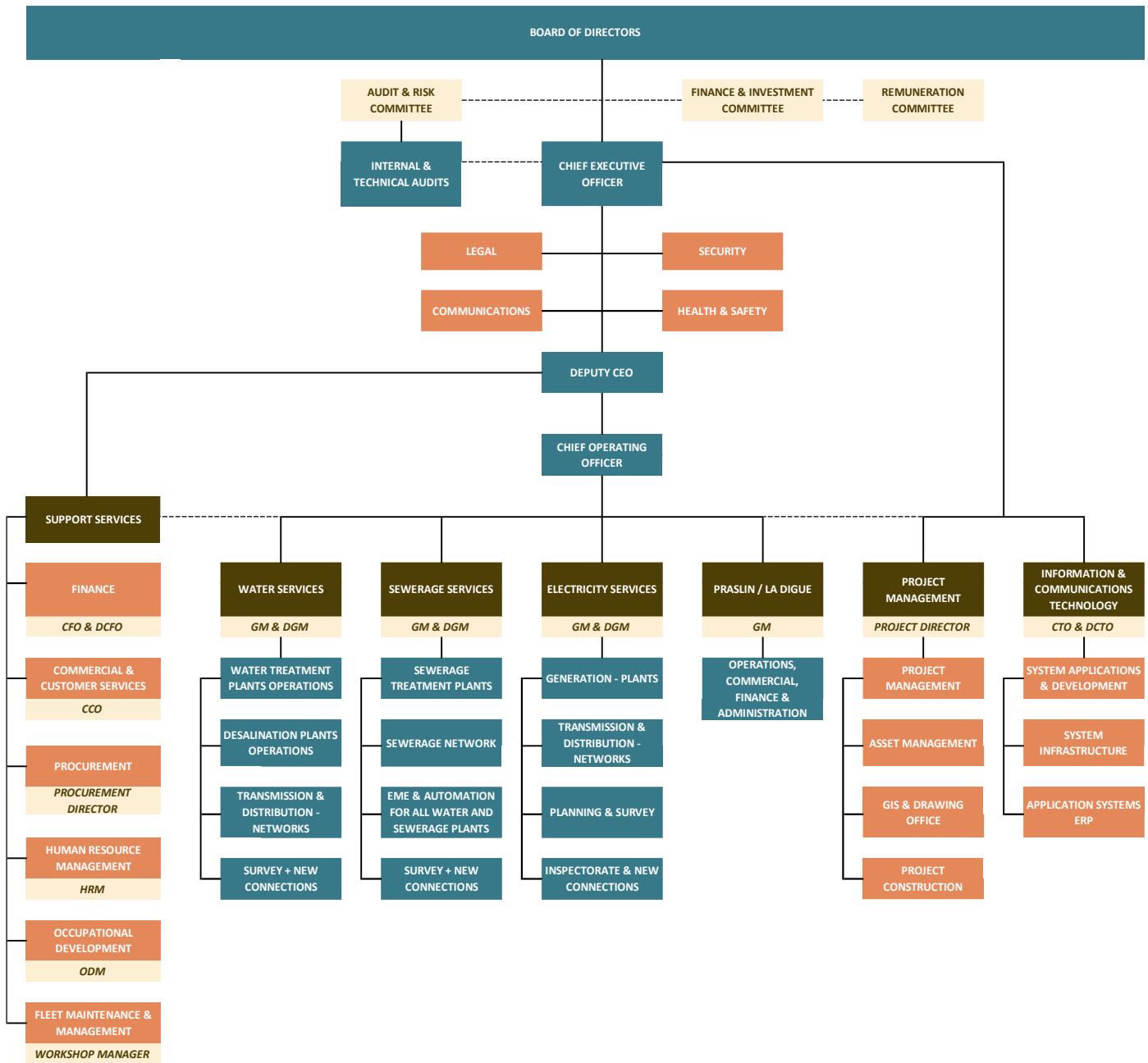
Sustainability

Trustworthiness

Our Mission

- We envision a Seychelles where we provide an efficient, safe, and reliable supply of electricity and treated water, along with responsible wastewater management, all while prioritizing the well-being of the environment and our customers.
- We aspire to continuously adapt to technological advancements, striving to enhance our services in line with our vision for Seychelles.
- Our goal is to foster a workplace culture built on trust, where our employees feel a deep sense of belonging and loyalty to the organization, supporting their growth and development.
- We actively promote the sustainable development of renewable energy to reduce our dependence on imported fossil fuels, contributing to our envisioned future for Seychelles.

ORGANISATION STRUCTURE



VALUING OUR EMPLOYEES

Our employees are our most valued asset. Our assets and infrastructures would be worthless without the skills, commitment and dedication of our staff as they unwaveringly provide services on a 24-hr basis, and attend to any eventuality at any time in any prevailing weather conditions.

At the end of 2023, our workforce comprised of 1,194 employees, including 45 (3.8%) expatriate workers.

386	ELECTRICITY	32.3%
309	WATER	25.9%
40	SEWERAGE	3.4%
106	COMMERCIAL & CUSTOMER SERVICES	8.9%
67	PROJECT MANAGEMENT & CONSTRUCTION	5.6%
213	CORPORATE & SUPPORT SERVICES	17.8%
73	FINANCE	6.1%

HEALTH & SAFETY

Health and safety of our staff is not merely a statutory obligation, but is ingrained as part of our workplace culture. We have thus made a commitment to not only comply with all applicable health and safety legal requirements as a minimum standard, but to identify the risks associated with our operations and provide all necessary resources to mitigate those risks and ensure a conducive working environment.

Improvements over the past few years have been observed in a number of important performance measures, including the number of workplace accidents and near misses reported and the number of productive days lost. Our aim is to continuously promote, support and improve the wellbeing of all employees and reduce the number of workplace accidents or injuries to zero by 2030.

2023 HEALTH & SAFETY STATISTICS

Accidents reported	7
Total man-days lost	257
Medical examinations	212
First Aid Training	31

During the year, 99 electricity production staff and 113 Praslin/La Digue staff underwent medical examinations, all of whom were certified fit to work. First Aid training was conducted for 31 Praslin and La Digue staff in October, and this was regarded as enriching and rewarding. Refresher First Aid training sessions will also be organized for Mahé staff in 2024.

Honouring our Retirees

On 27th January, 2023, a retiree award ceremony was held at Eden Bleu where 73 former PUC employees who retired during the years 2020 to 2022 were honoured and were each presented with a long service certificate and commemorative shield. In attendance were 42 retirees, Board members and top management team of PUC.



Another ceremony was hosted by the President at State House on 18th April 2023 to pay tribute to a select group of 22 retirees with over 40 years of service. The President recognized them as the pillars of PUC's growth and progress since its formation in 1986, and warmly commended them for their hard work and devotion throughout their years of outstanding service.

VALUING OUR EMPLOYEES

TRANSFORMATIONAL LEADERSHIP

We take particular pride in the fact that the top management team is wholly Seychellois, but recognize the challenges of retaining them in a highly competitive and limited local talent pool. We are progressively adopting a transformational leadership style with the aim of building a strong sense of corporate culture, connecting more effectively with staff, fostering empowerment and accountability within our management team and acting as agents of change.

During the year, a preliminary group of six top managers undertook training in transformational leadership which gave them an enlightening perspective on how to improve their leadership effectiveness and employee engagement. Further training sessions will be conducted for the benefit of other members of the management team in 2024.

EMPLOYEE REPRESENTATIVES COMMITTEE

In the last quarter of 2023, an Employee Representatives' Committee comprising of 22 members was established in order to give members of staff a forum to; voice out their views and concerns, facilitate effective communication, foster positive employee/employer relations, help to identify and address potential problems in the workplace in a timely manner and encourage staff participation in decision-making.

The Committee has established the ground work of how they would operate, drafted their Terms of Reference document, identified the resources that they would require and has begun to interact with their fellow constituents to register their views and concerns. It is anticipated that the Committee will be fully operational in 2024. The Committee plans to meet with top management once every quarter to report on progress and discuss staff issues.



In addition to the Employee Representatives' Committee, we have long-established Social Committees on Mahé and Praslin respectively which organize team-bonding activities and special events throughout the year. Activities include hikes and fun walks, Labour Day gatherings, PUC Sports Day and end-of-year staff party. These events are well-attended and have helped to boost staff morale and spirit of collaboration.

WORKFORCE CHALLENGES

Whilst our workforce has remained relatively constant over the past five years, our customer base has increased by 11% in all three sectors, namely electricity, water and wastewater. Historically, the main recruitment challenges were in respect of the limited local pool of qualified professionals, technical experts and engineers. Now, the scope of the challenge has extended to employees possessing lower skills sets, including; meter readers, shift operators, technicians, pipe fitters, specialized welders, linesmen, and labourers. In order to ensure continued provision of safe and reliable delivery of services to our customers and meet increasing demand for utility services, we are increasingly compelled to source workers from overseas.

2023 FACTS & FIGURES AT A GLANCE

<i>Our operations span over the main islands of Mahé, Praslin and La Digue</i>		1,194 Employees	SCR 1.87 billion Revenue	SCR 95.8 million Net Profit
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ELECTRICITY		WATER	
475.59 GWh	Electricity Production	16 million m³	Water Production
99.5%	Electricity Supply Coverage	> 95%	Water Supply Coverage
45,364	Electricity Customers	37,356	Water Customers
1,580	New Electricity Connections	1,065	New Water Connections
63,400 kW	Peak Demand - Mahé	27.95%	Mahé
10,070 kW	Peak Demand - Praslin	20.31%	Praslin
		38.26%	La Digue

RENEWABLE ENERGY			WASTEWATER	
	Renewable Energy Production	% of Total Electricity Production		
Solar Farm Production	8.69 GWh	1.82%	2.1 million m³	Volume of Wastewater treated
Wind Farm Production	6.20 GWh	1.30%	< 20%	Wastewater Coverage
Rooftop PV Production	8.53 GWh	1.79%	6,095	Wastewater Customers
Total Renewable Production	23.37 GWh	4.92%	75	New Wastewater Connections

ELECTRICITY



KEY GENERATING ASSETS

ROCHE CAIMAN POWER STATION (PSC)	<ul style="list-style-type: none"> Installed Capacity 	77.5 MW
	<ul style="list-style-type: none"> Safe Generating Capacity 	74.0 MW
NEW PORT POWER STATION (PSB)	<ul style="list-style-type: none"> Installed Capacity 	28.75 MW
	<ul style="list-style-type: none"> Safe Generating Capacity 	16.5 MW
BAIE STE ANNE POWER STATION	<ul style="list-style-type: none"> Installed Capacity 	15.39 MW
	<ul style="list-style-type: none"> Safe Generating Capacity 	13.55 MW
LA DIGUE EMERGENCY BACK-UP PLANT	<ul style="list-style-type: none"> Installed Capacity 	2.46 MW
	<ul style="list-style-type: none"> Safe Generating Capacity 	2.0 MW
RENEWABLE CAPACITY	<ul style="list-style-type: none"> Wind Farm 	6.0 MW
	<ul style="list-style-type: none"> Solar Farm 	6.0 MW



KEY TRANSMISSION & DISTRIBUTION ASSETS

33 KV TRANSMISSION NETWORK	<ul style="list-style-type: none"> Overhead Line Length 	15 KM
	<ul style="list-style-type: none"> Underground Cable Length 	132 KM
11 KV TRANSMISSION NETWORK	<ul style="list-style-type: none"> Overhead Line Length 	214 KM
	<ul style="list-style-type: none"> Underground Cable Length 	160 KM
LOW VOLTAGE (0.4 KV) DISTRIBUTION NETWORK	<ul style="list-style-type: none"> Overhead Line Length 	1,500 KM
	<ul style="list-style-type: none"> Underground Cable Length 	115 KM
11 KV UNDERSEA CABLE NETWORK	<ul style="list-style-type: none"> Mahe to Cerf Island, Length 	6 KM
	<ul style="list-style-type: none"> Praslin to La Digue, Length 	32 KM

386

Electricity
Division
Employees

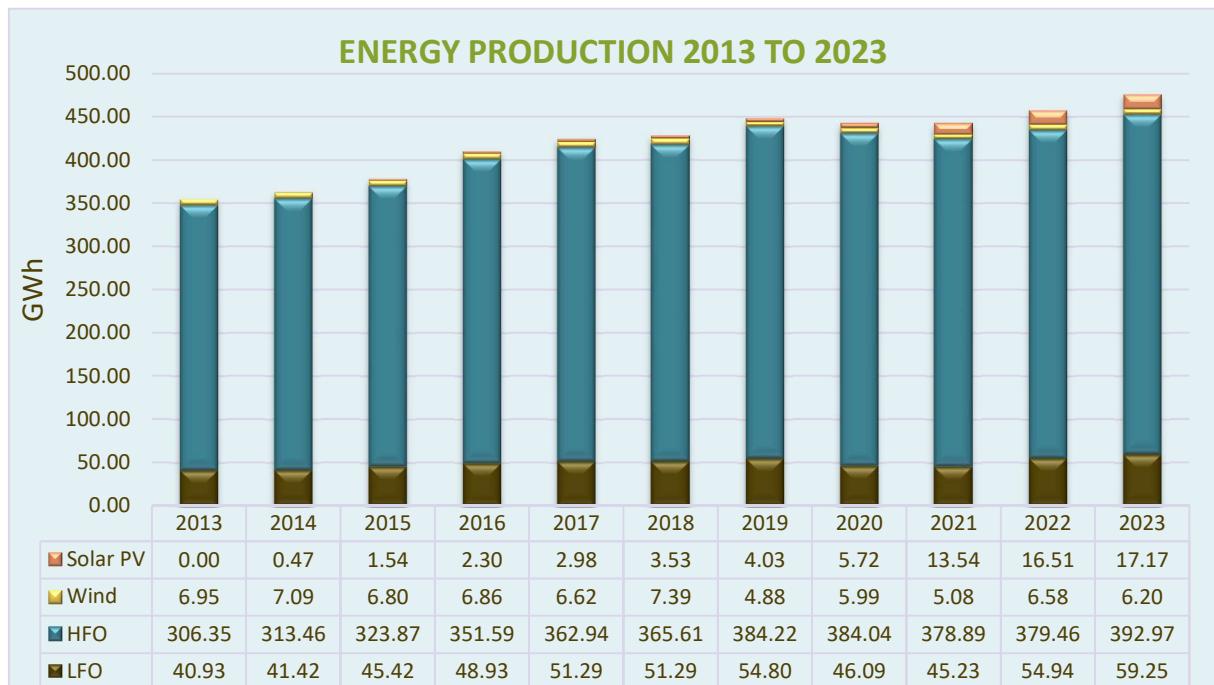
ELECTRICITY – GENERATION

	TOTAL			
	2023	2022	2021	
	Total units generated (kWh)	475,588,465	457,490,108	442,740,481
Units generated LFO (kWh)	59,245,734	54,943,768	45,231,090	
Units generated HFO (kWh)	392,972,718	379,457,764	378,887,853	
Wind energy (kWh)	6,201,168	6,580,429	5,078,618	
PV - Solar farm (kWh)	8,637,154	8,577,203	6,403,205	
PV - Third Party Rooftops (kWh)	8,531,691	7,930,944	7,139,715	
Energy sent out (kWh)	460,808,225	444,886,322	429,780,285	
Station use (kWh)	14,780,240	12,603,786	12,960,196	
LFO consumed (litres)	16,352,301	15,180,231	12,447,790	
HFO consumed (litres)	90,194,013	88,010,775	87,102,737	
MAHE				
	2023	2022	2021	
	Total units generated (kWh)	416,174,731	401,945,664	396,980,42
	Units generated LFO (kWh)	891,781	452,774	441,733
Units generated HFO (kWh)	392,972,718	379,457,764	378,887,85	
Wind energy (kWh)	6,201,168	6,580,429	5,078,618	
PV - Solar farm (kWh)	8,637,154	8,577,203	6,403,205	
PV - Third Party Rooftops (kWh)	7,471,910	6,877,494	6,169,014	
Energy sent out (kWh)	402,636,221	390,575,484	384,980,31	
Station use (kWh)	13,538,510	11,370,180	12,000,107	
LFO consumed (litres)	271,014	134,145	129,600	
HFO consumed (litres)	90,194,013	88,010,775	87,102,737	
PRASLIN / LA DIGUE				
	2023	2022	2021	
	Total units generated (kWh)	59,413,734	55,544,444	45,760,058
	Units Generated, LFO, Praslin (kWh)	58,349,494	54,401,112	44,679,453
Units Generated, LFO, La Digue (kWh)	4,459	89,882	109,904	
PV - Third-Party Rooftops, Praslin (kWh)	896,854	893,595	790,850	
PV - Third-Party Rooftops, La Digue ((kWh))	162,927	159,855	179,851	
Energy sent out (kWh)	58,172,004	54,307,838	44,799,969	
Station use (kWh)	1,241,730	1,236,606	960,089	
LFO consumed (litres)	16,081,287	15,046,086	12,318,190	

ELECTRICITY GENERATION

Developments in all sectors in Seychelles have brought about continual growth in the demand for electrical energy. Satisfying this ever-increasing demand in a sustainable manner poses considerable challenges. Despite the challenges, we have been able to provide almost 100% of the population with access to an electricity supply. In 2023, the total energy production on Mahé, Praslin and La Digue was 475.59 GWh, which represented an increase of 3.96% from 457.49 GWh in 2022.

The graph below depicts the evolution of energy production over the past ten years, and reflects the steady growth of demand; with the exception of the Covid-impacted years of 2020 and 2021 when demand, and consequently production, dropped below 2019 levels.



GENERATION CAPACITY EXPANSION ON MAHE

Peak demand on Mahé reached 63,400 kW in 2023 and is expected to increase further in the coming years at an expected rate of 4% per annum due to new developments seeking connection to the grid. To meet this increasing demand for electricity and maintain a safe generating capacity, we have found it necessary to strengthen the existing generation resources by undertaking a project to install two additional generator sets of 8 MW each at the Roche Caiman Power Station. Following an international open tender process, the contract was awarded to International Montage Maintenance (IMM), registered in Belgium, as the most responsive bidder at a contract price of EUR 23.47 million. The project is being financed partly from a EUR 21 million from Nouvobanq and the balance, including all applicable taxes, from PUC's own equity. The project is expected to be completed early 2025.

GENERATION CAPACITY EXPANSION ON PRASLIN

This project entails expansion of the generating capacity of the Baie Ste. Anne Praslin Power Station by 8 MW. The main objectives are to replace four obsolete (400 kW) generator sets and to meet the operational challenges and envisaged growth in demand on Praslin (where peak demand has reached 10 kW) as well as La Digue where new developments are imminent. An international open tender was launched in 2023 and the successful bidder will be determined early 2024. The expected timeline of the project is up to the end of 2025.

