



# SEYCHELLES

# PUBLIC TRANSPORT CORPORATION

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## ANNUAL REPORT



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# CORPORATE INFORMATION

## 1.1 About Us

The Seychelles Public Transport Corporation (SPTC) was established in December 1977, to cater to the commuting needs of the people. The Corporation was established under Section 3 of the Seychelles Public Transport Corporation Decree. SPTC is fully owned by Seychelles' Government.

At present, SPTC is the only public transportation service provider in Seychelles, and its services operate on the islands of Mahé and Praslin. The bus fare is regulated by the Government.

Over the years the corporation has grown and now offers an expansive range of commercially oriented activities including private mechanical workshop services and advertising opportunities to generate additional incomes.

Up to December 2020, SPTC had a four-member Board of Directors consisting of a Chairman and three other members appointed by the President of the Republic. A new Board of Directors was appointed in December 2020 consisting of the Chairman and four Directors. The Chief Executive Officer is a non-executive member of the Board of Directors

This annual report presents an overview of SPTC undertakings during the year 2020.

## 1.2 Vision

"To operate a modern and sustainable public transport system that furthers the development and aspirations of our country."

## 1.3 Mission

- a.'To be a proud public transport operator that embraces innovation in the industry supported by modern and robust infrastructure.
- b. Enhance customers' travel experience through the provision of a safe, reliable, and effective service.
- c. Capacity building, development, and empowerment of our most valuable asset; our people.
- d. To operate a sustainable business, availing of adequate resources so as to ensure self-sufficiency.
- e. Develop an organizational culture of engagement, professionalism, and commitment.
- f. Engage all partners and stakeholders through meaningful and effective communication.
- g. Socially responsible and environmentally friendly public transport operator.

## 1.4 Strategic Objectives

- a. Infrastructure rehabilitation and modernization of facilities for effective and safe operation.
- b. Unsatisfactory service delivery and customer travel experiences.
- c. Identify and take measures to address issues affecting operations and people performance in SPTC.
- d. Fiscal risk management and performance of the company to create sustainable financial growth and independence.

# CORPORATE GOVERNANCE

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## **2.1 Board of Directors**

The Seychelles Public Transport Corporation (SPTC) is governed by a Board of Directors, entrusted with the overall strategic direction of the Corporation. The Board members are:

Mr. Andy Moncherry - Chairman

Mrs. Cecily Derjacques - Board Secretary

Mr. Allan Kilindo - Director

Mrs. Siana Bistoquet - Director

Mr. Bernard Domingue - Director

Mr. Patrick Vel - Chief Executive Officer

Mr. Alone Edmond and Mrs. Maryline Reginald resigned as board members in December 2020.

# PROFESSIONAL SERVICES PROVIDERS

## **Legal Advisor**

Guy A Ferley  
Attorney-at-Law and Notary  
FERLEY & ASSOCIATES

## **Insurance Broker**

African Risk Transfer Seychelles  
Suite 204, Waterside, Eden Island, Mahe

## **Insurance**

MUA Seychelles  
1st Floor, Oliaji Trade Centre, Francis Rachel Street., Victoria, Mahe

## **Auditors**

BDO Associates  
PO Box 18, Quincy Street, the Creole Spirit, Victoria, Mahé, Seychelles

## **Bankers**

- (1) The Mauritius Commercial Bank (Seychelles) Limited
- (2) Absa Bank (Seychelles) Limited
- (3) Bank of Baroda Limited
- (4) Seychelles Commercial Bank Limited
- (5) Seychelles International Mercantile Banking Corporation Limited