ELECTRICITY DISTRIBUTION

33 KV SOUTH MAHE PROJECT

In 2017, we embarked on the 33 kV South Mahé project with the objective of enhancing the existing power infrastructure in the South, South East and West of Mahé, thereby supplying customers in these regions with a more robust, reliable and efficient electricity transmission and distribution network. The enhanced network will also enable PUC to pick up suppressed demand in respect of major tourism establishments and other businesses in the South which previously could not be connected to the national grid.

Before the implementation of the project, only one 33 kV circuit emanating from Roche Caiman Power Station, and four 11 kV circuits measuring between 15 to 20 kms in length connected through a single stepdown substation at Anse Boileau, fed the whole of South Mahé. Being overhead networks vulnerable to flying debris and external elements in the environment during adverse weather conditions, the electricity service was such that a single fault would lead to large groups of customers experiencing supply interruptions at a time, with no spare capacity in place for restoration of supply through back feeding during power outages.

The visible aspect of the project consists of the successful construction of eight modern-day substations, complete with state-of-the-art technologies. These are linked by approximately 300 km of 33kV cable, 40 km of 11 kV cable and countless number of accessories. The 33 kV underground transmission network emanates from the Roche Caiman Power Station, through Providence along the East Coast of Mahé all the way to Turtle Bay, and branches out from Turtle Bay to Anse Boileau via Mont Posée, and from Turtle Bay to Anse Boileau via Anse Royale and Quatre Bornes. The new transmission network is interconnected via a modern Supervisory Control and Data Acquisition (SCADA) system, that allows PUC to remotely monitor, control and operate specific features on the network.

With the four existing 11 kV networks shortened into over 30 networks with an average length of 2.5 km, fewer customers will be affected during planned shutdowns or breakdowns, compared to previous years. Hence, during a power outage, time taken for patrolling the network and fault finding has reduced considerably and spare capacities are available to back feed affected customers. Moreover, network losses have reduced drastically from approximately 16% to 6%.

The USD 30.9 million project has been financed jointly by the Saudi Fund for Development (SFD) and the Arab Bank of Economic Development in Africa (BADEA), and by the Government of Seychelles and PUC.



The project was completed in June 2023 and was officially inaugurated on 30th September, 2023 at the Anse Royale substation, one of the eight substations built under this project.

The plaque was unveiled by the President of Seychelles, and the ceremony was attended by high level representatives of SFD, BADEA and Government, as well as Board members and key PUC officials who were involved in the project from inception.

ELECTRICITY DISTRIBUTION

SERVICE CONNECTION ENQUIRIES

One component of the Transmission & Distribution (T&D) section is to ensure that all Service Connection Enquiries (SCE) proposals are technically feasible, cost-effective and meet the BS7671 required standards. In 2023, a total of 2,443 SCEs were approved.

VEGETATION MANAGEMENT

A major cause of power outages is attributed to vegetation such as trees and creepers falling on or growing onto overhead power lines.

In 2023, we awarded:

a total of **410 contracts**
comprising of **337 LV contracts**
73 HV contracts
to **100 contractors**
at a cost of **> SCR 9 million.**

CHALLENGES: WAYLEAVES

Wayleaves pose a persistent challenge to our daily operations and the execution of crucial projects. Even if PUC possesses the authority to issue notices to landowners for right of access, our preference is to engage in a proactive communication by liaising with the owner, seeking support from the district authority and members of the national assembly where necessary. If, after exhausting all possible avenues, the required wayleave proves to be unsuccessful, we are compelled to issue a notice which, in turn, sets a date for commencing the works. The wayleave process results in considerable delays to the growing workload of the electricity and water distribution teams and this has an impact on the quality of service delivery to our customers.

ONGOING T&D PROJECTS

- Civil works for duct installation in Victoria to start in the first quarter of 2024. Ducts have already been installed on the majority of the rest of route (to Beau Vallon via St. Louis).
- Laying of third undersea cable from Praslin to La Digue to be undertaken early 2024. The cables have been procured in 2023.

SERVICE TYPE	QTY
Additional Load	166
Alteration of Service Position	31
Change Meter Position	189
Diversion	212
New Supply (Electricity)	1,505
New Supply (Electricity) (from temp.)	75
Rewiring	28
Temporary Supply	237
Grand Total	2,443

MAJOR T&D PROJECTS UNDERTAKEN IN 2023

1	Commissioning of Cap du Cerf Substation (315 kVA) for Cap du Cerf at Cerf Island.
2	Commissioning of Mango House Substation (1000 kVA) for Mango House at Baie Lazare
3	Commissioning of Anse Major Water Pump Circuit (75 kVA) for PUC at Bel Ombre.
4	Commissioning of UCPS SE Island Quarry Substation (500 kVA) for UCPS at Point Larue
5	Commissioning of Sweet Escott Shreeji Land Bank Substation (200 kVA) for Shreeji Investment at Anse Royale.
6	Commissioning of NX Plastics Substation (500 kVA) for NX Plastics at Providence.
7	Renovation of Avani Substation (800 kVA) for Avani Resort at Barbarons.
8	Commissioning of Avani Substation No. 2 (800 kVA) for Avani Resort at Barbarons.
9	Commissioning of Cap Lazare Substation (200 kVA) for UCPS at Baie Lazare.
10	Commissioning of IDC Head Office (500 kVA) for IDC at Ile du Port.
11	Partial Commissioning of Anse La Mouche 33/11 kV Substation (10000 kVA) for PUC at Anse La Mouche.
12	Commissioning of Rosebelle Victoria Substation (500 kVA) for Rosebelle Farm at Victoria.
13	Commissioning of Neverland Substation (500 kVA) for Nichol Chetty at Victoria.

RENEWABLE ENERGY

MOVING TOWARDS A MORE SUSTAINABLE ENERGY FUTURE

High and volatile oil prices and supply disruptions in recent years have heightened the importance of diversifying the energy mix in Seychelles. We are taking a leading role to facilitate achievement of the target of 15% of energy from renewable sources by 2030 based on Seychelles' Nationally Determined Contributions (NDC), and to help Government honour its commitments under the Paris Agreement to reduce greenhouse gas emissions by 26% in 2030 relative to baseline emissions.

To achieve the ambitious 15% target by 2030 requires a minimum of 8 MW solar PV capacity additions per year from 2024. The main challenge is the geographical constraints of Seychelles, characterized by limited onshore land availability. Furthermore, the intermittent nature of renewable sources such as solar requires efficient battery energy storage systems (BESS) to ensure a reliable and stable power supply. Additionally, the integration of renewable energy into existing grids and infrastructure requires careful planning in order to maintain grid reliability, security, and efficiency. Investment in renewable energy projects would require a combination of PUC's own equity, loan financing, power purchase agreement with independent power producers (IPP), and/or other financing options.

FLOATING SOLAR POWER PLANT

In April 2023, we signed a 25-year power purchase agreement and a grid-connection agreement with QAir for the construction of a 5.8 MWp floating solar power plant in the Providence lagoon. The signing took place on board "Energy Observer", the first hydrogen-powered, zero-emission vessel to be self-sufficient in energy, advocating and serving as a laboratory for ecological transition.

QAir secured the project through a government tender in 2018, when the group still operated under the Quadran brand. The local renewable energy partner of QAir is Vetiver.



The project is the first solar array to be spearheaded by an IPP in Seychelles. QAir will develop, build and operate the 5.8 MWp floating solar plant to supply renewable energy to the national grid. The solar plant will require 13,500 solar panels, which will be built across 40,000 square metres of water. Upon completion, the installation will account for about 2 percent of total power generation in Seychelles. Procurement of equipment and other preliminaries were undertaken during the year, and construction of the plant is expected to commence mid-2024.

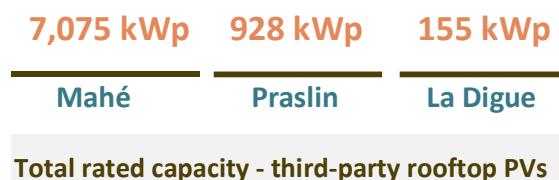
LOOKING TO THE FUTURE: RENEWABLE ENERGY OPPORTUNITIES

Onshore solar PV Projects	Floating Solar PV Projects	Wind Projects
2.5 MW solar PV and 4.5 MW BESS at L'Union Estate, La Digue.	Floating PV projects earmarked at two different sites on Praslin, with total capacity of 20 MW.	Offshore wind projects between Mahé and Praslin with total capacity of, but not limited to, 25 MW.
6 MW solar PV and 4.5 MW BESS on Ile de Romainville.		

RENEWABLE ENERGY

THIRD-PARTY SOLAR PV SYSTEMS

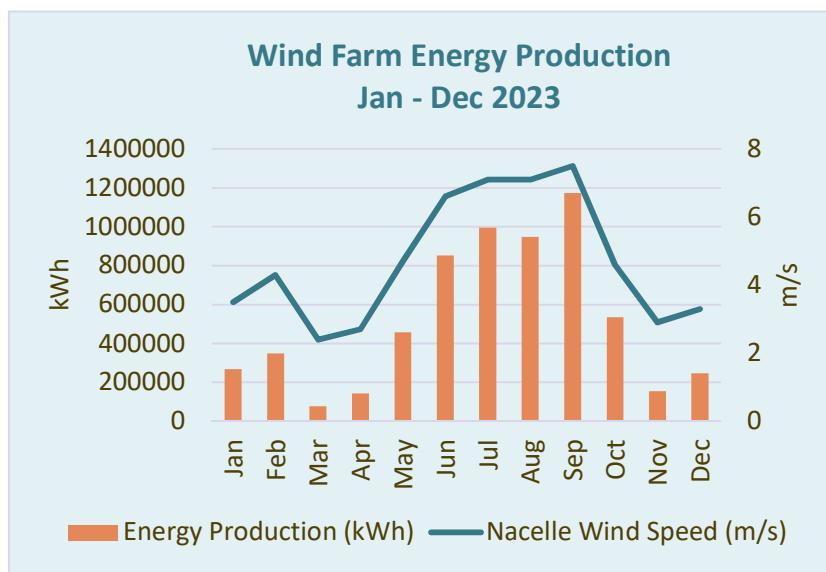
By the end of 2023, the total number of rooftop solar PV systems installations amounted to 763, with total rated capacity of 8,158 kWp. In 2023, they produced 8.5 GWh of electricity, representing 1.79% of total electricity production.



NEW ROOFTOP PV SYSTEMS - 2023		
Region	Number	Rated Capacity kWp
Mahe	54	1,057
Praslin	6	34
La Digue	1	10
Total	61	1,101

WIND FARM

In 2023, the 6 MW Port Victoria wind farm, comprising of 8 wind turbine generators (WTGs), generated 6.2 GWh of electricity, with an average wind speed of 4.73 m/s. The wind farm contributed 1.30% of total electricity production. The wind farm availability in 2023 was 88.4%, mainly due to WTG7 being down for maintenance for most of the year.



WIND FARM Electricity Production by WTG in 2023	
	MWh
WTG1	836.51
WTG2	848.19
WTG3	815.79
WTG4	878.76
WTG5	1,010.10
WTG6	867.45
WTG7	16.03
WTG8	928.34
Total	6,201.17

SOLAR PV FARM – ILE DE ROMAINVILLE

The 6 MW Ile de Romainville solar farm generated 8.6 GWh of electricity in 2023, representing 1.82% of total electricity production.

REDUCING OUR CARBON FOOTPRINT

The total installed capacity of renewable energy sources in Seychelles by the end of 2023 was 20 MWp. The total renewable energy production was 23.37 GWh, representing 4.92% of total energy production; equivalent to annual electricity consumption of 6,720 homes. This has avoided the emission of 16,478 tons of CO₂, saving about 5.5 million litres of fuel worth approximately SCR 52.3 million (based on weighted average fuel prices in 2023).

WATER



Rochon Dam

KEY ASSETS

DAM CAPACITY	DESALINATION PLANTS CAPACITY
1,600,000 m³	Providence 16,000 m³/day
La Gogue Dam	Anse Boileau 3,750 m³/day
50,000 m³	Île Perseverance 2,000 m³/day
Rochon Dam	Belombre 2,500 m³/day
	Baie Ste Anne Praslin 2,900 m³/day
	La Digue 1,400 m³/day
OTHER WATER ASSETS	TOTAL CAPACITY 28,550 m³/day
Water Treatment Plants 25	309
Pumping Stations 115	
Reservoirs 152	Water Division Employees

WATER SUPPLY

One of the most outstanding achievements of the year was the inauguration of the La Gogue Dam in July 2023. Although construction works were completed at the end of 2022, operation of the dam was deferred pending a controlled impounding process and careful monitoring of the dam's behaviour in 2023. Also pending was the installation of a permanent alarm system which will be attended to during the defects liability period. In the first quarter, a series of public meetings were held with stakeholders in collaboration with the Disaster Risk Management Division (DRMD) in order to raise awareness about the emergency preparedness plan.

The La Gogue dam level gradually rose from 141.22 a.m.s.l. (above mean sea level) in January to its highest level of 149.35 a.m.s.l. (98%) in November 2023. The maximum level that can be reached is 150 a.m.s.l.

During the year, the water level of Rochon dam was maintained above 90% and this was balanced by careful water management, using La Gogue dam as and when necessary. Upon the level of the Rochon dam reaching 85% - 90%, the supply to the Hermitage treatment plant was switched to receive its intake from La Gogue dam.

Desalination water production at the various plants were monitored and recorded on a daily basis, as were other major fresh water sources.

The total volume of potable water produced in 2023 was 16,029,760 m³, representing a slight reduction of 1.29% from 16,239,448 produced in 2022.

On average, 73% of total water supply came from surface water and 27% from desalination production.

2023 PRODUCTION OF POTABLE WATER

Location	Surface Water	Desalinated Water	Total Production	% Desalination Production
Mahé	10,652,888 m ³	3,523,473 m ³	14,176,361 m ³	25%
Praslin	808,667 m ³	361,497 m ³	1,170,164 m ³	31%
La Digue	292,705 m ³	390,530 m ³	683,235 m ³	57%
Total	11,754,260 m ³	4,275,500 m ³	16,029,760 m ³	27%



WATER SUPPLY

OPERATIONS & MAINTENANCE

RESERVOIR CLEANING PROGRAMME

This activity is carried out annually to ensure a clean and contaminant-free reservoir to provide the public with clean water that is in par with the Seychelles Public Health Act. Normally the cleaning takes place during the first three quarters of the year during the rainy seasons.

During the year, 78 water reservoirs were cleaned on Mahé and 21 reservoirs on Praslin.

BARRAGE INTAKE CLEANING

Barrage cleaning is an ongoing periodic maintenance activity which is conducted with the aim of removing built-up sediments at the intake. This allows a larger volume of raw water to be collected by the barrage whilst allowing maximum withdrawal from the strainer.

Removal of leaves, branches and other debris were carried out daily during the year, whilst the removal of sediments was carried out less frequently. The frequency of cleaning will increase with the frequency of rains.

VEGETATION MANAGEMENT

Vegetation management is an important activity to alleviate safety and blockage issues at various water supply facilities including pump stations, treatment plants, reservoirs and barrages. Vegetation clearing was also carried out on the cable lines linking the pump stations sensors to the reservoir sensors.

During the year, tree clearance activities were conducted at 32 sites in the vicinity of water infrastructures at a cost of around SCR 3 million.

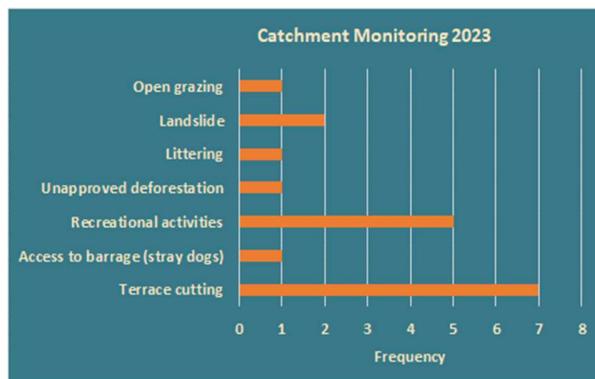
MAINTENANCE OF WATER ASSETS

Preventive and corrective maintenance activities were carried out systematically during the year at various water supply infrastructures, desalination plants and ancillaries.

WATER RESOURCES

CATCHMENT MONITORING

Catchment monitoring is an important activity as it helps to identify and mitigate risks to the catchments, including prohibited activities.



PLANNING APPLICATIONS

During the year, 2,341 planning applications of developments were received and evaluated, all of which were approved. However, special conditions applied in respect of 19 applications as they were within the water catchment areas.

TREE CUTTING PERMITS

A total number of eight tree cutting permits were received and evaluated in 2023. Six permits were approved as they were outside of PUC's drinking water catchments, whilst two applications were released with conditions.

LIVESTOCK PERMITS

During the year, 32 livestock permit applications were received and evaluated, out of which 28 were approved. Four were rejected on the basis that they will have an impact on the drinking-water catchments.

LARGE SCALE / NATIONAL PROJECTS

A total of 21 applications were received and evaluated in 2023. All applications were approved.

WATER SUPPLY

QUALITY CONTROL

Water is supplied through 25 treatment plants and is analyzed and monitored by the Laboratory unit to ensure compliance with the Seychelles Public Health Act (Water Examination) Regulations, 1994 and World Health Organization Drinking Water Guidelines.

MONITORING OF WATER QUALITY

During 2023, routine samplings were collected and analyzed every month at water treatment works, reservoirs and on the distribution line, as follows:

3,199	227	183
Mahé	Praslin	La Digue

Number of samplings collected in 2023

MONITORING OF RO PLANTS

Environmental Monitoring from Reverse Osmosis (RO) plants at the intake, brine and at the discharge point is conducted to ensure environment protection, in compliance with ISO 14001 Environmental Management Systems. During the year, monthly samplings were collected at the following monitoring locations:

Desalination Plant	No of Samples
Providence	68
Anse Boileau	80
Ile Perseverance	48
Belombre	36
Baie Ste Anne Praslin	48
La Digue	44
Total	324

NEW TEMPORARY INTAKE LA DIGUE DESALINATION PLANT

The water demand on La Digue has increased to 1,900 m³ per day. The island is reliant on water supply primarily from two rivers, one well and one desalination plant. The desalination plant plays a vital role in water security on La Digue as the daily abstraction from the rivers and the well is largely insufficient, averaging only 300 m³ per day.

The recent port extension project has brought about a new set of challenges with our desalination intake system. The foremost issue at hand is the infiltration of silt into the intake well, propelled by the increased marine activities. This fine silt, due to its microscopic size, passes through the media and cartridge filters, ultimately leading to clogging of the reverse osmosis membranes. Consequently, the desalination plant has had to be regularly shut down for extensive cleaning and flushing of the entire system, resulting in interruptions to the water supply for La Digue.