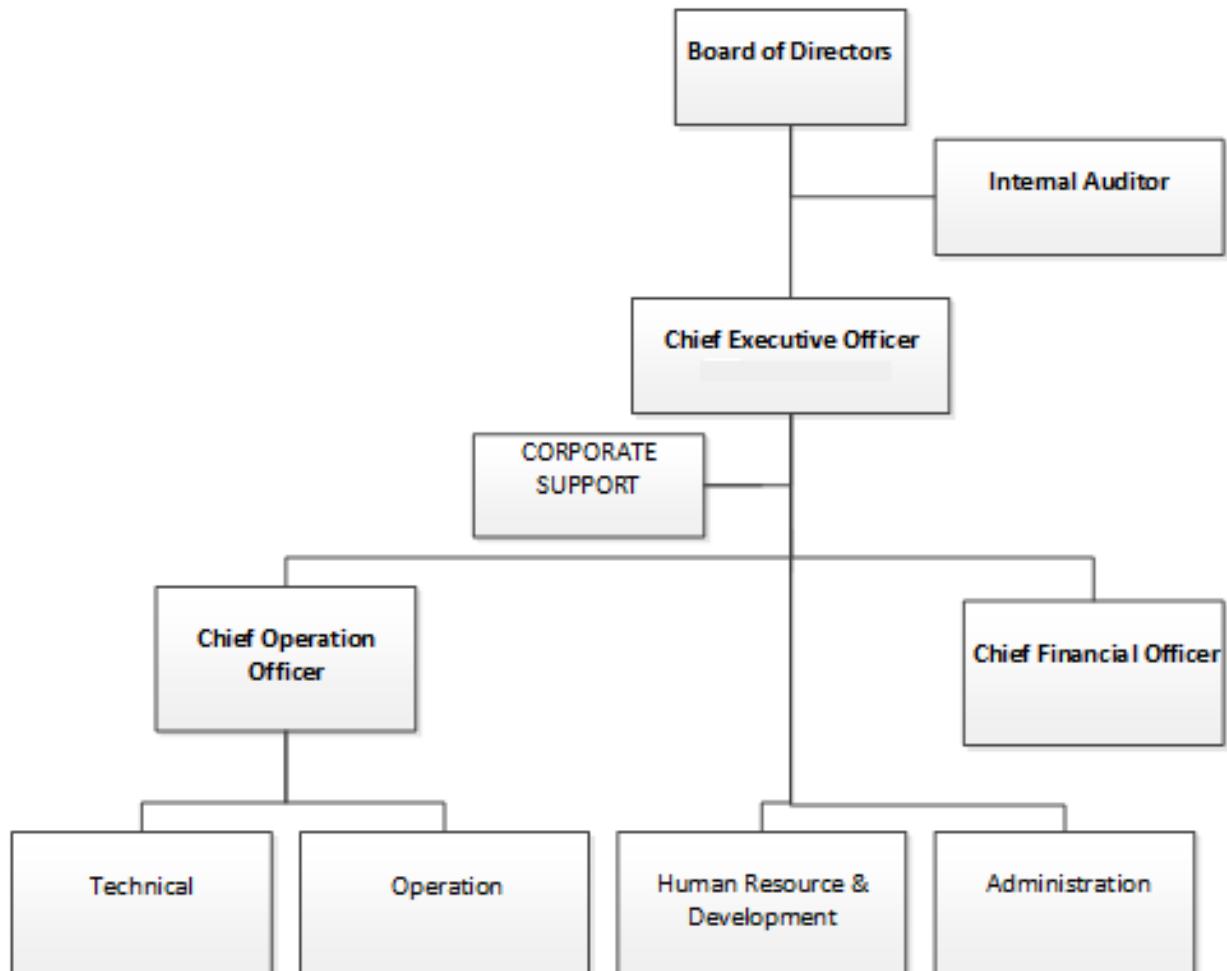
# SPTC

# CORPORATE

### 3.1 Introduction

The Seychelles Public Transport Corporation is headed by a Chief Executive Officer, Mr. Patrick Vel. The CEO of SPTC is supported by the Chief Operations Officer, Chief Financial Officer, and four General Managers responsible for Operations, Administration, Corporate Affairs, Human Resource and Development

### 3.2 Organizational Structure of SPTC



### **3.3.0 Management Committees**

Under the good governance regime, SPTC Management had four committees to assist management in its functions. All five committees have their own Terms and Reference and sets of Standard Operating Procedures. The board of directors supported the management committees with different board sub-committees:

#### **3.3.1 Projects Committee**

Capital Projects are overseen by the Government of Seychelles and the Project Committee was established to have an overview of capital projects and to have oversight on minor projects that falls within the threshold to be financed internally.