As a remedial measure, three new intake pump systems have been installed into an open sea well in 2023. In addition, a rock armouring barrier is being built by UCPS (who were already on site for the port extension project) to safeguard the intake pumps.

The rock armouring project is expected to be completed in the first quarter of 2024.



WATER DISTRIBUTION

As well as ensuring delivery of safe potable drinking water to the population of Seychelles, the Water Distribution section oversees a number of activities, including installation of new connections, maintaining all the pipelines, carrying out repairs, replacement of meters, reduction of non-revenue water losses and continual improvement in the network to meet new or increased demand.

METER CONNECTIONS

During the year, a total of 1,065 new water connections were installed, averaging 89 per month.

877	124	64
Domestic 15mm	Commercial 15mm	Bigger Connections

NON-REVENUE WATER (NRW)

	2023	2022
Mahé	27.95%	28.65%
Praslin	20.31%	22.12%
La Digue	38.26%	48.89%

The NRW team intensified its activities on La Digue in 2023, and this resulted in NRW level dropping to 38.26% from 48.89% in 2022.

NRW reduction efforts have been incorporated as an integral part of operations on Mahé and Praslin. The NRW level has improved from 29.22% in 2022 to 27.95% on Mahé and the aim is to maintain it at 25% or below. On Praslin, the level has reduced to 20.31% compared to 22.12% in 2022.

WATER BREAKDOWNS

A total of 10,291 water breakdowns were recorded and attended to in 2023, averaging 858 per month.

Type	Mahe	Praslin	La Digue	Total
Minor Bursts	7,222	295	485	7,978
Major Bursts	128	18	6	145
Others	1,804	79	175	2,168
Total	9,154	392	666	10,291

ELECTRO-MECHANICAL SUPPORT

The Electro-mechanical section provides operations and maintenance support for the water and desalination plants, as well as wastewater and other related infrastructures. During the year, the electro-mechanical team recorded and attended to the following work orders and breakdowns:

694	436	622
Water	Desalination	Wastewater
No of Work Orders Raised		

288	70	252
Water	Desalination	Wastewater
No of Electro-mechanical Breakdowns		

WASTEWATER



Beau Vallon WWTP

KEY ASSETS

Wastewater Treatment Plants: **4**

Greater Victoria

7,000 m³

Capacity/day

Beau Vallon

2,500 m³

Capacity/day

Pointe Larue

300 m³

Capacity/day

Île Soleil

50 m³

Capacity/day

52

Wastewater
Lifting Stations

109 km

Length of Sewer
Network

40

Wastewater Division Employees

WASTEWATER OPERATIONS & MAINTENANCE

WASTEWATER TREATMENT PLANTS

There is continuous demand for customers to be connected to the PUC wastewater network. On Mahé, there are four wastewater treatment plants (WWTPs) which are in operation and serve less than 20% of the population. In 2023, 75 new customers were connected to the network.

There is currently no piped wastewater system on Praslin. On La Digue, construction of a wastewater system started in 2023, with date of completion scheduled for end of 2024. Once completed, the service area of the sewer network is expected to cover 90% of domestic wastewater generation on La Digue, along with non-domestic wastewater generation (including hotels and guesthouses).

NEW CONNECTIONS IN 2023

39 28 8

Domestic Commercial Industrial



PROVIDENCE WWTP

Designed to treat 7,000 m³ of sewage per day, the Providence WWTP operated at only 50% of its treatment capacity in 2023 pending major refurbishment of the plant. The total volume of wastewater treated during the year was 3,481,623 m³, at an average flow rate of 9,539 m³ per day. This constituted a 16.97% increase from 2,890,763 m³ treated in 2022; mainly attributed to ingress of rainwater.

In July 2023, the contract for the Providence WWTP refurbishment was awarded to Tornado Trading & Enterprises, Est. at a contract price of EUR 7.9 million. Works will commence in 2024 and the targeted date of completion is mid-2025.



BEAU VALLON WWTP

The Beau Vallon WWTP, with a treatment capacity of 2,500 m³ per day, had no major operational issues during the year and treated a total of 460,550 m³, at an average flow rate of 1,262 m³ per day, representing 19.72% increase from 369,730 m³ treated in 2022.



POINTE LARUE WWTP

The ongoing challenge at the Pointe Larue STP is hydraulic overload from infiltration of water in the system, which is being addressed through ongoing maintenance.

The total volume of wastewater treated at the plant in 2023 was 460,550 m³, at an average flow rate of 278 m³ per day. This represented a 36.93% increase from 63,923 m³ treated in 2022.



ILE SOLEIL WWTP

The Ile Soleil WWTP serves the Ile Soleil community and customers at the Chetty Flats at Anse Aux Pins. During the year, the plant treated a total volume of 17,176 m³ of wastewater, at an average flow rate of 47 m³ per day, representing an increase of 35.39% from 2022.

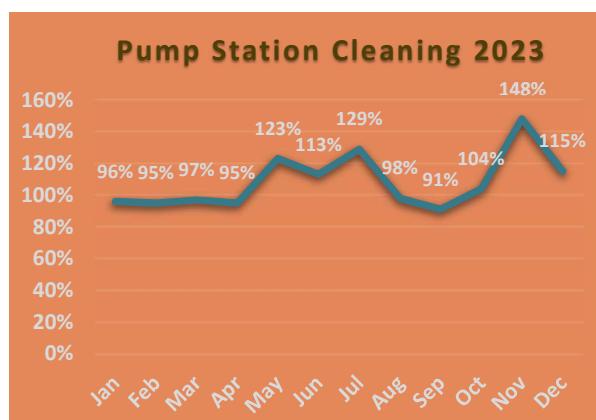
WASTEWATER OPERATIONS & MAINTENANCE

PUMP STATION MAINTENANCE

Pump station cleaning is an important component of the preventative maintenance programme and we expended considerable costs and efforts during the year to mitigate the risk of environmental repercussions from the build-up of sewage and potential overflows.

Blockages and overflows in the sewer network are avoidable if customers use the system responsibly. Common factors contributing to blockages include accumulation of foreign matter such as fats, oils, greases, baby wipes, personal hygiene products, rags, clothing, and kitchen towels.

In 2023, 306 sewer pipe blockages were attended to, at an average frequency of 26 blockages per month. Pump station cleaning was performed at an average rate of 109% during the year.



INFILTRATION

Infiltration into the wastewater networks is a major ongoing challenge. A high rate of seawater infiltration and storm-water ingress in the wastewater system creates a number of issues such as sewage spillage in parts of the network, hydraulic over-loading of the system, wastage of power due to continuous pumping and is also detrimental to the treatment process at the treatment plant.

In 2016/2017, an assessment of the conditions of the sewer network in Victoria was done using CCTV inspection. It was found that there are major deteriorations on a number of underground sewers which are causing massive seawater infiltrations and ingress of storm water in the system. The most badly affected sewers were in the centre of Victoria which were laid in 1973.

A project has been earmarked in 2024 to carry out repairs on the worst affected sewers and replace two kilometres of pipeline in central Victoria, by using an innovative “no-dig” approach called “Cured in Place Pipe” (CIPP). This will limit the inconveniences of conventional excavation and disruptions to daily activities and movement of traffic in central Victoria, and will also alleviate works of remedying damages or collapse to infrastructure.

PUMP STATIONS RE-CONSTRUCTION

In the second quarter of 2023, works started on construction of two new pump stations to replace the ones at Le Rocher and Roche Caiman No-3 respectively.

Both pump stations require urgent intervention due to their derelict condition. Additional concerns have been observed about the weak structure at the Roche Caiman No-3 pump station which is prone to sea ingress.

Following open tender, the construction of both pump stations was awarded as one contract to Benoiton Construction (BCCL), who submitted the most responsive bid of SCR 45.99 million. At the end of the year, the progress of works was at 14%, with date of completion targeted for end of 2024. The project is being financed under component NP07 of Project Neptune (Mahé and La Digue Wastewater System).

QUALITY MONITORING

During the year, the wastewater laboratory team collected and analyzed a total of 318 wastewater samplings at different stages of the wastewater treatment processes and at the brine and effluent discharge sites.

PROJECTS

ABOUT THE PROJECT MANAGEMENT UNIT

The Project Management Unit (PMU) oversees electricity, water and wastewater projects and coordinates related project activities, including procurement documentation and maintenance of a central asset management system for efficient tracking and cost-effective use of resources.

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Project Management &
Construction Employees

The projects are managed by a multi-disciplinary team comprising of a mix of experienced professionals and young engineering graduates. The PMU also comprises of a construction unit whose key objective is to commission major water projects on time. This unit also provides support to the water distribution section in the event of major breakdowns to ensure that services are restored with minimal disruptions.

PROJECT NEPTUNE

The main aim of Project Neptune is to upgrade, improve and expand the existing water and wastewater services of PUC whilst simultaneously providing vital support to the PMU in the form of technical assistance and capacity building.

The total project budget of EUR 54.6 million is funded by a combination of loans from the European Investment Bank (EIB) and the French Development Agency (AFD), grants provided by the European Development Fund (EDF), the African Water Facility (AWF) and the Government, as well as funds from PUC's own resources.

The main components of Project Neptune and their performance status as at end of 2023 are as follows:

PROJECT NEPTUNE COMPONENT		STATUS DEC-2023
PHASE 1 (2012 – 2015)		
NP01	Expansion of 4 desalination plants	✓ Completed
NP02	Non-Revenue water programme	✓ Completed
NP03	Upgrading of Hermitage & Cascade Water Treatment Plants	→ Ongoing
NPRE	CON - Technical Assistance	✓ Completed
	NP04 - Energy Efficiency	✓ Completed
	NP05 - Water demand management	✓ Completed
	NPCC - Drought risk mitigation	✓ Completed
PHASE 2 (2016 – 2024)		
NP06	Capacity building – technical assistance	→ Ongoing
NP07	Mahe and La Digue wastewater systems	→ Ongoing
TAT	PMU technical assistance	✓ Completed
NP08	External financial and compliance audit	→ Ongoing
AWF	Seychelles Integrated and Sanitation Master Plan	✓ Completed

PROJECTS

KEY PROJECTS IN 2023



33 kV South Mahé Project

- Project Cost: **SCR 656 million**
- Completed June 2023
- Inaugurated September 2023

KEY ELECTRICITY PROJECTS

Generation capacity enhancement on Mahé	SCR 350 million
5 MW solar photovoltaic system Ile de Romainville	SCR 177 million
0.946 MW rooftop PV (domestic + GOS buildings)	SCR 49 million

KEY WATER PROJECTS

Raising of La Gogue Dam by six metres

- Project Cost: **SCR 438 million**
 - ⇒ Project includes additional works on the right embankment & south saddle
- Completed December 2022
- Inaugurated June 2023



Refurbishment of water treatment plants at Hermitage & Cascade	SCR 86 million
Replacement of non-performing pipelines to reduce NRW	SCR 27 million
NRW Programme on Praslin & La Digue	SCR 22 million
Procurement of electrolysis system for Mahé water treatment plants	SCR 9 million

KEY WASTEWATER PROJECTS

Wastewater System on La Digue	SCR 300 million
Rehabilitation of existing Providence Wastewater Treatment Plant, pump stations and force mains	SCR 179 million

COMMERCIAL

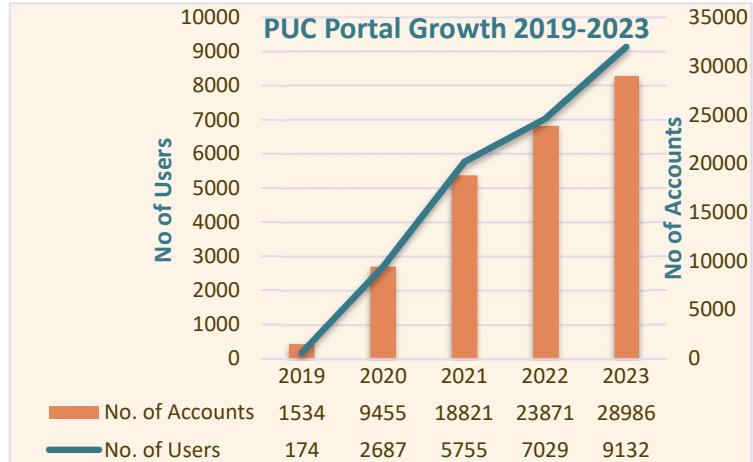
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CUSTOMER SERVICE FOCUS

Commercial & Customer Service Employees

Customers expect timely access to affordable and reliable utility services. Our focus is on managing their expectations whilst continuously improving the delivery of our services to reasonable standards.

The successful implementation and growth in popularity of our customer portal since 2019 has helped us to transform customer experience. The portal allows our customers to seamlessly access their account, track and monitor their usage, pay their bills at their convenience, and view and retrieve their bill and other customer-related transactions at their leisure. To date, 28,986 customer accounts, held by 9,132 users, have been registered on the portal.



We are continually striving to improve customer engagement. We have enabled SMS push notifications to alert customers when their bill is issued, remind them of overdue accounts, provide status of new connections and notify them of rebate approvals. As of December 2023, a total of 58,461 mobile numbers, comprising of 31,024 electricity accounts and 27,437 water accounts, were captured; representing 71% of the total customer database of 82,720 accounts. We also have a dedicated team responding to an average of 70 WhatsApp messages and other communication platforms daily.

We are mindful that time is precious to our customers. We are also conscious of the fact that some customers still prefer the traditional walk-in experience where they interact with our cashier and receive a paper-based receipt. We have thus made a variety of payment options available – via our payment centres, banks, Seypost, online banking, and portal – to enhance payment convenience of our customers.

METER READING CHALLENGES

Challenges routinely faced by our meter readers include: difficult access to meters due to gated properties, hazardous terrains, dog attacks, and aggressive behaviour of a minority of customers.

Adverse weather conditions also affect the ability of meter readers to go on scheduled routes and deliver bills on time, resulting in higher readings in some months due to the billing cycle being disrupted.

METER REPLACEMENTS AND FRAUD DETECTION

Defective and non-functioning meters are commonly caused by such factors as old age, mechanical faults or meter tampering, and are a major source of our non-technical and revenue losses. A total of 7,508 meters, comprising of 516 electricity meters and 6,992 water meters, were replaced in 2023; an increase of 69% compared to 4,448 meters replaced in total in 2022.

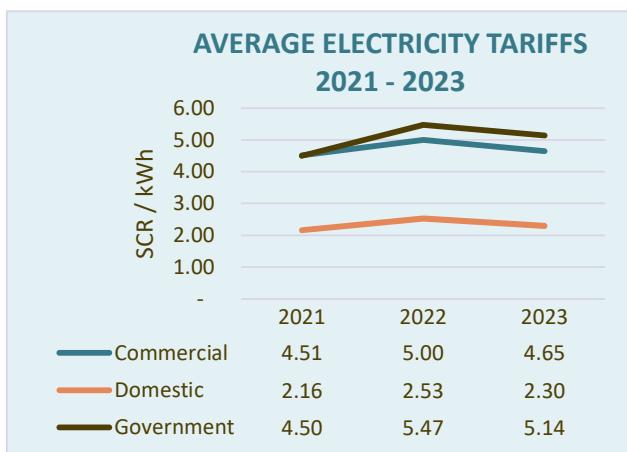
Meter tampering and illegal connections can be detected in a number of ways; by our fraud detection unit, by our meter readers, or through our NRW programme. Most cases of water meter tampering relate to customers tapping directly from the PUC water mains. Electricity tampering - where customers remove the link in the meter, connect directly to the live wire bypassing the meter, or tap power lines - are less common but pose deadly risks to public safety.

COMMERCIAL - ELECTRICITY

In 2023, we supplied electricity to 45,364 customers, of which 87% are based on Mahé, 10% on Praslin and 3% on La Digue. There were 1,580 new electricity connections during the year.

The total electricity consumption was 424,704,187 kWh in 2023, representing a growth of 3% from 2022. The domestic sector saw a higher growth of 6% relative to the commercial and government sectors which grew marginally by 2% and 1% respectively.

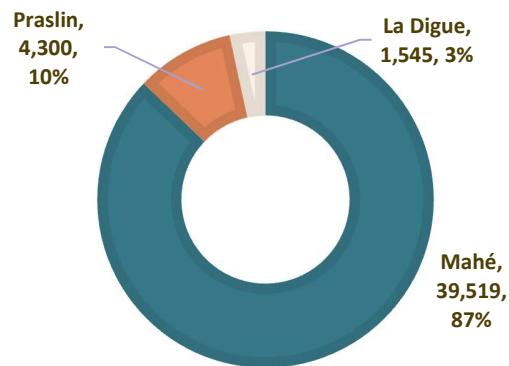
Notwithstanding the rise in electricity consumption, electricity revenues decreased from SCR 1.7 billion in 2022 to SCR 1.66 billion in 2023, primarily due to drop in overall average tariffs by 32 cents/kWh compared to the previous year. The key driver for the decrease in tariffs was the decrease in weighted average fuel prices by SCR 1.54 per litre compared to 2022.



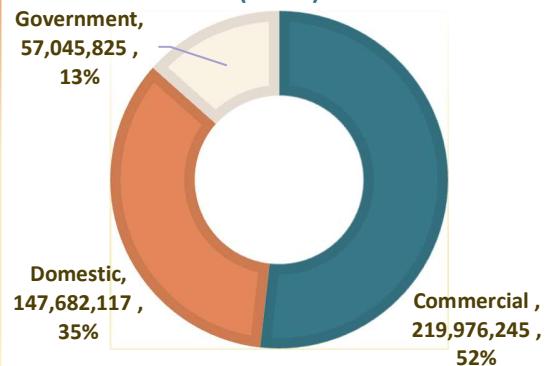
Although domestic customers comprised 82% of electricity customers, they consumed 35% of electricity whilst contributing only 21% of revenues in 2023. The commercial sector was the largest consumer (52%), generating 62% of electricity revenues. Government, which represented only 3% of the customer base, consumed 13% of electricity and brought in 18% of revenues.

Sector	No of Electricity Customers	Electricity Customer Base %	Electricity Consumption (kWh)	Electricity Revenues (SCR)	Electricity Revenues by Sector %
Commercial	6,874	15%	219,976,245	1,023,737,679	62%
Domestic	37,318	82%	147,682,117	339,759,048	21%
Government	1,172	3%	57,045,825	293,236,672	18%
Total	45,364	100%	424,704,187	1,656,733,399	100%

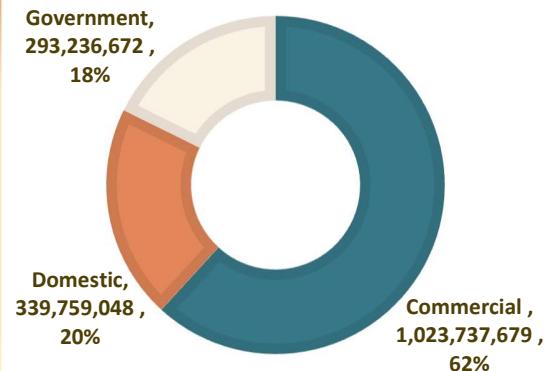
NO OF CUSTOMERS BY REGION



CONSUMPTION BY SECTOR (KWH)



REVENUES BY SECTOR (SCR)



COMMERCIAL – WATER

In 2023, we supplied water to a total of 37,356 customers, of which 86% are located on Mahé, 10% on Praslin and 4% on La Digue. There were 1,065 new water connections during the year.