#### **3.3.2 Procurement Committee**

The Procurement Committee ensures adherence to all procurement laws set by the Procurement Oversight Unit.

#### **3.3.3 HR Appeals Committee**

This Committee reviews staff appeals of disciplinary measures made by SPTC Management to ensure the fair and just treatment of employees.

#### **3.3.4 Accident Management Committee**

The accident Technical Committee is responsible to undertake any investigation regarding road accidents

#### **3.3.5 COVID-19 Management Committee**

The COVID-19 Committee was set up in March 2021, with the main responsibilities to maintain a working environment that is safe and without risk, safeguarding the employees against the pandemic, and ensuring compliance to the COVID-19 measures as directed by the Ministry of Health.

# YEAR 2020 REVIEW

The year 2020 has been very challenging for the organization. SPTC was not spared the adverse effect of the COVID-19 pandemic.

## 5.1 HIGHLIGHTS OF THE YEAR

### February 2020

Signing of MOU between SPTC and the Seychelles Institute of Technology whereby SPTC agrees to provide Work-Based Experience training and Apprentice attachment to students in relevant domains, and in return, SIT agreed to provide SPTC staff with refresher training and development program to upskill the workshop technicians in the electro-mechanical field.

### March 2020

In the first quarter of the year, 2020 in March amid covid-19 SPTC set up a sanitization program where all terminals and all buses are being sanitized daily. This exercise is being carried out under the guidance of the Ministry of Health.

With the introduction of the movement restrictions, SPTC operated to a minimum in line with the Public Health directives in force at that time. The bus timetable was adjusted to ensure that SPTC provides an effective and efficient service to the public based on resources and passenger load. Passenger traveled reduced considerably which made an adverse impact on the revenue collected on ticket sales.

### November 2020

·Appointment of the new Minister for Transport. Minister Anthony Derjacques was appointed in the office on the 03rd of November 2020.

·Minister Anthony Derjacques made a familiarization visit at SPTC on the 09th of November 2020 which was followed by an introductory meeting with the Executive Management.

### December 2020

Presentation of SPTC Strategic Plan 2020 - 2025 took place on 09th December 2020 at the STC Conference Room in the presence of the Minister, the Board Members, and the Management staff.

Appointment of the new Board of Directors. A new Board of Directors was appointed in December 2020 consisting of the Chairman and four Directors.

# YEAR 2020 REVIEW

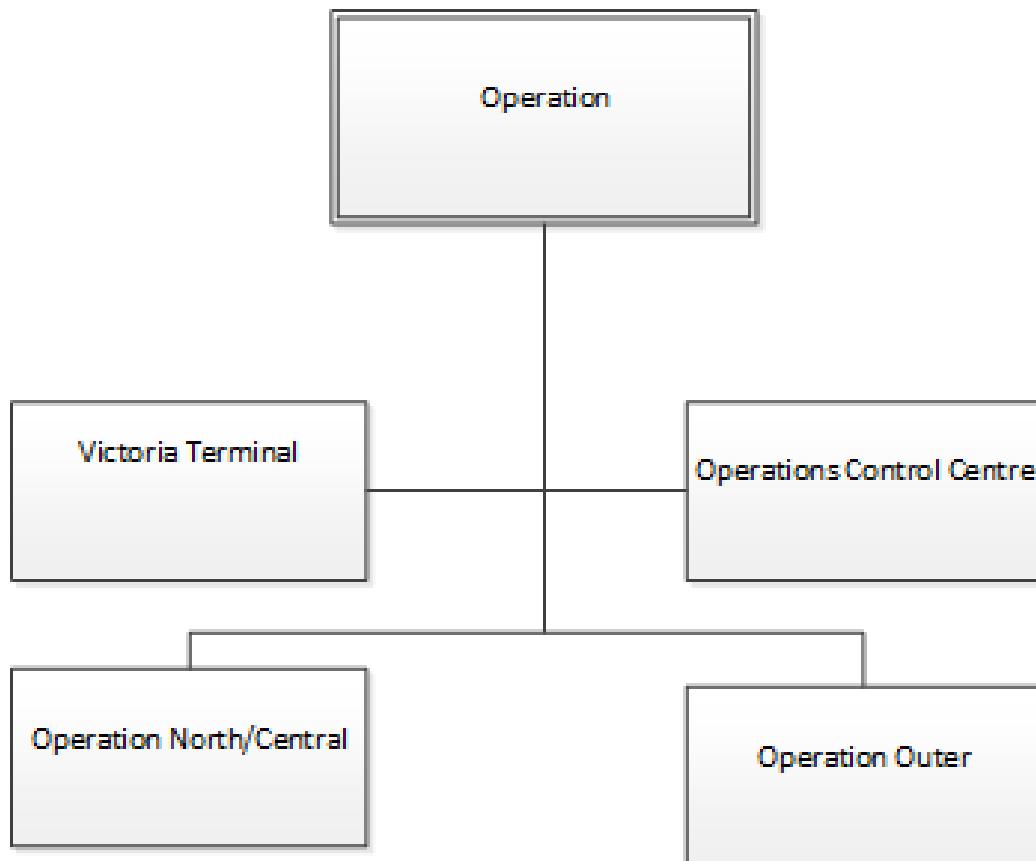
## 5.2 COVID-19 Measures Taken During 2020

Since March 2020 SPTC has been operating within the guidance and support of the Public Health Authority. SPTC had to adjust its operation as per the guidance of the Ministry of Health.

- a. Since the pandemic hit Seychelles SPTC set up an internal committee mandated to ensure that all procedures and protocols are being followed, vigilance, hygiene, and social distancing are being implemented in respect of both the public and the staff.
- b. Set up sanitization program since March 2020 where all terminals and all buses are being sanitized daily. This exercise was intensified since the confirmation of community transmission in the country.
- c. SPTC was one of the first organizations to implement and enforce the use of face masks. Wearing face masks became mandatory on all buses, Terminals, and SPTC premises.
- d. The bus timetable was continuously adjusted to ensure that SPTC provides an effective and efficient service to the public based on resources and passenger load.
- e. Social distancing was implemented onboard all buses and Terminals as per the guidance of the Ministry of Health and since then the 'no standing' passenger rule has been maintained.
- f. In collaboration with the Ministry of Health, the public sensitization campaign has been ongoing since March 2020 and is ongoing to ensure that the public understands and is aware of the different measures that SPTC and the Public Health Authority have put in place in relation to the public transportation service.
- g. Commuters have been urged to use a Travel Card instead of cash, so as to limit the exchange of cash transactions and facilitate contact tracing should there be a need for it.
- h. Additional handwashing facilities have been made available at the Victoria Terminal to facilitate handwashing and promote hygiene.
- i. Screening of staff and visitors alike at all entry points on SPTC premises.
- j. SPTC adopted the 'Work from Home' concept and adjusted the work schedule of its staff to minimize the number of staff in the workplace at once.
- k. Setting up additional hand-wash facilities and sanitization points in key locations in the workplace.
- l. Prepared the Business Continuity Plan.

SPTC did not register any COVID transmission case among its staff internally during the year.

# TRANSPORT OPERATIONS AND LOGISTICS



SPTC operates an integrated public bus network, with over 1600 bus journeys daily, covering over 106 bus routes on Mahe and Praslin, supported by four (4) bus depots located across Mahe and one (1) in Praslin and three Bus Terminals. SPTC has a fleet of 250 buses and 240 bus drivers.

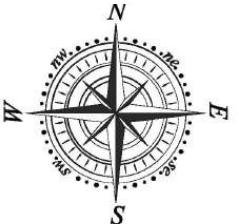
During the year 2020, the unforeseen COVID 19 pandemic was an additional challenge for SPTC Operations, whereby bus services had to be readjusted as per transportation guidelines set by the Ministry of Health.