The total amount of water consumed during the year amounted to 10,916,929 m³, representing a growth of 8% from 2022. All three sectors saw an increase in consumption; with the government sector showing the highest increase of 15%, followed by 11% for the commercial sector and 5% for the domestic sector.

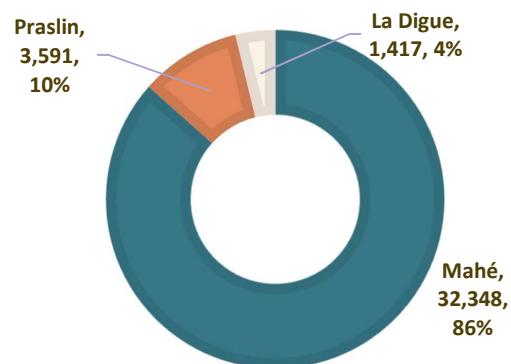
Revenues grew by 9% to SCR 261 million, compared to SCR 241 million in 2022.

Although the domestic sector comprised an overwhelming majority (89%) of the water customer base, it generated only 49% of water revenues in 2023. The commercial and government sectors, which collectively made up 11% of total water customers, contributed 51% of total revenues.

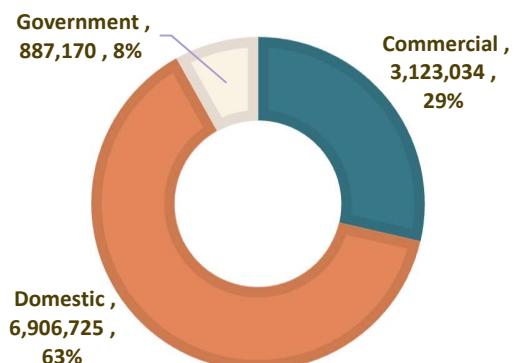
AVERAGE WATER TARIFFS 2021 - 2023			
	2021	2022	2023
Commercial	33.27	33.51	33.30
Domestic	18.36	18.33	18.40
Government	34.21	34.05	34.07
Overall average	23.22	23.74	23.93

The average water tariffs in 2023 increased slightly to SCR 23.93/m³ compared to SCR 23.74/m³ in 2022; the increase mainly impacting the domestic sector as the largest water consumer.

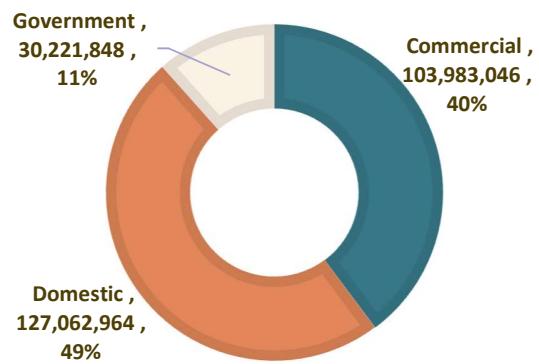
NO OF CUSTOMERS BY REGION



CONSUMPTION BY SECTOR (M³)



REVENUES BY SECTOR (SCR)



Sector	No of Water Customers	Water Customer Base %	Water Consumption (M ³)	Water Revenues (SCR)	Water Revenues by Sector %
Commercial	3,592	10%	3,123,034	103,983,046	40%
Domestic	33,388	89%	6,906,725	127,062,964	49%
Government	376	1%	887,170	30,221,848	12%
Total	37,356	100%	10,916,929	261,267,858	100%

COMMERCIAL - WASTEWATER

A total of 6,095 wastewater customers, all based on Mahé, have been registered in the billing system by the end of 2023. During the year, 75 new customers were connected to the network, comprising of 28 commercial, eight industrial and 39 domestic connections.

The billing system has not captured any Praslin or La Digue customers, due to there being no centralized system on both islands as yet. Upon completion of the wastewater system on La Digue, it is anticipated that around 1,000 La Digue customers will be added to the customer database in 2025.

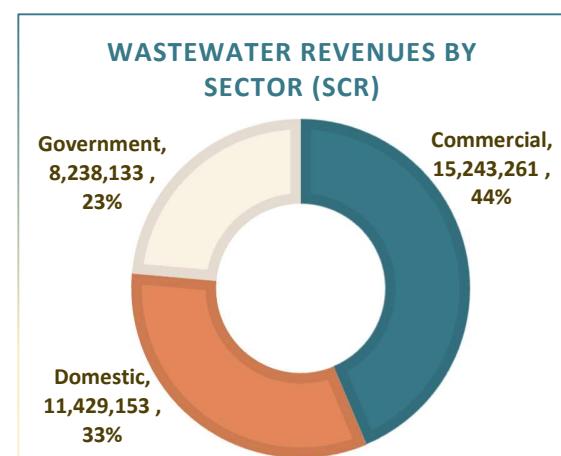
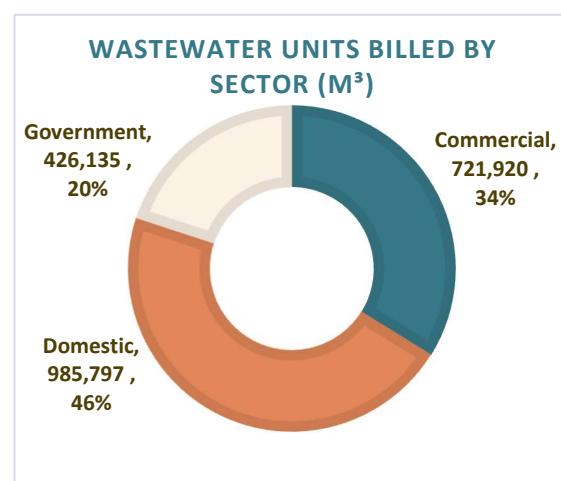
In 2023, the total amount of wastewater units billed was 2,133,852 m³, representing an average growth of 7% from 2022. The domestic sector saw a growth in consumption of 3% whilst the commercial and government sectors experienced higher growths of 7% and 19% respectively; almost mirroring the growth in water consumption by sector.

Revenues grew by 11% to SCR 34.9 million, compared to SCR 31.5 million in 2022.

The domestic sector which comprised 90% of the wastewater customer base, generated only one-third of wastewater revenues in 2023. The commercial and government sectors, which collectively made up the remaining 10% of wastewater customers, brought in over two-thirds of total revenues.

The overall average wastewater tariffs in 2023 increased to SCR 16.36/m³ from SCR 15.78/m³ in 2022; the increase being mostly reflected in the commercial and government sectors.

AVERAGE WASTEWATER TARIFFS 2021 - 2023			
	2021	2022	2023
Commercial	22.20	19.61	21.11
Domestic	11.39	11.66	11.59
Government	19.68	19.62	19.33
Overall average	16.09	15.78	16.36



Sector	No of Customers	Wastewater Customer Base %	Wastewater Units Billed (M ³)	Wastewater Revenues (SCR)	Wastewater Revenues by Sector %
Commercial	506	8%	721,920	15,243,261	44%
Domestic	5,473	90%	985,797	11,429,153	33%
Government	116	2%	426,135	8,238,133	23%
Total	6,095	100%	2,133,852	34,910,547	100%

SUPPORT SERVICES

The efficient operation of our three core services – electricity, water and wastewater – would not be possible without the support of our non-core processes, including: Finance, Information & Communication Technology (ICT), Commercial & Customer Services, Procurement, Human Resources, Fleet Maintenance & Management, Security and Occupational Development. These support services work in synergy with the core processes to aid achievement of our corporate objectives.



ICT DEPARTMENT

The ICT department is committed to modernizing and upgrading the ICT infrastructure of PUC, creating more efficient processes and improving work flow and communications, whilst bolstering network and data security.

KEY ACTIVITIES IN 2023:

- **MS Dynamics and MECOMS data archival:**
⇒ The ERP database, which was growing exponentially due to large volume of transactions, was streamlined and this has significantly improved performance.
- **Change of supplier for Microsoft Dynamics AX support:**
⇒ Following the change, the quality of technical support, system stability and timeliness of deliverables has seen notable improvements.
- **CCTV installation at Anse Royale & Providence substations:**
⇒ This was achieved by isolating the feed from the application traffic using the 33 kVA fibre optic link cores.
- **New server room at Electricity House:**
⇒ This will help achieve some redundancy and/or alleviate downtime in the event of a fault as part of our business continuity plan.
- **Smart Meter Pilot environment set-up:**
⇒ The basic setup and establishment of communication channels have been completed. The plan is to first roll out meters on PUC premises, then gradually to commercial customers, thus enabling us to observe how best to integrate with our billing system in a production environment.

CALL CENTRE

Our Call Centre operates on a 24/7 basis and acts as the focal point for customers in the event of a fault or breakdown of our services. During the year, the Call Centre logged the following number of breakdown calls:

	2023	2022	%
Electricity	4,753	3,475	↑ 36.78%
Water	14,287	12,060	↑ 18.47%
Wastewater	458	390	↑ 17.44%

An important KPI of the Call Centre is the C-SAT which measures customer satisfaction of the performance of both the Call Centre agents and the breakdown technicians. A C-SAT survey was conducted in 2023, based on a scale of 1 to 5; from 1 = dissatisfied, 3= indifferent to 5 = very satisfied. The results are depicted hereunder:

Call Centre Agents' ratings:

Respondents	1	4	31	377	1,081
Score	1	2	3	4	5

Very dissatisfied <-Indifferent ->Very satisfied

Breakdown Teams' ratings:

Respondents	5	13	111	565	812
Score	1	2	3	4	5

Very dissatisfied <-Indifferent ->Very satisfied

On average, 97.6% of respondents were satisfied or very satisfied with the Call Centre's service, whilst 91.43% were satisfied/very satisfied with service provided by the field technicians to resolve breakdowns and other network issues.

SUPPORT SERVICES



Ms. Noemie Chetty, PUC Procurement Director, was lauded as one of the top 10 women leaders in the procurement field by two publications in 2023:

- **CPOStrategy Procurement magazine** – May 2023 issue
- **CIO Look magazine** - September 2023 issue

PROCUREMENT DEPARTMENT

We operate in a highly-regulated environment and are guided by the Procurement Act, 2008, the Public Regulations Procurement Regulations, 2014 and our internal Procurement Policy. We also diligently comply with the procurement requirements and thresholds of the relevant approval authorities, namely; the Procurement Oversight Unit, the National Tender Board and the PUC Procurement Committee.

Our procurement process is administered by a Procurement Department which comprises of qualified and skilled officers handling international purchasing, local purchasing and logistical activities respectively. We also have a Procurement Officer based on Praslin who handles the local procurement needs on Praslin and La Digue.

In addition to the above approval authorities, we have an Internal Procurement Committee (established in 2020) which meets twice a week to scrutinize all procurement requests with relevant departmental heads with the aim of strengthening transparency, accountability, and value for money in its decision making. Special attention is paid to procurement of goods, works and services falling the CEO's threshold of SCR 250,000.

PROCUREMENT CHALLENGES

Navigating the procurement landscape and complex business environment of today poses a number of challenges. These challenges are exacerbated by the fact that we are a sea-locked small island state with limited shipment connectivity, high dependence on imports and vulnerability to climate change impacts.



OCCUPATIONAL DEVELOPMENT UNIT

The Occupational Development (OD) Section provides support to the human resource function, specifically in the areas of industrial relations, training & development and staff welfare.

As part of staff welfare initiatives, the OD team attended 30 operational meetings on Mahé, Praslin and La Digue in 2023 and conducted two site visits. Disciplinary matters are routed to the OD section whilst more serious cases are escalated to the Disciplinary Committee. During the year, the OD team dealt with 301 disciplinary cases and represented PUC in six employment tribunal cases. The Disciplinary Committee handled nine cases. Absenteeism, time-keeping and attendance were observed to be the most common disciplinary issues.

The OD team coordinated a variety of training courses for 155 employees through different modalities including face-to-face, local and overseas, as well as online. Courses range from technical to professional to soft skills. They also facilitated the placement of 50 students in various sections throughout the year. In 2023, the amount spent on training-related expenses was SCR 3.64 million compared to SCR 2.17 million in 2022.

CORPORATE SOCIAL RESPONSIBILITY

As a public enterprise and major provider of essential utility services, we believe that we have a responsibility to our customers, our community and the world in which we operate and that effective management of environmental, social and governance (ESG) issues will help drive long-term growth.

ENVIRONMENTAL STEWARDSHIP

Our Environmental Policy covers the economic, social and environmental risks and opportunities. We are committed to minimize operational environmental impacts of pollution and waste discharges in all forms through adoption of best practices, asset investment, risk management and the implementation of an effective preventive maintenance programme. We continually monitor key performance indicators to drive continual improvement of our environmental performance and mitigate environmental risks whilst complying with Seychelles environmental legislation and relevant international best practices. We work in partnership and consultation with other governmental and non-governmental bodies on environmental issues and action plans. We also promote employees' participation in improving environmental performance through training, awareness and development throughout all levels of the Corporation.

SOCIAL RESPONSIBILITY

We strive to demonstrate corporate social responsibility through stakeholder engagement and community relations activities. On several occasions in 2023, we provided our services, resources and facilities on a pro bono or cost basis to our government partners, customers and to the community where warranted. We are a key contributor in developments at national level and actively participate in forums involving key stakeholders.

We assess and give due consideration for rebates to domestic customers incurring high bills due to burst in their service pipe, and allow payment by installments to customers struggling financially to pay accumulated bills. Through our Customer Advocate, we actively engage with key members of the community and NGOs in order to channel and resolve utility-related issues efficiently and expeditiously. We also promote resource efficiency awareness and take part in public meetings at district and national levels as part of our community outreach initiatives.

COLLABORATION WITH SEYCHELLES INSTITUTE OF TECHNOLOGY (SIT)

Since 2016, we have developed and strengthened a partnership with SIT via a memorandum of understanding (MOU). We recognize that the MOU is mutually beneficial to both parties in terms of capacity building and achieving a reliable supply of skilled Seychellois workforce in areas related to installation, operational and maintenance of electrical, water and wastewater. We believe that our investment is ultimately for the betterment of the country, whether a student opts to join the PUC team or work for another organisation.

Since renewal of the MOU in 2021, we have assisted SIT with:

- over **30** work attachments;
- **five** work-based experiences and over **20** apprenticeship programmes; and
- recruitment of over **70** SIT graduates.

On 14th September, 2023, we donated ten computers and associated equipment to SIT to better equip the students and staff faculty with their training needs in areas of shared focus.



PUC Donation of Computers to SIT September 2023

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

The Public Utilities Corporation is overseen by a Board of Directors and operates within the purview of the Ministry of Agriculture, Climate Change and Environment (the responsible ministry). The daily operations of the Corporation fall under the direct responsibility of the Chief Executive Officer (CEO), assisted by a Deputy CEO, who reports to the board and to the responsible Minister.

We strive to uphold the principles and practices of good corporate governance to ensure transparency, integrity and accountability; in accordance with the guidelines set out by the Public Enterprise Monitoring Commission (PEMC) and the internal Corporate Governance Policy.

The board accepts responsibility for the preparation and fair presentation of the financial statements of the Corporation, in accordance with the International Financial Reporting Standards (IFRS) and in compliance with the Public Utilities Corporation Act, 1986 and PEMC.

In April 2023, Ms. Taryn Auguste was appointed on the board to fill the position vacated by Dr. Selwyn Gendron in 2022. The board composition was thus reinstated to its maximum of seven members.



Board of Directors 2023

All Board members are professionally qualified, possess diverse sets of skills, and have relevant experience in the industry and/or memberships on other boards, as depicted in the skills matrix here-below.

NAME	FUNCTION / ROLE	AREAS OF EXPERTISE
Leonard ALVIS	Chairman	30 years expertise and experience in senior management, specifically in the tourism industry.
Joel VALMONT	CEO / Member <i>(ex-officio)</i>	MSc in Power System Engineering and Economics, BEng in Electrical & Electronics, with extensive management experience in the utilities industry.
Irene CROISE	Member / Representative of Ministry of Finance	Master's degree in Economics, Bachelor's degree in Finance & Accounting.
Nanette LAURE	Member / Representative of Responsible Ministry	Environment assessment, waste enforcement and permits (MSc).
Stephen ROUSSEAU	Member	Civil Engineer, with specialisation in hydrology.
Philippe CHONG SENG	Member	Professional Electrical Engineer, specialising in consultancy.
Taryn AUGUSTE	Member	Legal background, with professional qualifications in risk, compliance, commercial and contractual law.

CORPORATE GOVERNANCE

COMPOSITION OF THE BOARD

The composition of seven board members has historically been determined in accordance with Sections 4(1) and 4(2) of the Public Utilities Corporation (Amendment) Act 2010.

Increasingly, it has been observed that the size, complexity, and unique challenges of PUC have resulted in a notable increase of the board's agenda over the years, as well as the hours dedicated to board meetings and associated tasks. Further to this, in line with best practice, a number of board sub-committees have been created to address audit, financial, risk, remuneration and other pressing technical matters. Due to the limited number of board members, undue demands have been placed on their time and efforts by sitting on multiple committees. The current set-up was thus not ideal in terms of fully meeting the requirements of the Corporate Governance Policy of PUC and the guidelines set out by PEMC.

In anticipation of the mandate of all seven members maturing on 14th October, 2023, it was deemed an opportune time to increase the number of non-executive members on the board from seven to nine, whilst aligning the governance provisions of the PUC Act with *"Part XI – Board of Directors"* of the Public Enterprises Act, 2023. To that effect, the Public Utilities Corporation (Amendment) Act, 2023 was enacted by the President and the National Assembly on 12th October, 2023.

For the sake of business continuity, the mandate of the existing board was extended until 31st January, 2024 as the nomination of the new board was in the process of being finalized at the end of the year.

MEETINGS OF THE BOARD

During the year, seven board meetings were held and all board members demonstrated strong commitment to the work of the board, with a high level of engagement in meetings. The attendance per board member was 86% on average.

NAME	TENURE ¹	ATTENDANCE IN 2023
Leonard ALVIS	15/11/2021 to 31/01/2024	7 out of 7 meetings
Joel VALMONT	15/11/2021 to 31/01/2024	7 out of 7 meetings
Irene CROISE	15/10/2020 to 31/01/2024	5 out of 7 meetings
Nanette LAURE	6/02/2014 to 31/01/2024	6 out of 7 meetings
Stephen ROUSSEAU	15/08/2017 to 31/01/2024	7 out of 7 meetings
Philippe CHONG SENG	15/08/2017 to 31/01/2024	6 out of 7 meetings
Taryn AUGUSTE	01/04/2023 to 31/01/2024 (replaced Dr. Selwyn Gendron)	4 out of 6 meetings (as from April 2023)

¹ Tenure includes previous continuous terms served.