New transportation guidelines and a decrease in passenger travel due to the restrictions led to capacity loss on buses and subsequently considerable fare revenue drop.

SPTC bus timetable was revised in August 2020 to meet requirements, it was last reviewed in January 2019.

In 2020, SPTC also started to experiment with regional bus service in a bid to gradually move away from the integrated system.

Other challenges included capacity building, driver retention, and resource constraints among others.



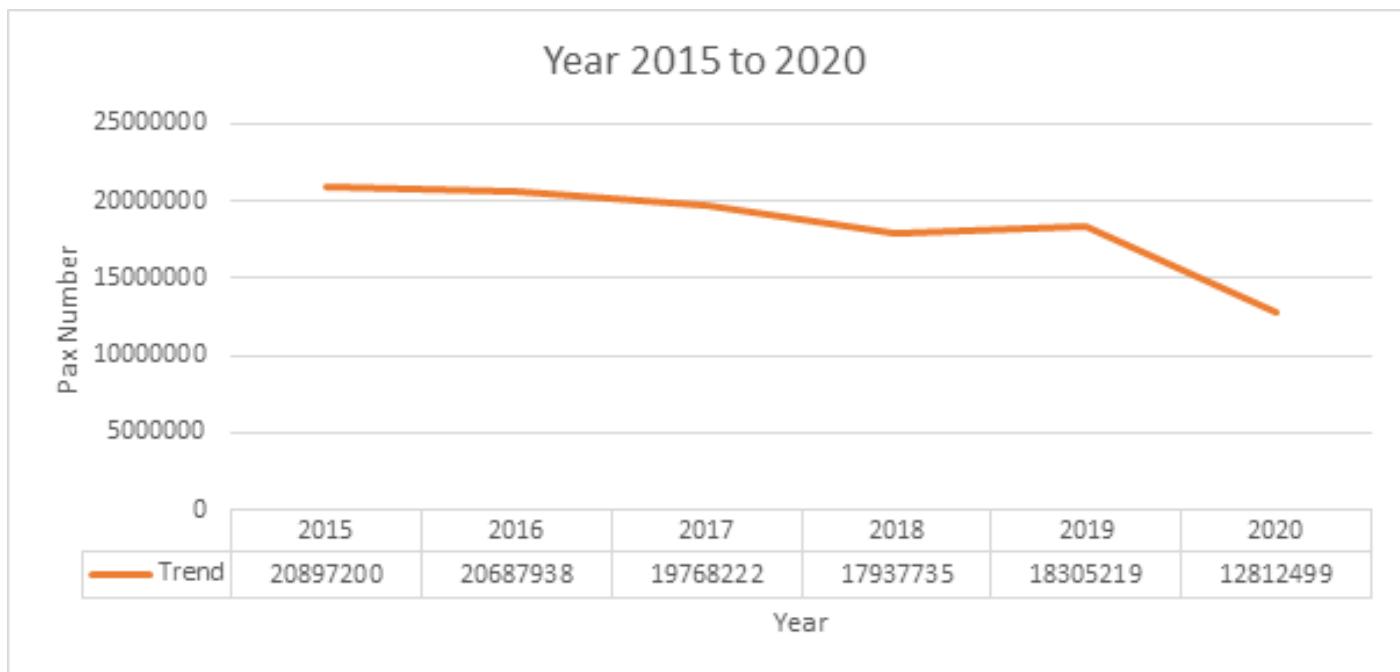
# BUS ROUTE NETWORK



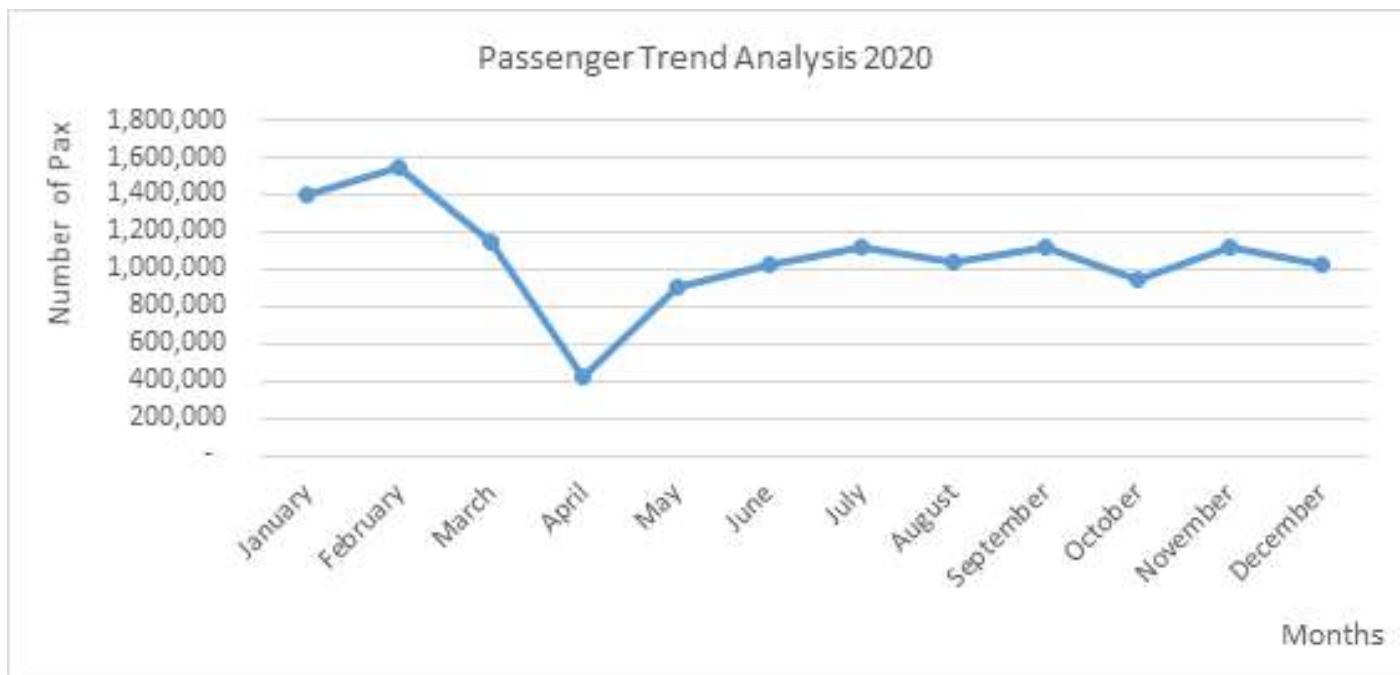
## PRASLIN



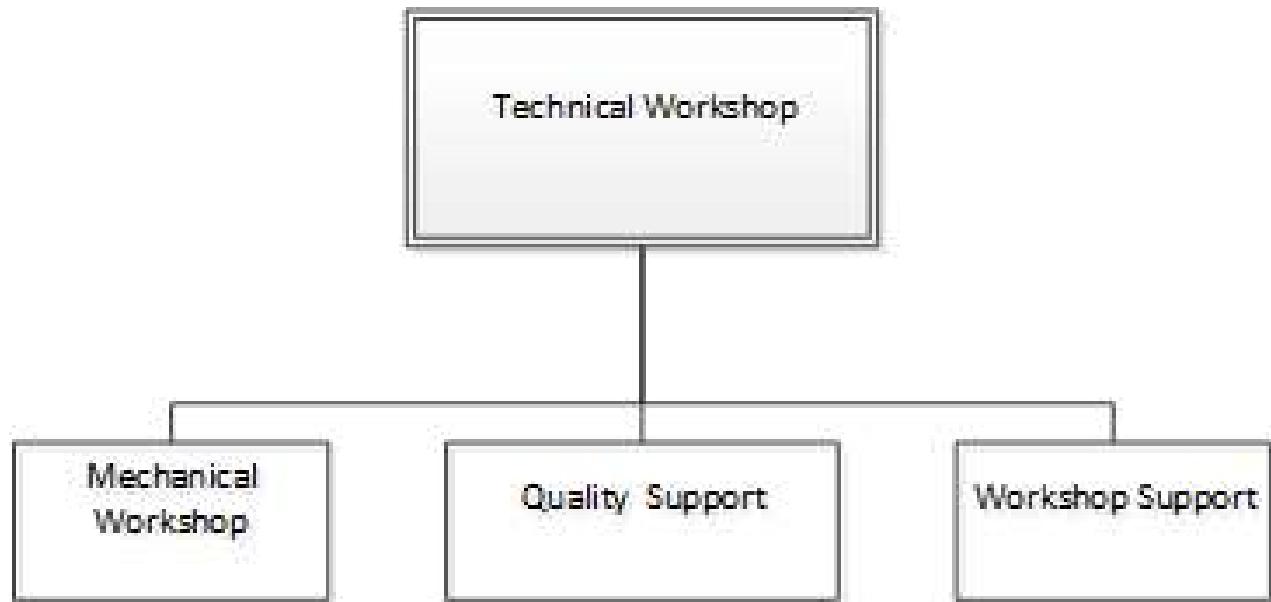
### 6.1.1 Passenger Travel Trends



SPTC has recorded a decline in the total number of tickets sold since the year 2016. The most significant decline was in 2020 with a 30% reduction in total number in passengers when compared to 2019, this represent a loss of SR 38.5 M.



# TECHNICAL & MAINTENANCE



The Technical Department is responsible for planning, organizing, and carrying out preventive maintenance and running repairs on SPTC buses in accordance with the Workshop Operational Procedures. The mechanical workshop located in New Port carries out all types of vehicle maintenance in a well-organized workshop structure comprising of workshops for vehicle servicing bays, machining, and fitting, Panel beating, and painting works as well as specialized workshops for engines/mechanical/electrical aggregates overhauling and Fuel injection calibration/repairs. In addition, the mechanical workshop also offers private job services for external clients.

SPTC firmly emphasizes quality control vis-à-vis the safety and comfort of its buses. Therefore, apart from repairs and maintenance, all buses undergo monthly brake tests and emission tests in the workshop. Routine inspections form part of the quality control to ensure that the buses are in a sound roadworthy condition before going on the road. Daily pre-trip inspections are conducted on all buses, including when buses are brought in for re-fuelling. Morning pre-trip is carried out by the respective bus drivers in the form of a general check-up on the condition of their buses whereas mechanical checks are carried out daily during the day by Workshop mechanics.

During the year 2020 workshop faced some challenges to keep up with the maintenance schedules due to shortages of staff and measures put in place as a result of COVID. 8 expatriate technicians that were on leave could not return to Seychelles.