CORPORATE GOVERNANCE

SUB-COMMITTEES TO THE BOARD

The board is supported in its work by a number of sub-committees. The main objective of each committee is to handle specific tasks or undertake work of a technical nature in order to allow the board to focus on its priorities more efficiently. Recommendations are referred to the board for final review and approval.

Each committee comprises of three members and is chaired by a non-executive director. The chairperson of the board does not chair any of the committees and the CEO is a non-member but attends all committee meetings and is a vital contributor to their work.

The three active committees reporting to the board in 2023 were: Audit & Risk Committee, Finance & Investment Committee and Remuneration Committee.

AUDIT & RISK COMMITTEE	FINANCE & INVESTMENT COMMITTEE	REMUNERATION COMMITTEE
PURPOSE	PURPOSE	PURPOSE
<ul style="list-style-type: none">• Ensure that the Corporation adopts, maintains and applies appropriate accounting and financial reporting processes and procedures.• Facilitate the independence of the external and internal audit process and address issues arising therefrom.• Ensure that the Corporation maintains effective risk management and internal control systems.	<ul style="list-style-type: none">• Oversight role of the Corporation's financial strategy and planning.• Review all major finance and investment activities of the Corporation and provide guidance and recommendations to the Board on these related matters.	<ul style="list-style-type: none">• Advise the board on matters relating to compensation, bonuses, incentives and other remuneration-related matters in respect of the Chief Executive Officer and senior executives of the Corporation.
MEMBERS	MEMBERS	MEMBERS
<ol style="list-style-type: none">1. Irene Croisé (Chair)2. Leonard Alvis3. Stephen Rousseau	<ol style="list-style-type: none">1. Nanette Laure (Chair)2. Irene Croisé3. Philippe Chong Seng	<ol style="list-style-type: none">1. Stephen Rousseau (Chair)2. Leonard Alvis3. Nanette Laure

BOARD PERFORMANCE

During the year, board members completed a self-assessment questionnaire as part of the board's self-evaluation process, as recommended by the Code of Government guidelines of PEMC and the Corporate Governance Policy of PUC. This process of candid self-evaluation provides solid insights in how the board operates, its effectiveness and areas needing improvement, and includes open-ended general questions and comments. The results of the questionnaire were summarized by the Board Secretary and reviewed by the Board, with areas for improvement duly noted.

RISK PROFILE

We recognize that risk management is essential to good governance and sustainable operation of PUC's services, and strive to incorporate the principles of risk management guidelines of ISO 31000:2018 across our entire operations. We have identified the following principal risks and have developed mitigation strategies to alleviate their occurrence and potential impact. We are also cognizant of the fact that new risks may emerge and their severity and probability associated with these will change over time.

Strategic Risks

- Failure to deliver the plans and targets.
- Failure to properly manage PUC's interaction with stakeholders.

Financial Risks

- Price volatility of fuel and materials and exchange rate fluctuations.
- Inability to implement appropriate tariffs.
- Accessibility to capital, or lack thereof, to undertake critical capital projects.

Operational Risks

- Managing limited water storage capacity to cope with unpredictable climate change.
- Failure to achieve productivity gains.
- Failure to provide continuity of service due to high rate of failures associated with aging assets.
- Disruptions in the continuity of service associated with low probability but high impact incidents such as fire and floods.
- Threat to business continuity in the event of IT systems failure, data and communications systems.
- Equipment nearing obsolescence due to rapid advancements in technology.

Compliance and Regulatory Risks

- Failure to comply with relevant laws and legislation, such as Environment Act, Employment Act, and Occupational Health and Safety legislation.
- Changes in legislation and/or regulations with significant implications for the business model.

Environmental and Social Risks

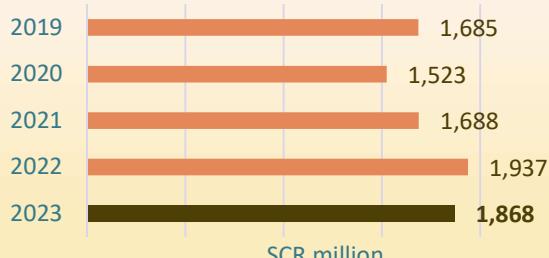
- Environmental damage caused by PUC's assets or activities.
- Loss of expertise and skills upon retirement or departure of key staff.
- Impact on service delivery and productivity due to issues associated with health and safety, absenteeism and degradation in culture and work ethics.

PESTEL

- PUC operates in an environment where political stability, regulatory compliance, and economic conditions are critical factors. Meeting the expectations of customers, addressing workforce challenges, and adapting to technological advancements are also important considerations. Environmental sustainability and compliance with laws and regulations play a vital role in shaping the corporation's strategic objectives and risk management strategies.

FINANCIAL HIGHLIGHTS

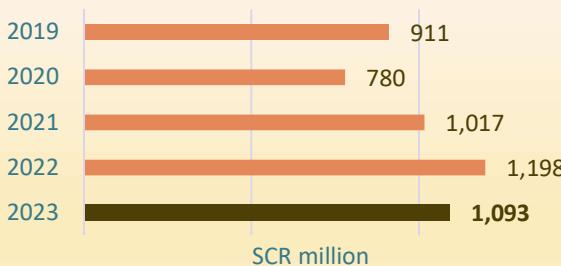
REVENUE



Revenue: Although all three sectors – electricity, water and wastewater – experienced an overall increase in consumption, revenue from operations dropped by 4% to SCR 1.87 billion in 2023, compared to SCR 1.94 billion in 2022. This was mainly attributed to average decrease in electricity tariffs by 32 cents/kWh.

Other income, which comprises mainly of government grant and third-party contributions, decreased by 22% to SCR 83.7 million in 2023.

DIRECT OPERATING EXPENSES



Operating expenses: Direct operating expenses of SCR 1.09 billion constituted 65% of total operating expenses of SCR 1.7 billion in 2023. The cost of generation fuel and lubricants went down by SCR 102 million (9%) from previous year despite 4% increase in volume of fuel purchased; mainly due to decrease in average fuel prices by SCR 1.54/litre.

Staff expenses of SCR 324.8 million and other operating overheads of SCR 269 million represented 19% and 16% of total operating costs respectively.

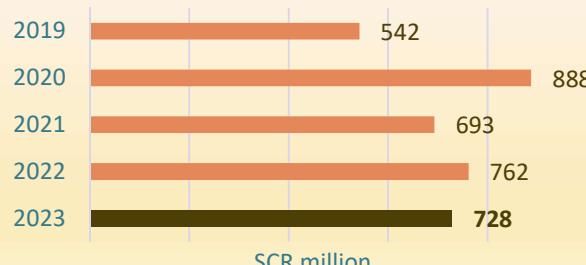
NET PROFIT



Net profit: We reported a profit of SCR 95.8 million in 2023 compared to SCR 202 million in 2022. Key contributing factors for the decline in profit in 2023 compared to 2022 included:

- **SCR 51 million:** Impact of salary increase for all staff with effect from 1st April 2023;
- **SCR 43.7 million:** This was mainly driven by increase in repairs and maintenance costs primarily related to power station engine maintenance; increase in hire of specialized vehicles; increase in software technical support; and increase in bank charges.
- **SCR 54.8 million:** Reversal of exchange gain of SCR 51.6 million in 2022 to exchange loss of SCR 3.2 million in 2023 upon revaluation of foreign loan accounts at the end of 2023.

CASH FLOW POSITION



Cash and bank balances: Our total cash and bank balances held at the end of 2023 were SCR 728 million. Of this amount, SCR 111.6 million were retained for letters of credit and SCR 126.6 million tied up in term deposits, thereby reducing our cash position to SCR 490 million, as reported in the Statement of Cash Flows.

FINANCIAL HIGHLIGHTS

FINANCIAL KEY PERFORMANCE INDICATORS (KPIs)

	2023	2022	2021
<i>Revenue from Operations (SCR)</i>	1,868,381,897	1,937,351,306	1,687,613,847
<i>Net Profit (SCR)</i>	95,818,838	202,065,814	489,557,976
<i>EBIT (SCR)</i>	97,529,671	207,163,410	486,164,970
<i>Total Assets (SCR)</i>	5,834,979,091	5,591,290,481	5,405,414,980
<i>Shareholders' Equity (SCR)</i>	2,956,359,057	2,860,540,219	2,658,474,405
<i>Year-end cash holding (SCR)</i>	728,464,199	761,560,286	692,950,345
<i>Total Debt (SCR)</i>	1,412,736,965	1,286,324,667	1,361,010,397

Target	2023	2022	2021
<i>Current Ratio</i> > 1 time	4.00	3.81	4.31
<i>Quick Ratio</i> > 1.5 times	2.32	2.24	2.37
<i>Debt-to-Equity</i> < 82%	48%	45%	51%
<i>Total Debt to Capital</i> < 45%	32%	31%	34%
<i>Gross Profit</i> >= 22%	42%	38%	40%
<i>Operating Cost Coverage ratio</i> > 1 time	1.06	1.12	1.40
<i>Net Profit</i> >= 5%	5%	10%	29%
<i>Return on Capital Employed</i> >= 1%	2%	4%	10%
<i>Return on Equity</i> >= 4%	3%	7%	18%
<i>Return on Assets</i> >= 3%	2%	4%	9%

AUDITED FINANCIAL STATEMENTS

PUBLIC UTILITIES CORPORATION

MEMBERS' REPORT & AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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Statement of Financial Position	5
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Statement of Cash Flows	7 - 8
Notes to the Financial Statements	9 - 45

The Members are pleased to present their report together with the audited financial statements of the Corporation for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Public Utilities Corporation (the Corporation) is a parastatal organisation formed in the year 1986 subsequent to the merger of two previous parastatals, namely the Seychelles Water Authority and Seychelles Electricity Corporation Limited.

The Corporation is engaged in generation and distribution of electricity; storage, treatment and distribution of potable water; and treatment and disposal of waste water. These activities have remained unchanged as compared to the prior financial years.

RESULTS

	SR
Profit for the year	95,818,838
Retained earnings brought forward	1,420,796,628
Retained earnings carried forward	<u>1,516,615,466</u>

PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment of the Corporation and the movements therein are detailed in note 12 to the Financial Statements.

The capital work in progress of the Corporation and the movements therein are detailed in note 13 to the Financial Statements.

The Members are of the opinion that the carrying value of the fixed assets at 31 December 2023 approximates its fair value.

MEMBERS AND MEMBERS' INTEREST

The Members of the Corporation since the date of the last report and the date of this report are:

Chairman	Mr. Stephen Rousseau (Appointed effective 1 February 2024)
Vice-Chairman	Mr. Dilip Shah (Appointed effective 1 February 2024)
Chief Executive Officer	Mr. Joel Valmont
Non-executive members:	Ms. Irene Croise Mrs. Nanette Laure Ms. Taryn Auguste (Appointed effective 1 April 2023) Mr. Bertrand Belle (Appointed effective 1 February 2024) Ms. Ingrid Tirant (Appointed effective 1 February 2024) Mr. Mike Tirant (Appointed effective 1 February 2024) Mr. Nady Banane (Appointed effective 1 February 2024) Mr. Leonard Alvis (until 31 January 2024) Mr. Stephen Rousseau (until 31 January 2024) Mr. Philippe Chong-Seng (until 31 January 2024)

MEMBERS AND MEMBERS' INTEREST (CONTINUED)

Members hereby confirm that none of them held any interest in the Corporation nor entered into any contracts or arrangements (other than service contracts and normal course of business) or made any profit from the operation of the Corporation.

STATEMENT OF MEMBERS' RESPONSIBILITIES

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

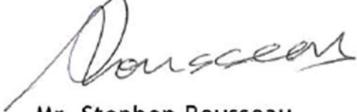
The Members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ('IFRS') and with the requirements of the Public Utilities Corporation Act, 1985 and Public Enterprises Act, 2023. This responsibility includes: 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 Corporation and those that are held in trust and used by the Corporation.

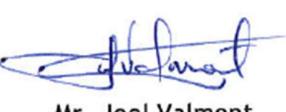
The Members confirm that the financial statements presented for audit are free from material misstatements and that they have met their aforesaid responsibilities.

AUDITORS

The Auditor General of Seychelles is mandated to carry out the audit of the Corporation as per Article 158 of the Constitution and as specified under Section 16(2) of The Public Utilities Corporation Act, 1985 (as amended). The Auditor General has contracted Sey Auditors & Associates to perform the audit function for the year under review and to report their findings to the Auditor General.

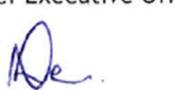
Signed in accordance with the authorisation of the Board


Mr. Stephen Rousseau
Chairperson


Mr. Joel Valmont
Chief Executive Officer


Mr. Dilip Shah
Vice-Chairman


Ms. Irene Croise
Director


Mrs. Nanette Laure
Director


Ms. Taryn Auguste
Director


Mr. Bertrand Belle
Director


Ms. Ingrid Tirant
Director


Mr. Mike Tirant
Director


Mr. Nady Banane
Director

Dated: **27 MAY 2024**
Victoria, Seychelles

**Office of the Auditor General**

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Victoria, Republic of Seychelles
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Please address all correspondence to the Auditor General

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**OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS
OF THE PUBLIC UTILITIES CORPORATION FOR THE YEAR 2023****Opinion**

The accompanying financial statements set out on pages 4 to 45, which comprise of the statement of financial position as at 31st December 2023, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, have been audited on my behalf by SeyAuditors & Associates, appointed under section 19 of the Auditor General Act, 2010. As per the agreement with the auditors, they have reported to me the results of their audit and on the basis of their report, I am satisfied that all information and explanations which, to the best of my knowledge and belief, where necessary for the purpose of the audit have been obtained.

Accordingly, in my opinion,

- (a) proper accounting records have been kept by the Corporation as far as it appears from examination of those records; and
- (b) the financial statements on pages 4 to 45 give a true and fair view of the financial position of the Corporation as at 31st, 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 provisions of the Public Utilities Corporation Act, 1985, as amended.

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 financial statements*' section of my report.

I am independent of the Corporation 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 believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

3(a)

Responsibilities of the Management and those charged with Governance

The Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Public Utilities Corporation Act, 1985, and Public Enterprises Act, and for such internal control as the members determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the Corporation'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 Government either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Auditor General's responsibilities 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 Public Utilities Corporation Act, 1985. 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 scepticism 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 resulting from error, as fraud may involve collusion, forgery, intentional omission or misrepresentation, or the override of internal control;
- obtains an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- concludes on the appropriateness of the Board of Directors' use of going concern basis of accounting and, based on the audit evidence obtained, concludes whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern.

3(b)

- If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify the opinion. My conclusions are based on audit evidence obtained to the date of my auditor's report. However, future unforeseeable events or conditions may cause the Corporation to cease to continue as a going concern;
- evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Corporation to express an opinion on the financial statements. The auditor is responsible for the direction, supervision and performance of the audit. I remain responsible for the audit opinion; and
- communicates with directors among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

Report on Other Legal and Regulatory Requirement

In satisfying the Public Utilities Corporation Act, 1985 and the Public Enterprises Act, 2013, the Auditor informed that he has no relationship with, or interests in, the Corporation other than in his capacity as auditor and dealing in the ordinary course of business and that he has obtained all information and explanations required and maintains that proper accounting records have been kept by the Corporation as far as it appears from his examination of those records.



Gamin Herath
Auditor General

29 May 2024
Victoria, Seychelles

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

| 4

Figures in SR

Description	Notes	2023	2022
Revenue			
Revenue from operations	5	1,868,381,897	1,937,351,306
Other income	6	83,666,953	106,971,110
		1,952,048,850	2,044,322,416
Expenditure			
Direct operating expenses	7	1,092,635,376	1,197,952,834
Staff costs	8	324,382,761	273,255,918
Other operating overheads	9	269,616,758	225,481,663
Exchange differences	10	3,205,169	(51,611,622)
Depreciation of property, plant and equipment	12	161,814,380	186,748,743
Amortisation of intangible assets	14	2,267,759	2,372,566
Amortisation of right-of-use assets	15(b)	-	341,211
Provision for credit impairment	17(f)	596,976	2,617,693
Total Expenditure		1,854,519,179	1,837,159,006
Profit before financing activities		97,529,671	207,163,410
Finance income	11(a)	12,868,089	11,568,067
Finance expense	11(b)	(14,578,922)	(16,665,663)
Profit and Total comprehensive income for the year		95,818,838	202,065,814

The notes on pages 9 to 45 form an integral part of these financial statements
Auditor General's Opinion on pages 3 to 3(b)

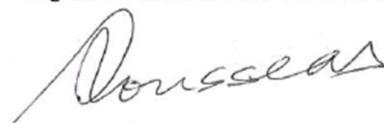
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

| 5(a)

Figures in SR

Assets	Notes	2023	2022
Non-current assets			
Property, plant and equipment	12	3,222,251,207	2,239,101,357
Capital work in progress	13	730,022,085	1,595,353,737
Intangible assets	14	168,630	2,436,389
Trade and other receivables	17	202,081	1,106,560
		3,952,644,003	3,837,998,043
Current assets			
Inventories	16	790,253,083	722,609,283
Trade and other receivables	17	363,617,806	269,122,869
Cash and bank balances	18	728,464,199	761,560,286
		1,882,335,088	1,753,292,438
Total assets		5,834,979,091	5,591,290,481
Equity and liabilities			
Equity			
Assigned capital	19	1,439,743,591	1,439,743,591
Retained earnings		1,516,615,466	1,420,796,628
Total equity		2,956,359,057	2,860,540,219
Non-current liabilities			
Borrowings	20	1,293,819,856	1,175,814,225
Trade and other payables	21	58,865,879	48,437,008
Employee benefit obligations	22	106,130,129	91,654,281
Deferred grants	23	949,745,009	954,300,243
		2,408,560,873	2,270,205,757
Current liabilities			
Borrowings	20	118,917,109	110,510,442
Trade and other payables	21	250,333,708	243,056,183
Employee benefit obligations	22	24,323,924	23,355,625
Deferred grants	23	76,484,420	83,622,255
		470,059,161	460,544,505
Total liabilities		2,878,620,034	2,730,750,262
Total equity and liabilities		5,834,979,091	5,591,290,481

Signed in accordance with the authorisation of the Board on 27 MAY 2024 2024.



Mr. Stephen Rousseau
Chairperson



Mr. Joel Valmont
Chief Executive Officer

The notes on pages 9 to 45 form an integral part of these financial statements
Auditor General's Opinion on pages 3 to 3(b)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued) | 5(b)



Mr. Dilip Shah
Vice-Chairman



Ms. Irene Croise
Director



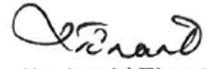
Mrs. Nanette Laure
Director



Ms. Taryn Auguste
Director



Mr. Bertrand Belle
Director



Ms. Ingrid Tirant
Director



Mr. Mike Tirant
Director



Mr. Nady Banane
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

| 6

Figures in SR

Description	Assigned capital	Retained earnings	Total
At 1 January 2023	1,439,743,591	1,420,796,628	2,860,540,219
Total Comprehensive Income for the year	-	95,818,838	95,818,838
At 31 December 2023	1,439,743,591	1,516,615,466	2,956,359,057
At 1 January 2022	1,439,743,591	1,218,730,814	2,658,474,405
Total Comprehensive Income for the year	-	202,065,814	202,065,814
At 31 December 2022	1,439,743,591	1,420,796,628	2,860,540,219

The notes on pages 9 to 45 form an integral part of these financial statements
Auditor General's Opinion on pages 3 to 3(b)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

| 7

Description	Notes	2023		2022	
		SR	SR	SR	SR
OPERATING ACTIVITIES					
Profit for the year		95,818,838		202,065,814	
Adjustments for:					
Amortisation of deferred grants	6 & 23	(83,641,953)		(106,867,010)	
Fixed assets written off	9	36,275		33,611	
Profit on disposal	6	(25,000)		(104,100)	
Finance income received	11(a)	(12,868,089)		(11,568,067)	
Finance expense	11(b)	14,578,922		16,665,663	
Strategic parts expensed	12	13,600,695		15,738,690	
Depreciation of property, plant and equipment	12	161,814,380		186,748,743	
Amortisation of intangible assets	14	2,267,759		2,372,566	
Amortisation of right-of-use assets	15(b)	-		341,211	
Provision for obsolete inventories	16(a)	-		299,383	
Provision of credit impairment	17(f)	596,976		2,617,693	
Foreign currency differences on borrowings	20(b)	25,679,512		(80,586,940)	
Employee benefit obligations charge	22(b)	25,369,854		16,609,564	
Exchange (gain)/loss on cash and cash equivalents	10	(22,772,697)		29,439,128	
Operating profit before working capital changes		220,455,472		273,805,949	
Movement in working capital:					
Decrease in trade and other receivables	17	(94,187,434)		(27,134,730)	
Movement in inventories	16	(67,643,800)		43,085,098	
Movement in bank balances retained for letters of credit	18	(106,565,652)		9,163,184	
Movement in trade and other payables	21	17,706,396		59,837,460	
Cash generated from operations		(30,235,018)		358,756,961	
Interest receivable on overdue trade receivables	11(a)	9,857,119		10,787,863	
Employee benefit paid	22(b)	(9,925,707)		(18,761,407)	
Net cash (outflow)/inflow from operating activities		(30,303,606)		350,783,417	
INVESTING ACTIVITIES					
Additions to property, plant and equipment	12	(13,053,595)		(33,364,039)	
Proceeds on disposal		25,000		104,100	
Additions to capital work in progress	13	(280,215,952)		(308,003,786)	
Movement in term deposits	18	(83,387,214)		(10,549,031)	
Interest on term deposits	11(c)	1,468,294		643,482	
Interest on loan to employees	11(a)	16,180		8,992	
Net cash outflow from investing activities		(375,147,287)		(351,160,282)	

The notes on pages 9 to 45 form an integral part of these financial statements

Auditor General's Opinion on pages 3 to 3(b)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

(continued)

| 8

Figures in SR

Description	Notes	2023	2022
FINANCING ACTIVITIES			
Proceeds from borrowings	20	202,533,266	83,995,459
Repayment of borrowings	20	(101,800,480)	(78,094,249)
Government and other grants received	23	71,948,884	108,167,651
Principal paid on lease liabilities	15(c)	-	(490,841)
Interest paid	11(b)	(14,578,922)	(16,665,663)
Net cash inflow from financing activities		158,102,748	96,912,357
NET CHANGE IN CASH AND CASH EQUIVALENTS		(247,348,146)	96,535,492
MOVEMENT IN CASH AND CASH EQUIVALENTS:			
At 1 January		714,837,320	647,740,956
(Decrease)/Increase during the year		(247,348,146)	96,535,492
Exchange gain/(loss) cash and cash equivalents	10	22,772,697	(29,439,128)
At 31 December	18	490,261,871	714,837,320

The notes on pages 9 to 45 form an integral part of these financial statements
 Auditor General's Opinion on pages 3 to 3(b)

1. GENERAL INFORMATION

The Public Utilities Corporation is a Parastatal organisation formed in the year 1986 under the Public Utilities Corporation Act, 1985 (as amended), subsequent to the merger of two previous parastatals, namely the Seychelles Water Authority and Seychelles Electricity Corporation Limited. The Corporation is domiciled in the Republic of Seychelles with its administrative office situated at the Electricity House, Roche Caiman, Mahe.

The Corporation is engaged in generation and distribution of electricity; storage, treatment and distribution of potable water; treatment and disposal of waste water. These activities have remained unchanged as compared to the prior financial years.

These financial statements of the Corporation are approved by the Members and presented to the Minister of Agriculture, Climate Change and Environment.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all years presented, unless otherwise stated. Where necessary, comparative figures have been amended to conform with the change in presentation in the current year.

2.1 Basis of preparation

The financial statements of Public Utilities Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and with the requirements of the Public Utilities Corporation Act, 1985 (as amended) and Public Enterprises Act, 2023.

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.

2.2 New standards, interpretations and amendments adopted effective January 1, 2023

The following amendments to various International Financial Reporting Standards (IFRS) are mandatorily effective for reporting periods beginning on or after January 1, 2023:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates - Amendments to IAS 8;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12; and
- International Tax Reform - Pillar Two Model Rules - Amendment to IAS 12.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 (Continued)

IFRS 17 Insurance Contracts

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The amendments had no impact on the Corporation's financial statements.

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

The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

The amendments had no effect on the measurement or presentation of any items in the financial statements of the Corporation but affect the disclosure of accounting policies of the Corporation.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Corporation's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Corporation's financial statements.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 (Continued)

International Tax Reform - Pillar Two Model Rules - Amendment to IAS 12

The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum topup taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments had no impact on the Corporation's financial statements.

2.3 New standards, interpretations and amendments not yet effective

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 Corporation has decided not to early adopt.

(i) The following amendments are effective for the period beginning 1 January 2024:

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).

(ii) The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange

The Corporation is currently assessing the impact of these new accounting standards and amendments and does not expect any other standards issued by the IASB but not yet effective, to have a material impact on its financial statements.

2.4 Use of estimates and judgements

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Corporation's Management to exercise judgement in applying the Corporation's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign Currencies

Functional and presentation currency

Items included in the financial statements are measured using Seychelles Rupee (SR), the currency of the primary economic environment in which the entity operates ("functional currency"). The Financial Statements of the Corporation are presented in Seychelles Rupee, which is its 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 when the fair value was determined.

2.6 Revenue

(i) *Grant income*

When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(ii) *Interest income*

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities.

(iii) *Revenue from contracts with customers*

The Corporation's main revenue activity is the supply of electricity, water and sewerage services, which is recognised when electricity and water is consumed by the user, and when the services are delivered to the customer. Revenue is recognised when a customer obtains control of the goods or services supplied. The amount of revenue recognised is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Revenue (Continued)

(iii) *Revenue from contracts with customers (Continued)*

Revenue from unbilled services is recognised as accrued, based on past experience on the consumption pattern and effective rates thereof, on the reporting date as services are already provided.

<i>Revenue activity</i>	<i>Nature and timing of satisfaction of performance obligation, including significant payment</i>	<i>Revenue recognition</i>
Electricity sales	Performance obligation is settled when electricity is supplied to the customer. Most customers pay for electricity after consumption and transferred and is billed for on a monthly basis. Some customers prepay for electricity.	Revenue is recognised over time as based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties.
Water and Sewerage	Performance obligation is settled when water is supplied to the customer and sewerage services are delivered to the customer. Most customers pay for water and sewerage services after consumption and have 30 days to pay.	Revenue is recognised over time as based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties.
Other	Ad hoc requests for electricity- from the sale of electricity or the connection of customers to the grid.	Revenue is recognised at a point in time when the service is completed.

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Initial cost of property, plant and equipment comprises its purchase price and any attributable costs of bringing the asset to working condition for its intended use. Such cost also include the cost of replacing components of the property, plant and equipment provided the replacement increases the effective useful lives of assets for which the spares are replaced.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (Continued)

Borrowing costs for long-term construction projects are capitalised only if the recognition criteria is met and the borrowing costs can be directly attributable to the purchase or construction of the asset. 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.

Properties in the course of construction for operation purposes are carried at cost less any recognised impairment loss. Cost includes professional fees for qualifying assets and borrowing costs capitalised only if the project is viable and the Corporation would pursue it further. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Corporation derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation.

Costs incurred for major maintenance is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are charged to the Statement of Profit or Loss. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of respective assets only if the recognition criteria for provision is met and the Corporation is able to estimate the cost. However since the cost of decommissioning cannot be reliably estimated, this policy is currently not in use.

Depreciation on property, plant and equipment is provided for on a straight line basis to write off the cost of each asset evenly to its residual value over their estimated useful lives as stated below:

	Years
Land and buildings	50
Dams and reservoirs	20-50
Water and sewerage equipment	30-50
Electricity equipment	14-25
Other plant and machinery	8-14
Other equipment	4-5
Furniture and fittings	8
Motor vehicles	5-7

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (Continued)

Freehold land and construction work in progress are not depreciated.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss.

The assets residual values, useful lives and methods of depreciation are reviewed periodically and adjusted prospectively, if appropriate.

Property, plant and equipment are subject to impairment in line with the Corporation's policy as described in *note 2.10 impairment of non-financial assets*.

2.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Profit or Loss when incurred.

Intangible assets are amortised on a straight-line basis in the Statement of Profit or Loss over their estimated useful lives, from the date that they are available for use. The estimated useful life of software for the current and comparative periods was 5 years. Intangible assets' residual value, useful life and amortisation methods are reviewed and adjusted if appropriate, at the end of each reporting period.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

The intangible assets are subject to impairment in line with the Corporation's policy as described in *note 2.10 impairment of non-financial assets*.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Leases

The Corporation 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 Corporation applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Corporation recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. For any new leases with lease term of >12 months, the Corporation opted to treat the lease term as the notice period for termination provided in the lease agreement as the non-cancellable period.

i) **Right-of-use assets**

The Corporation recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right of use assets are subject to impairment in line with the Corporation's policy as described in *note 2.10 impairment of non-financial assets*.

ii) **Lease liabilities**

At the commencement date of the lease, the Corporation recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Corporation and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

2.10 Impairment of non-financial assets

The Corporation assesses, at each reporting date, whether there is an indication that property, plant and equipment, right of use asset, intangible assets and other non-financial assets may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the assets recoverable amount.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Impairment of non-financial assets (Continued)

An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

2.11 Financial assets

a) *Initial recognition*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are recognised when the Corporation becomes a party to the contractual provisions of the respective instrument.

b) *Classification and Measurement*

With the exception of trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient, the Corporation initially measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient are measured at the transaction price.

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Corporation's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (Continued)

b) *Classification and Measurement (Continued)*

The Corporation's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in Statement of Profit or Loss when the asset is derecognised, modified or impaired. The Corporation's financial assets at amortised cost includes trade and other receivables and cash and bank balances.

c) *Impairment of financial assets*

The Corporation assesses, on a forward looking basis, the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Corporation applies the simplified approach to IFRS 9 to measure the loss allowance which uses lifetime expected losses. The Corporation determines the expected credit losses by using a provision matrix, estimated on historical credit loss experience and based on past due dates of the receivables adjusted appropriate to reflect current conditions and estimates of future economic conditions.

No impairment was recognised for cash and bank balances and other receivables since the Members are of the opinion that the risk of default is negligible.

d) *Derecognition*

Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

2.12 Inventories

Inventories of the Corporation comprise fuel for generators, lubricants, strategic spares for generators and general maintenance spares and consumables.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 (Continued)

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

2.13 Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts if any.

2.14 Assigned capital

Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

2.15 Deferred grant

Grants from Government, International Organisations and third parties are recognised where there is reasonable assurance that the grant will be received and on compliance with all the attached conditions thereof. Grants are classified as current and non-current based on their expected utilisation pattern.

When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, it is recognised as deferred income in the Statement of Financial Position until it is complete for intended use and then recognised in the Statement of Profit or Loss as Grants Income.

2.16 Borrowings and finance costs

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities and non - current depending on the repayment period.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Borrowings and finance costs (Continued)

Borrowing costs are capitalised, net of interest received on cash drawn down yet to be expended when they are directly attributable to the acquisition, contribution or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

2.17 Employee benefit obligation

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as bonuses and non-monetary), 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.

Defined contribution schemes

A defined contribution plan is a pension plan under which the Corporation pays a fixed contribution into a separate entity. The Corporation 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 Corporation 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.

Defined benefit schemes

A defined benefit plan is a post employment benefit other than a defined contribution plan. The Corporation currently operates an unfunded scheme for employees' end of service benefits that follows relevant local regulations and is based on periods of cumulative service and levels of employees' final basic salaries. The liability for staff terminal benefits is determined as the liability that would arise if employment of all staff was to be terminated at reporting date.

2.18 Provisions

Provisions are recognised when the Corporation 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.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Trade and other payables

Trade payable represent liabilities for goods and services provided to the Corporation prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Other payable include deposits from customers and project retention. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

3. 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 Corporation 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 as follows:

3.1 Calculation of expected credit loss allowance (ECL)

The Corporation recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Corporation's historical credit loss experience. For all other financial instruments, the Corporation recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. The expected credit loss model requires the Corporation to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

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

3.2 Impairment of non-financial assets

The Corporation's main non-financial assets are generators that produce electricity, distribution network that supply electricity and water treatment plants that supply treated water to the country. A decline in the value of those plant and equipment could have a significant effect on the amounts recognised in the financial statements. Management assesses the impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could trigger an impairment review include the following:

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

3.2 Impairment of non-financial assets (Continued)

- i) Significant change in the useful life which would be expected from the passage of time or normal use.
- ii) Significant changes in the technology and regulatory environments.
- iii) Evidence that the performance of the plant and equipment could have negative impact on the operating results.

3.3 Government grants

The Corporation receives contributions from the Government of Seychelles and other external entities towards investments in capital projects for improvements of infrastructure and ameliorating services being offered. Significant judgement is required to determine whether these contributions are in the nature of government grants, in which case they are recognized in the Statement of Profit or Loss systematically in accordance with the related liability or expense, or in the form of equity, in which case they are recognized in the Statement of Financial Position as capital contributions.

3.4 Depreciation and estimated useful lives of non-financial assets

Estimated useful lives and residual values of non-financial assets are assigned based on the intended use of respective assets and their economic lives. Subsequently if there are changes in circumstances such as technological advances or prospective utilisation of the assets concerned that could result in the actual useful lives or residual values differing from initial estimates, the estimated useful lives and residual values are readjusted in line with the current circumstances. The Management have reviewed the residual values and useful lives of major items of property, plant and equipment and determined necessary adjustments.

3.5 Employee benefit

Employee benefit obligations (other than defined monthly contributions to pension fund with no further obligations) comprise gratuity; compensation for length of service determined based on length of service; unutilised leave pay; and end of contract bonus on fixed term contracts.

Length of service

The amendments to the Seychelles Employment Act in the year 1999 entitled one day wage for each completed month of service provided the employee has completed five years continuous service. The Corporation accrues this liability on a current basis and carries it to a provision account for payments to be made as and when they occur. The Management have estimated that the amount of the liability provided will not be materially different had it been computed by an external Actuary.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

End of contract payment

Where the Employee satisfactorily completes the term of engagement under the contract, the Employer at the end of the term of engagement, grant to the Employee an end of contract payment ranging from 5% to 15% of the total remuneration earned as specified on the contract. For the purpose of provision, the Members estimated the liability based on the prior years' averages of 14%.

3.6 Capitalisation of projects

The Corporation capitalises development costs for projects in accordance with its accounting policies. Initial capitalisation of costs is based on Management's judgement that technological and economical feasibility is confirmed, usually when a project has reached a defined milestone according to an established project Management model. In determining the amounts to be capitalised, Management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. Capitalisation is based on technical evaluation carried out internally by the Corporation's project team.

3.7 Calculation of unbilled units

The billing cycle of the Corporation is area based and therefore results in different billing dates for customers. Revenue from unbilled services at the reporting date is recognised as accrued, based on the past experience of the consumption pattern and effective rates thereof as services are already provided.

3.8 Limitation of sensitivity analysis

Sensitivity analysis demonstrates the effect of a change in key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. However, these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from the results arrived.

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

The Corporation is exposed through its operations to the following financial risks:

- Currency risk;
- Cash flow and fair value interest rate risk;
- Credit risk; and
- Liquidity risk.

In common with all other businesses, the Corporation is exposed to risks that arise from its use of financial instruments. This note describes the Corporation's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

There have been no substantive changes in the Corporation's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments used by the Corporation, from which financial instrument risk arises, are as follows:

- Trade and other receivables;
- Cash and cash equivalents;
- Borrowings; and
- Trade and other payables.

4.1 General objectives, policies and processes

The activities of the Corporation expose it to different financial risks; market risks (including currency and fair value interest risk), credit and liquidity risk. The Members have the overall responsibility for the establishment, oversee and monitoring of the Corporation's risk management framework and is assisted by Senior Management. Senior Management is responsible for designing, developing and monitoring the Corporation's risk management policies, which are approved by the Members. Senior Management reports regularly to the Members and committees of the Government on its risk management activities.

The Corporation's risk management policies are established to identify and analyse the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporations' activities and its role in the Republic of Seychelles. The Corporation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The following are the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital.

a) *Currency risk*

The Corporation is exposed to currency risk arising from acquisition of supplies and capital projects that are denominated in currencies other than its functional currency. The currencies in which these transactions are primarily denominated are Euro ("EUR"), United States Dollar ("USD"), Singapore Dollar ("SGD"), South African Rand ("ZAR") and Great Britain Pounds ("GBP"). The Corporation aims to aggregate a net position for each currency so that natural hedging can be achieved.

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

4.1 General objectives, policies and processes (Continued)

a) *Currency risk (Continued)*

If the Seychelles Rupee had weakened/strengthened against the below currencies by 5 basis points with all other variables at the end of the year remaining constant, the impact (increase/(decrease)) on the results for the year would have been as depicted below:

	Euro	USD	GBP	OTHERS
	+/-	+/-	+/-	+/-
31 December 2023:				
Cash and bank balances	16,868,236	1,126,627	401,377	-
Trade and other payable	(531,001)	(1,132,634)	(7,752)	(3,664)
Borrowings	(24,333,232)	(32,865,740)	-	-
Net exposure	(7,995,997)	(32,871,747)	393,625	(3,664)
31 December 2022:				
Cash and bank balances	15,137,199	691,823	246,578	-
Trade and other payable	(649,339)	(700,493)	(23,528)	(87,627)
Borrowings	(24,569,021)	(34,178,756)	-	-
Net exposure	(10,081,162)	(34,187,426)	223,050	(87,627)

The currency portfolio of financial assets and liabilities is summarised as follows:

	Financial assets		Financial liabilities	
	2023		2022	
	SR	SR	SR	SR
EURO	337,364,726	302,743,982	497,284,673	504,367,213
USD	22,532,543	13,836,459	679,967,474	697,584,973
GBP	8,027,530	4,931,554	155,036	470,564
Other	-	-	73,272	1,752,545
SR	578,115,108	662,504,617	540,032,392	370,314,668
	946,039,907	984,016,612	1,717,512,846	1,574,489,963

Financial assets exclude prepayments amounting to SR 146.1m (2022: SR 47.8m) (note 17).

Financial liabilities exclude provisions amounting to SR 3.1m included in other payables (2022:3.3m) (note 21).

b) *Cash flow and fair value interest rate risk*

The Corporations' cashflow exposure to interest rate risk arises primarily from long-term borrowings at floating rates for funded developmental projects.

4 FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

4.1 General objectives, policies and processes (Continued)

b) *Cash flow and fair value interest rate risk (Continued)*

Market risks are thoroughly discussed in regular Management meetings. Tariff adjustments are carried out based on impact on fuel prices. Market risks and strategies to combat these risks are also discussed by Members at the meetings.

At period ends, if interest rates are moved by 1% higher/lower with all other variables at the end of the year held constant, results for the year would have been as shown below, mainly as a result of higher/lower interest rate expense on loans.

	2023	2022
	SR	SR
Borrowings	± 145,789	± 166,657

c) *Credit risk*

The Corporation's credit risk arises when a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's receivables from customers, deposits, cash at banks and other receivables.

The Corporation's exposure to credit risk is influenced mainly by characteristics of each customer. However, Management also considers the demographics of the Corporation's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk. Although geographically there is no significant concentration of risk, at the reporting date, majority of the Corporation's trade receivables from customers were domiciled domestically.

The Corporation applied the simplified approach of IFRS 9 to measure loss allowance of lifetime ECL. The Corporation determines the expected credit losses using a provision matrix as already explained earlier. In order to minimise credit risk, the Corporation has adopted a policy of only dealing with credit worthy counterparties. Credit approvals and other monitoring procedures are in place to ensure follow up is done to recover overdue debts.

d) *Liquidity risk*

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation through its regular budgets and forecasts manages liquidity to ensure that it will always have sufficient liquidity to meet its liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

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

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

4.1 General objectives, policies and processes (Continued)

d) *Liquidity risk (Continued)*

	Less than 1 year	Between 1 to 5 years	After 5 years	Total
	SR	SR	SR	SR
At 31 December 2023:				
Gross Borrowings payables	161,806,918	869,721,925	907,979,820	1,939,508,662
	250,333,708	58,865,879	-	309,199,587
	412,140,626	928,587,804	907,979,820	2,248,708,249
At 31 December 2022:				
Gross Borrowings payables	136,017,339	680,156,842	783,188,256	1,599,362,437
	243,056,183	48,437,008	-	291,493,191
	379,073,522	728,593,850	783,188,256	1,890,855,628

4.2 Fair value estimation

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

4.3 Capital risk Management

The Corporation's policy is to maintain a strong capital base designed to provide sufficient liquidity to the business, maintain market confidence and sustain future growth of the business. The Corporation's main objectives when managing capital are:

- to maintain flexibility to pursue strategic infrastructure development opportunities and ensure adequate liquidity to withstand weakening economic conditions; and
- to maintain an appropriate balance between debt financing vis-a-vis capital as measured by gearing ratio.

The Corporation monitors capital on the basis of the debt-to-equity ratios. The ratio is calculated as net debt to total equity. Net debt is calculated as total debt less cash and cash equivalents. Total equity comprises all components of equity (i.e. assigned capital and retained earnings).

During the financial year ended 31 December 2023, the Corporation's strategy, which was unchanged from the financial year ended 31 December 2022, was to maintain the debt-to-total equity ratio at a reasonable level in order to secure access to finance at a reasonable cost. The debt-to-total equity ratio at 31 December 2023 and 31 December 2022 were as follows:

4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

4.3 Capital risk Management (Continued)

	2023	2022
	SR	SR
Total debt (note 20)	1,412,736,965	1,286,324,667
Less: Cash and cash balances (note 18)	(728,464,199)	(761,560,286)
	<u>684,272,766</u>	<u>524,764,381</u>
Total equity (page 5)	<u>2,956,359,057</u>	<u>2,860,540,219</u>
Debt-to-total equity ratio	<u>23.15%</u>	<u>18.34%</u>

5. REVENUE FROM OPERATIONS

	2023	2022
	SR	SR
Supply of electricity	1,570,098,626	1,655,118,396
Supply of water	253,944,666	236,242,050
Waste disposal	33,851,858	32,276,221
Other services	10,486,747	13,714,639
	<u>1,868,381,897</u>	<u>1,937,351,306</u>

(a) *Revenue from related parties:*

Income from service supplied to Government and Government related entities:

	2023	2022
	SR	SR
Supply of electricity	161,273,390	158,286,309
Supply of water	29,741,438	26,240,603
Waste disposal	8,242,429	6,874,742
Other services	44,670	43,220
	<u>199,301,926</u>	<u>191,444,874</u>

(b) The Corporation's own consumption of electricity and water was **SR 139,097,138** (2022: SR 155,053,597) and **SR 5,318,544** (2022: SR 3,758,347) respectively. These amounts have been eliminated from reported revenue.

6. OTHER INCOME

	2023	2022
	SR	SR
Amortisation of deferred grants (notes 6(a) & 23)	83,641,953	106,867,010
Profit on disposal	25,000	104,100
	83,666,953	106,971,110

(a) The release of deferred grant is made up of SR 64,142,973 from Government of Seychelles and SR 19,498,980 from third parties (2022: SR 87,446,127 and SR 19,420,883) respectively.

7. DIRECT OPERATING EXPENSES

	2023	2022
	SR	SR
Generation fuel and lubricants	1,051,340,410	1,152,901,957
Materials and equipment charges	30,308,020	34,081,808
Other consumables	2,881,309	2,547,812
Fuel and oil for vehicles	8,105,637	8,421,257
	1,092,635,376	1,197,952,834

(a) *Purchase from related party - SEYPPEC*

	2023	2022
	SR	SR
Heavy fuel oil	801,988,034	901,805,171
Light fuel oil	217,046,228	235,772,486
	1,019,034,262	1,137,577,657

8. STAFF COSTS

	2023	2022
	SR	SR
Salaries	262,255,693	229,188,700
Members' emoluments (notes 8(a) & 26)	2,837,296	2,606,282
Pension contribution	10,346,150	8,351,902
Employee benefit obligations (note 22(b))	25,369,854	16,609,564
Other employee related costs	23,573,768	16,499,470
	324,382,761	273,255,918

8. STAFF COSTS (CONTINUED)

a) Members' emoluments:

	2023	2022
	SR	SR
<i>Mr. Joel Valmont</i>	2,457,296	2,231,349
<i>Mr. Leonard Alvis</i>	91,200	91,200
<i>Ms. Irene Croise</i>	60,800	60,800
<i>Mrs. Nanette Laure</i>	60,800	60,800
<i>Mr. Stephen Rousseau</i>	60,800	60,800
<i>Mr. Philippe Chong-Seng</i>	60,800	60,800
<i>Ms. Taryn Auguste</i>	45,600	-
<i>Dr. Selwyn Gendron</i>	-	40,533
	2,837,296	2,606,282

- b) The Board Members, Mr. Dilip Shah, Mr. Bertrand Belle, Ms. Ingrid Tirant, Mr. Mike Tirant and Mr. Nady Banane, did not receive any board fees in 2023 since their appointment to the board was from 1st February 2024.
- c) The Corporation provides for end of contract bonus with respect to fixed term employees. The total provision as at the year end for the financial year amounted to **SR 5,994,141** (2022: SR 5,042,035) with respect to all existing fixed term contracted employees. End of contract bonus is payable based on individual performance which is assessed at the end of the contract. For the purpose of provision, the Members estimated the liability based on the prior years' averages of 14%.
- d) Included in other employee related costs are staff rentals amounting to **SR 3,450,387** (2022: SR 2,888,060) (note 15(d)).

	2023	2022
	SR	SR
Repairs and maintenance	169,692,849	136,528,161
Hire	25,018,893	22,586,530
Administration expenses	19,280,538	15,969,175
Tree clearance	11,400,585	16,012,210
Consultancy services	7,814,903	-
Technical services	17,162,702	18,240,312
Bank charges	8,484,133	3,730,568
Other insurance	3,738,942	2,940,483
Feasibility study	-	2,643,596
Licenses and insurance vehicle	2,516,208	2,531,025
Rent (note 15(d))	2,177,929	1,954,856
Professional fees	1,646,045	1,280,722
Audit fee	471,500	471,500
Drought expenses	175,256	259,531
Fixed assets written off (note 12)	36,275	33,611
Provision for obsolete inventory (note 16(a))	-	299,383
	269,616,758	225,481,663

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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10. EXCHANGE DIFFERENCES

	2023	2022
	SR	SR
Borrowings (note 20(b))	25,679,512	(80,586,940)
Cash and cash balances	(22,772,697)	29,439,128
Others	298,354	(463,810)
	<u>3,205,169</u>	<u>(51,611,622)</u>

11. FINANCE INCOME AND EXPENSE

	2023	2022
	SR	SR
(a) <i>Finance income</i>		
Interest receivable on overdue trade receivables	9,857,119	10,787,863
Interest on term deposits	2,994,790	771,212
Interest on loan to employees	16,180	8,992
Total finance income	12,868,089	11,568,067
(b) <i>Finance expense</i>		
Interest expense on borrowings	14,578,922	16,657,679
Interest expense on lease liabilities (note 15(c))	-	7,984
Total finance expense	14,578,922	16,665,663
Net finance cost recognised in the Statement of Profit or Loss	(1,710,833)	(5,097,596)

(c) An amount of **SR 1,526,496** was accrued for interest on term deposit as at December 31, 2023 (2022: SR 127,730) . For Cashflow only SR 1,468,294 (2022: SR 643,482) has been considered.

(d) Borrowing costs capitalised and included in work-in-progress on note 13 amounted to **SR 11,429,569** (2022: SR 15,102,211). The borrowing costs charged were the actual costs incurred up to the point when the project was substantially completed. The rates used to determine the amount of borrowing costs ranged from **0.6% to 3.5%** per annum (2022: 0.6% to 3.5%).

12. PROPERTY, PLANT AND EQUIPMENT (PPE)

COST	Land & buildings	Dams & reservoirs	Water & sewerage equipment	Electricity equipment	Other plant & machinery	Other equipment	Furniture & fittings	Motor vehicles	Strategic parts	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
At 1 January 2022	309,482,437	173,374,329	1,192,813,646	1,102,078,719	1,056,043,360	29,494,698	312,641	82,719,817	64,872,529	4,011,192,176
Additions	-	-	-	-	-	1,492,051	-	1,496,229	30,375,759	33,364,039
Transfer from WIP (note 13)	4,592,114	-	251,128,478	172,777,718	75,809,564	-	-	-	-	504,307,874
Write off adjustment	-	-	-	-	-	(563,188)	-	-	-	(563,188)
Strategic parts expensed	-	-	-	-	-	-	-	-	(15,738,690)	(15,738,690)
Disposal	-	-	-	-	-	-	-	2,188,086	-	(2,188,086)
At 31 December 2022	314,074,551	173,374,329	1,443,942,124	1,274,856,437	1,131,852,924	30,423,561	312,641	82,027,960	79,509,598	4,530,374,125
Additions	-	-	-	-	-	2,928,703	41,680	1,965,440	8,117,772	13,053,595
Transfer from WIP (note 13)	67,377,052	438,227,456	5,970,583	-	632,887,530	1,084,983	-	-	-	1,145,547,604
Write off adjustment	-	-	-	-	-	(188,067)	-	-	-	(188,067)
Strategic parts expensed	-	-	-	-	-	-	-	-	(13,600,695)	(13,600,695)
At 31 December 2023	381,451,603	611,601,785	1,449,912,707	1,274,856,437	1,764,740,454	34,249,180	354,321	83,993,400	74,026,676	5,675,186,563
	381,451,604	611,601,785	1,449,912,707	1,274,856,437	1,764,740,454	34,249,179	354,321	83,993,400		
ACCUMULATED DEPRECIATION										
At 1 January 2022	120,813,333	50,835,556	623,492,548	617,264,498	613,886,665	19,511,816	207,874	61,229,398	-	2,107,241,688
Charge for the year	7,023,618	4,429,075	47,413,903	48,267,360	66,622,118	4,259,784	31,129	8,701,756	-	186,748,743
Write off adjustment	-	-	-	-	-	(529,577)	-	-	-	(529,577)
Disposal adjustment	-	-	-	-	-	-	-	(2,188,086)	-	(2,188,086)
At 31 December 2022	127,836,951	55,264,631	670,906,451	665,531,858	680,508,783	23,242,023	239,003	67,743,068	-	2,291,272,768
Charge for the year	7,078,322	4,452,637	52,378,661	43,774,677	44,508,026	3,704,961	33,054	5,884,042	-	161,814,380
Write off adjustment	-	-	-	-	-	(151,792)	-	-	-	(151,792)
At 31 December 2023	134,915,273	59,717,268	723,285,112	709,306,535	725,016,809	26,795,192	272,057	73,627,110	-	2,452,935,356
	134,915,273	59,717,268	723,285,112	709,306,535	725,016,809	26,795,192	272,057	73,627,110		
NET BOOK VALUE										
At 31 December 2023	246,536,330	551,884,517	726,627,595	565,549,902	1,039,723,645	7,453,988	82,264	10,366,290	74,026,676	3,222,251,207
At 31 December 2022	186,237,600	118,109,698	773,035,673	609,324,579	451,344,141	7,181,538	73,638	14,284,892	79,509,598	2,239,101,357

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) *Government owned land parcels*

Certain land parcels acquired by the Corporation are not registered in the name of the Corporation. These were land parcels acquired from the Government of Seychelles which were allocated to the Corporation but not legally transferred to the Corporation. This is in line with the policy of the Government to allocate land parcels to the Corporation based on its requirements. The Government of Seychelles is the Ultimate Beneficiary and Owner of the Corporation.

13. CAPITAL WORK IN PROGRESS (WIP)

	2023	2022
	SR	SR
At 1 January	1,595,353,737	1,791,657,825
Expenditure during the period	280,215,952	308,003,786
Transfer to PPE during the year (note 12)	(1,145,547,604)	(504,307,874)
Buildings (note 12)	(67,377,052)	(4,592,114)
Dams and reservoirs (note 12)	(438,227,456)	-
Water and sewerage equipment (note 12)	(5,970,583)	(251,128,478)
Electricity equipment (note 12)	-	(172,777,718)
Other equipment (note 12)	(1,084,983)	-
Other plant and machinery (note 12)	(632,887,530)	(75,809,564)
At 31 December	730,022,085	1,595,353,737

13.1 Included in capital work in progress above are specific projects funded jointly by European Investment Bank ('EIB') and Agence Francaise De Developpement ('AFD'); and certain projects funded by African Development Bank ('AFDB'), Arab Bank for Economic Development of Africa ('BADEA'), The Saudi Fund for Development ('SAFD'), Seychelles International Mercantile Banking Corporation Limited (Nouvobanq) and The Abu Dhabi Fund for Development ('ADFD') which are detailed per note 13.4. Drawdowns from the approved loan facilities from EIB and AFD are held by the Government of Seychelles in separate accounts with the Central Bank of Seychelles to ensure specific disbursements as per the terms of the loan agreements. Movements in the Central Bank of Seychelles account are also analysed per note 13.5.

13.2 Capital work in progress are carried at cost and reclassification of completed projects is done out as and when they are completed based on the technical evaluation carried out by the projects division of the Corporation.

13. CAPITAL WORK IN PROGRESS (CONTINUED)

13.3 Details of Capital Projects funded by loan facilities:

	2023	2022
	SR	SR
Non revenue water program	-	9,647
Improvements to Mahe-La Digue wastewater system	38,861,666	18,415,208
Raising of the La Gogue Dam	7,402,415	44,135,639
33kv cable from Turtle Bay to Anse Boileau	14,018,345	34,836,694
Upgrade of Sewerage Treatment Plant	18,911,851	-
Generation Capacity Expansion - Mahe Phase 3	179,066,176	-
5MW Solar Park	2,046,330	5,022,258
	260,306,783	102,419,446

13.4 Source of funding for the above projects:

	2023	2022
	SR	SR
European Investment Bank (EIB)	50,613,071	-
Agence Francaise De Developpement ('AFD")	7,160,446	18,424,855
African Development Bank ('AFDB')	7,402,415	44,135,639
Arab Bank for Economic Development in Africa ('BADEA')	5,810,058	13,379,434
The Saudi Fund For Development ('SAFD')	8,208,287	21,457,260
Seychelles International Mercantile Banking Corporation Ltd	179,066,176	-
Adu Dhabi Fund for Development (ADFD)	2,046,330	5,022,258
	260,306,783	102,419,446

13.5 Movements in balances held with Central Bank of Seychelles:

	2023	2022
	SR	SR
At 1 January	294,898,505	345,195,899
Utilised during the year	(57,773,516)	(18,424,855)
Exchange rate fluctuation	6,532,906	(31,872,539)
At 31 December	243,657,895	294,898,505

Balances held with Central Bank of Seychelles denominated in Euro:

European Investment Bank ('EIB')	15,375,005	19,054,054
Agence Francaise De Developpement ('AFD")	157	476,036
	15,375,163	19,530,090

14. INTANGIBLE ASSETS

Computer software

	2023	2022
COST	SR	SR
At 1 January and At 31 December	<u>41,874,605</u>	<u>41,874,605</u>
ACCUMULATED AMORTISATION CHARGE		
At 1 January,	39,438,216	37,065,650
Amortisation for the year	<u>2,267,759</u>	<u>2,372,566</u>
At 31 December,	<u>41,705,975</u>	<u>39,438,216</u>
NET BOOK VALUE		
At 31 December,	<u>168,630</u>	<u>2,436,389</u>

15. LEASES

a) Lease contracts

The Corporation has lease contracts for its staff accommodations and offices. The lease terms ranges between 1 to 4 years. The Corporation's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Corporation is restricted from assigning and subleasing the leased assets. There are no lease contracts that include extension and termination options and variable lease payments.

The Corporation also has certain leases with terms of 12 months or less. The Corporation applied the 'short-term lease' recognition exemptions under IFRS 16 for these leases. Effective 1 January 2022, the Corporation opted to treat the lease term as the notice period for termination provided in the lease agreement as the non-cancellable period.

b) Right-of-use assets

	2022		
	Accomodations	Offices	Total
	SR	SR	SR
At 1 January,	192,887	148,324	341,211
Depreciation charge (note 15(d))	<u>(192,887)</u>	<u>(148,324)</u>	<u>(341,211)</u>
At 31 December,	<u>-</u>	<u>-</u>	<u>-</u>

15. LEASES (CONTINUED)

c) Lease liabilities

	2022
	SR
At 1 January,	490,841
Finance cost (notes 11(b) & 15(e))	7,984
Lease payments	(498,825)
At 31 December,	-

The Corporation had total cash outflows for short-term and long-term leases of **SR 5.6m** (2022: SR 5.3m).

d) The following are the amounts recognised in the Statement of Profit or Loss:

	2023	2022
	SR	SR
Depreciation on right-of-use assets (note 15(b))	-	341,211
Interest expense on lease liabilities (note 15(c))	-	7,984
Expense relating to short-term leases included in:		
- Other employee related costs (note 8(d))	3,450,387	2,888,060
- Rental cost (note 9)	2,177,929	1,954,856
Total amount recognised in the Statement of Profit or	5,628,316	5,192,111

16. INVENTORIES

	2023	2022
	SR	SR
Electricity generation fuel and lubricants	46,249,832	43,601,833
Spare parts and non saleable items	750,621,623	685,625,822
	796,871,455	729,227,655
Provision for obsolete inventory (note 16(a))	(6,618,372)	(6,618,372)
	790,253,083	722,609,283

(a) Provision for obsolete inventory is as follows:

	2023	2022
	SR	SR
At 1 January	6,618,372	6,318,989
Charge during the year (note 9)	-	299,383
At 31 December	6,618,372	6,618,372

17. TRADE AND OTHER RECEIVABLES

	2023	2022
	SR	SR
Trade receivables (notes 17(a) to 17(c))	180,759,581	174,661,559
Storage tank loan receivables	1,209,685	1,360,371
Unbilled units (note 17(d))	<u>57,864,326</u>	72,800,931
Gross trade receivables	239,833,592	248,822,861
Less: Specific provision (notes 17(e) and 17(g))	(18,476,160)	(21,854,716)
Less: Expected credit loss (note 17(g))	<u>(4,956,971)</u>	(5,550,450)
Net trade receivables	216,400,461	221,417,695
Loans and advances to staff (note 17(h))	1,328,115	1,034,197
Prepayments	<u>146,091,311</u>	47,777,537
	<u>363,819,887</u>	<u>270,229,429</u>
Analysed as:		
Due beyond one year	202,081	1,106,560
Due within one year	<u>363,617,806</u>	269,122,869
	<u>363,819,887</u>	<u>270,229,429</u>

- a) The carrying amounts of trade and other receivables measured at amortised cost approximate their fair value. These are denominated in Seychelles Rupees.
- b) Certain amounts of trade receivable bear surcharge at 2% per month for late payments.
- c) At 31 December 2023, trade receivables included **SR 18,862,486** (2022: SR 20,509,540) from Government and parastatal organisations.
- d) The Corporation accrues revenue for proportionate unbilled units to complete 12 months billing cycle for each customer (note 3.7).
- e) Specific provision represented 100% provisions made for trade receivables **SR 18.5m** (2022: SR 21.9m) that were over 365 days past due. The legal team of the Corporation is continuously undertaking an exercise on case by case basis to recover sums due from the respective defaulters where possible.
- f) Movement in the provision for credit impairment of trade and other receivables is as follows:

	2023	2022
	SR	SR
At 1 January	27,405,166	24,787,473
ECL charge during the year	596,976	2,617,693
Write off	<u>(4,569,011)</u>	-
At 31 December	23,433,131	27,405,166

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

g) The lifetime expected loss provisions for trade receivables and contract assets are as follows:

	Less than 30 days				61 to 90 days	Over 90 days	Total
	31 to 60 days						
December 31, 2023							
Gross carrying amount		114,274,184	28,535,111	6,375,925	90,648,373		239,833,592
Less: Specific provision (note 17(e))					(18,476,160)		(18,476,160)
Gross carrying amount excluding specific provision		114,274,184	28,535,111	6,375,925	72,172,212		221,357,432
Expected loss rate		0.48%	0.67%	3.34%	5.55%		
Expected credit loss provision		(543,460)	(191,747)	(212,791)	(4,008,973)		(4,956,971)
December 31, 2022							
Gross carrying amount		111,910,369	22,488,568	6,981,861	107,442,063		248,822,861
Less: Specific provision (note 17(e))					(21,854,716)		(21,854,716)
Gross carrying amount excluding specific provision		111,910,369	22,488,568	6,981,861	85,587,347		226,968,145
Expected loss rate		0.68%	0.96%	4.52%	4.97%		
Expected credit loss provision		(760,991)	(215,890)	(315,694)	(4,257,875)		(5,550,450)

h) Although loans and advances to staff are interest bearing, the Members have estimated that no ECL is required since repayments are deducted monthly from salaries and wages and there has been no history of default. They are analysed as follows:

	2023		2022	
	SR	SR	SR	SR
Due within one year			1,126,034	976,859
Due beyond one year			202,081	57,338
			1,328,115	1,034,197

18. CASH AND CASH EQUIVALENTS

	2023	2022
	SR	SR
Balances with banks	346,694,995	413,056,690
Deposit with treasury (note 18(a))	243,657,895	294,898,505
Term deposits with banks (note 18(b))	126,639,500	41,725,790
Undeposited funds (note 18(c))	11,385,809	11,763,595
Cash on hand	86,000	115,705
Cash and bank balances per Statement of Financial Position	728,464,199	761,560,286
Term deposits with banks (note 18(b))	(126,639,500)	(41,725,790)
Bank balance retained for letters of credit (note 18(d))	(111,562,828)	(4,997,176)
Cash and cash equivalents per Statement of Cash Flows	490,261,871	714,837,320

- a) Borrowings from Government of Seychelles through Agence Francaise De Developpement and European Investment Bank are received in the treasury account held with the Central Bank of Seychelles for spending on the Projects of the Corporation. Those deposits are denominated in Euro and are non-interest bearing. Movements in these accounts are provided in *note 13.5*.
- b) Term deposits with banks comprise short term call deposits and other short term deposits with periods of 12 months, depending on the immediate cash requirements of the Corporation and earn interest at varying short term interest rates.
- c) Undeposited funds comprised amounts unbanked at end of period date. Undeposited funds are deposited in the bank on the next working day.
- d) Amounts retained against letters of credit facility provided by; Seychelles International Mercantile Banking Corporation Limited (Nouvobanq) to the Corporation were USD 475,016 and EUR 77,718 (2022: USD 286,200 and AED 213,137), ABSA Bank (Seychelles) Limited EUR 46,730 and The Mauritius Commercial Bank (Seychelles) Ltd USD 37,400 and EUR 1,327,296

19. ASSIGNED CAPITAL

	2023	2022
	SR	SR
<i>Transferred from:</i>		
- Seychelles Electricity Corporation Limited	42,069,280	42,069,280
- Seychelles Water Authority	8,551,125	8,551,125
Loans taken over as capital contribution	841,512,062	841,512,062
Transfer of revaluation reserve (note 19(a))	158,537,000	158,537,000
Transfer of capital contribution reserve (note 19(b))	389,074,124	389,074,124
	1,439,743,591	1,439,743,591

19. ASSIGNED CAPITAL (CONTINUED)

- a) On April 1, 1992, the Government of Seychelles transferred certain dams, reservoirs, water and sewerage treatment works and pipeline networks to the Corporation for which no consideration was paid by the Corporation. The Corporation recorded these assets at value determined by the technical team of the Corporation based on the current cost at the time of recording them in the books of the Corporation with a contra credit to the revaluation reserve account. This was rectified retrospectively in the year 2014 by crediting the Assigned Capital towards contribution other than cash from the owner of the Corporation.
- b) Prior to the year 2010, the Corporation received contributions from the Government of Seychelles for major capital works undertaken by the Corporation. Subsequently certain capital grants were included in this account which were reclassified to Deferred Grants in the year 2010 and the amount received for major capital works was carried in this account with no further subsequent movements. This was rectified retrospectively in the year 2014 by crediting the Assigned Capital towards contribution other than cash from the Owner of the Corporation.

20. BORROWINGS

	2023	2022
	SR	SR
Borrowings for infrastructure development are as follows:		
European Investment Bank (note 20(i))	374,968,415	372,620,430
Agence Francaise De Developpement (note 20(i))	111,696,230	118,759,999
The African Development Bank (note 20(ii))	222,493,245	232,830,359
The Arab Bank for Economic Development in Africa (note 20(iii))	137,501,483	138,307,366
The Saudi Fund For Development (SFD) (note 20(iv))	185,060,610	194,818,573
Seychelles International Mercantile Banking Corporation (note 20(v))	89,691,341	111,369,125
Abu Dhabi Fund for Development (ADFD) (note 20(vi))	112,259,465	117,618,815
Seychelles International Mercantile Banking Corporation (note 20(vii))	<u>179,066,176</u>	-
	<u>1,412,736,965</u>	<u>1,286,324,667</u>

- a) Analysed as:

	2023	2022
	SR	SR
Due beyond one year		
	1,293,819,856	1,175,814,225
Due within one year	<u>118,917,109</u>	110,510,442
	<u>1,412,736,965</u>	<u>1,286,324,667</u>

20. BORROWINGS (CONTINUED)

b) The movement in borrowings is as follows:

	2023	2022
	SR	SR
At 1 January	1,286,324,667	1,361,010,397
Received during the year	202,533,266	83,995,459
Repayment during the year	(101,800,480)	(78,094,249)
Foreign currency differences (note 10)	25,679,512	(80,586,940)
At 31 December	1,412,736,965	1,286,324,667

- i) The Corporation entered into two indemnity agreements relating to certainty of payment obligations under the European Investment Bank (EIB) and Agence Francaise De Developpement (AFD) with the Republic of Seychelles relating to the upgrade of Seychelles Water and Sewerage infrastructure. The total approved borrowing is Euro 36,737,000 of which Euro 26,737,000 is financed by EIB and the balance Euro 10,000,000 by AFD. These loans bear interest at 6 months Euribor + margin 1.48% per annum (2022: Euribor + margin 1.48% per annum). Principal repayments commenced in 2018.
- ii) The Corporation entered into an indemnity agreement relating to certainty of payment obligation under The African Development Bank (AFDB) with the Republic of Seychelles for financing part of the USD component and the entire Seychelles Rupee component of the Mahe Sustainable Water Augmentation Project (La Gogue). The total approved borrowing is USD 20,600,000 with closing date of drawdown as 31 December 2023. The loan bears interest at 6 months Libor + margin 0.60% per annum (2022: Libor + margin 0.60% per annum) and is repayable after a grace period of 5 years. Repayment is to be in 30 equal instalments following the 5 year grace period. Current balance represents drawdown at the reporting date. This Project is also expected to be funded with three grants approximating to Euro 1.5 million.
- iii) The Corporation entered into an indemnity agreement relating to certainty of payment obligation under The Arab Bank for Economic Development in Africa (BADEA) with the Republic of Seychelles for financing the Improvement of Electricity Network in South Mahe Project. The total approved borrowing is USD 11,000,000 with closing date of drawdown as 31 December 2023. The loan bears interest at 2.5% per annum (2022: 2.5% per annum) and is repayable after the grace period of 5 years in 34 semi annual instalments with interest. Current balance represents drawdown at the reporting date.
- iv) The Corporation entered into an indemnity agreement relating to certainty of payment obligation under The Saudi Fund For Development (SFD) with the Republic of Seychelles for financing the second phase of Electrification of South Mahe Island Project. The total approved borrowing is USD 20,000,000 with closing date of drawdown as 30 June 2024. The loan bears interest at 2% per annum (2022: 2% per annum) and is repayable in 30 semi - annual instalments of USD 666,667 after a 5 year grace period. Current balance represents drawdown at the reporting date.

20. BORROWINGS (CONTINUED)

- v) The Corporation entered in to a loan agreement with Seychelles International Mercantile Banking Corporation Limited (Nouvobanq) to borrow SCR 159,351,000 to finance the Desalination Plant Extension Project. This loan is fully pledged against generator set A51 (Serial Number PAAE269991) and generator set A61 (Serial Number PAAE269992) and bears interest at 8.00% per annum (2022: 8.00% per annum) and is repayable from the 13th month of the loan, in monthly installments of SCR 2,483,679. The current balance represents the drawdown in full less the principal repayments at the reporting date.
- vi) The Corporation entered into loan agreement with the Abu Dhabi Fund for Development, guaranteed by the Government of the Republic of Seychelles for financing the Ile de Romainville Solar Power Field Project. The total approved borrowing is AED 31,220,500.00 (USD 8.5m) with the closing date of drawdown as 31 December 2023. The loan bears interest at 2.00% per annum (2022: 2.00% per annum) and is repayable in 15 years following a grace period of 5 years in 30 semi annual instalments with interest. Current balance represents drawdown at the reporting date.
- vii) The Corporation entered in to a loan agreement with Seychelles International Mercantile Banking Corporation Limited (Nouvobanq) to borrow SCR 329,700,000 to finance 2 new 8 MW generator sets for the Mahe Power Station. This loan is fully pledged against the new generators to secure the principal and bears interest at 6.00% per annum (2022: 6.00% per annum) and is repayable from the 19th month of the loan, which will fall due in January 2025, in monthly instalments of SCR 3,652,582.29. The current balance represents the drawdown in full less the principal repayments at the reporting date.

21. TRADE AND OTHER PAYABLES

	2023	2022
	SR	SR
Trade payables	189,647,100	139,861,424
Other payables	60,686,608	103,194,759
Customer deposits (note 21(c))	58,865,879	48,437,008
	<u>309,199,587</u>	<u>291,493,191</u>
Analysed as:		

	2023	2022
	SR	SR
Due beyond one year	58,865,879	48,437,008
Due within one year	250,333,708	243,056,183
	<u>309,199,587</u>	<u>291,493,191</u>

21. TRADE AND OTHER PAYABLES (CONTINUED)

a) Trade and other payables are denominated in the following currencies:

	2023	2022
	SR	SR
SR	275,676,034	262,257,739
USD	22,652,671	14,009,860
EURO	10,620,028	12,986,784
OTHER	95,818	1,768,244
GBP	155,036	470,564
	309,199,587	291,493,191

b) The Corporation did not offer any securities with respect to trade and other payables.

c) Customer deposits comprise the following:

	2023	2022
	SR	SR
Electricity	52,923,408	42,649,058
Water	5,942,471	5,787,950
	58,865,879	48,437,008

22. EMPLOYEE BENEFIT OBLIGATIONS

	2023	2022
	SR	SR
Accrued leave	16,932,990	15,212,936
Gratuity	6,668,184	6,592,500
Length of service compensation	106,852,879	93,204,470
Total employee benefit liabilities (note 22(b))	130,454,053	115,009,906
Due within one year (note 22(a))	(24,323,924)	(23,355,625)
Due beyond one year	106,130,129	91,654,281

a) Analysis of amounts due within one year:

	2023	2022
	SR	SR
Accrued leave	16,932,990	15,212,936
Gratuity	2,320,000	2,565,000
Length of service compensation	5,070,934	5,577,689
	24,323,924	23,355,625

22. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

b) Movement in employee benefit obligations is as follows:

	2023	2022
	SR	SR
At 1 January,	115,009,906	117,161,749
Charge to Statement of Profit or Loss (note 8)	25,369,854	16,609,564
Paid during the year	(9,925,707)	(18,761,407)
At 31 December,	130,454,053	115,009,906

c) The Corporation recognised and provided for employee benefit obligations arising on account of gratuity based on the regulations applicable to parastatal organisations; leave salary and length of service severance compensation based on the provisions of Seychelles Employment Act. With respect to fixed term employees, the Corporation used average grades of past years to compute the estimated end of contract bonus. The Corporation proposes to meet these liabilities as and when they fall due, out of its working capital.

d) Employment benefit obligations have been determined using the method suggested by the Seychelles Employment Act and the Management has estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

23. DEFERRED GRANTS

	2023	2022
	SR	SR
At 1 January	1,037,922,498	1,036,621,857
Received from Government of Seychelles	60,000,000	60,000,712
Received from others	11,948,884	48,166,939
	1,109,871,382	1,144,789,508
Less: Amortisation for the year (note 6)	(83,641,953)	(106,867,010)
At 31 December	1,026,229,429	1,037,922,498

Analysed as:

	2023	2022
	SR	SR
Non-current	949,745,009	954,300,243
Current	76,484,420	83,622,255
	1,026,229,429	1,037,922,498

24. CAPITAL COMMITMENTS

a) Capital Commitments

	2023	2022
	SR	SR
Approved and contracted for	960,281,828	705,948,985
Approved but not yet contracted for	2,380,960,966	1,549,512,679
	3,341,242,794	2,255,461,664

24. CAPITAL COMMITMENTS (CONTINUED)

b) Operating lease commitments - where the Corporation is the lessee

The Corporation leases accommodations and offices under operating lease agreements. The leases have varying terms, escalation clauses and renewable rights.

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

	2023	2022
	SR	SR
Not later than one year	<u>1,024,050</u>	<u>844,250</u>

25. CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2023 (2022: Nil)

26. RELATED PARTY TRANSACTIONS

In the normal course of its operations, the Corporation enters into transactions with related parties. Related parties include Government and key Management personnel, consisting of Members of the Board of Directors. Unless stated, all transactions with related parties take place at arm's length.

The following are material transactions entered into with the Government and other government owned entities:

	2023	2022
	SR	SR
Revenue and services (note 5a))	<u>199,301,926</u>	<u>191,444,874</u>
Purchase of fuel (note 7a))	<u>1,019,034,262</u>	<u>1,137,577,657</u>

Key Management Personnel

Key Management personnel comprises the Chief Executive Officer, Chairman and the Non-Executive Board members. The latters are considered to be part of the key Management personnel as they have the authority and responsibility for planning, directing and controlling the activities of the Corporation.

The aggregate remuneration provided for and paid to key Management personnel (note 8).

	2023	2022
	SR	SR
Members' emoluments (note 8(a))	<u>2,837,296</u>	<u>2,606,282</u>

At 31 December 2023, trade receivables included SR 18,862,486 (2022: SR 20,509,540) from Government and parastatal organisations.

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COMMERCIAL & CUSTOMER

SERVICES DIVISION

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