# HUMAN RESOURCE & DEVELOPMENT

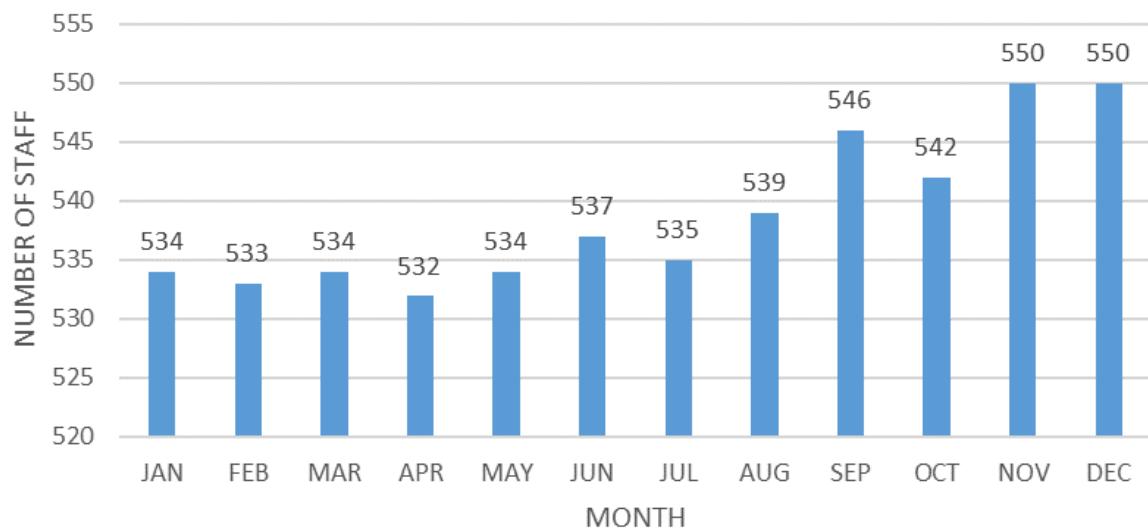


The Human Resource Section is responsible for managing the employee life cycle in the organization and establishing equitable policies for effective Human Resources management. SPTC's success depends on the performance of its most valuable asset which is its employees.

SPTC total staff strength as of December 2020 stood at 550 personnel of which 241 were drivers, 117 technical staff, and 192 support staff.

The 241 bus drivers accounted for 44% of the workforce of which 18 were expatriates, 21% were technical staff of which 64 were expatriates. The remaining 35% of the workforce were support staff.

## 2020 - STAFF STRENGTH



In 2018 there was a decrease in the number of staffs from 585 as at December 2017 to 561 in December 2018 and a further decrease to 535 staff as at December 2019. From 2019 to December 2020 there has been a slight increase of 15 staff on the payroll mainly due to recruitment of drivers in the effort in increasing the contingent of drivers.

### 6.3.1. Bus driver Recruitment and Retention

Recruitment and retention of local drivers remained a challenge in 2020 like the previous years. Whilst 29 drivers were recruited in 2020 as compared to only 13 in the year before the number of leavers was also extremely high, a total of 20 drivers left the organization.

### 6.3.2. Unemployment Relief Scheme Attachment

To support the bus sanitization program, SPTC partnered with the Ministry of Employment whereby 60 URS participants under the Unemployment Relief Scheme program were attached to SPTC as of July 2020. SPTC managed the participants as any other employees, their allowance was paid by the Ministry of Employment.

### 6.3.3. Human Resource Development

As part of the overall Human Resource Development strategy, staff training and capacity building are the two areas that SPTC has been prioritizing for the last four years. The Human Resource Development Unit's core responsibility is to integrate the use of training and career development to improve employee performance.

### 6.3.4 Trainings and workshops conducted in 2020

#### a. Driver Training

A total of 29 drivers were trained including 4 former drivers. Details of the training were as listed below:

- Bus training for new recruits: 10 participants
- Upgrading to large capacity: 8 participants
- Bus training for Ex drivers: 4 participants
- Basic vehicle serving and maintenance: 2 participants

**b. Short Courses / Training**

- Empowering yourself for 2020 and beyond: 24 participants
- Train the trainer for Covid:19 participants
- Customer care attitude: 27 participants
- Breathalyzer: 10 participants
- Bus inspector: 6 participants
- Accident procedures: 21 participants

**c. Sensitization Workshops**

During the year, despite the challenges with the COVID-19 pandemic SPTC offered different sensitization workshops to its staff on a voluntary basis carried out by professionals from different institutions in the country. A total of 434 staff participated in 10 different workshops as listed below.

- Ergonomics (Maintaining good posture): 59 Participants
- Importance of physical exercise in your daily life: 23 participants
- Maintaining a healthy lifestyle: 22 participants
- Importance of savings through Pension fund scheme: 38 participants
- Sensitization talk on COVID 19: 201 participants
- Men's health Awareness: 18 participants
- Females health Awareness: 16 participants
- Preparing for retirement: 22 participants
- Breast Cancer awareness: 24 participants
- Management of non-communicable disease: 11 participants

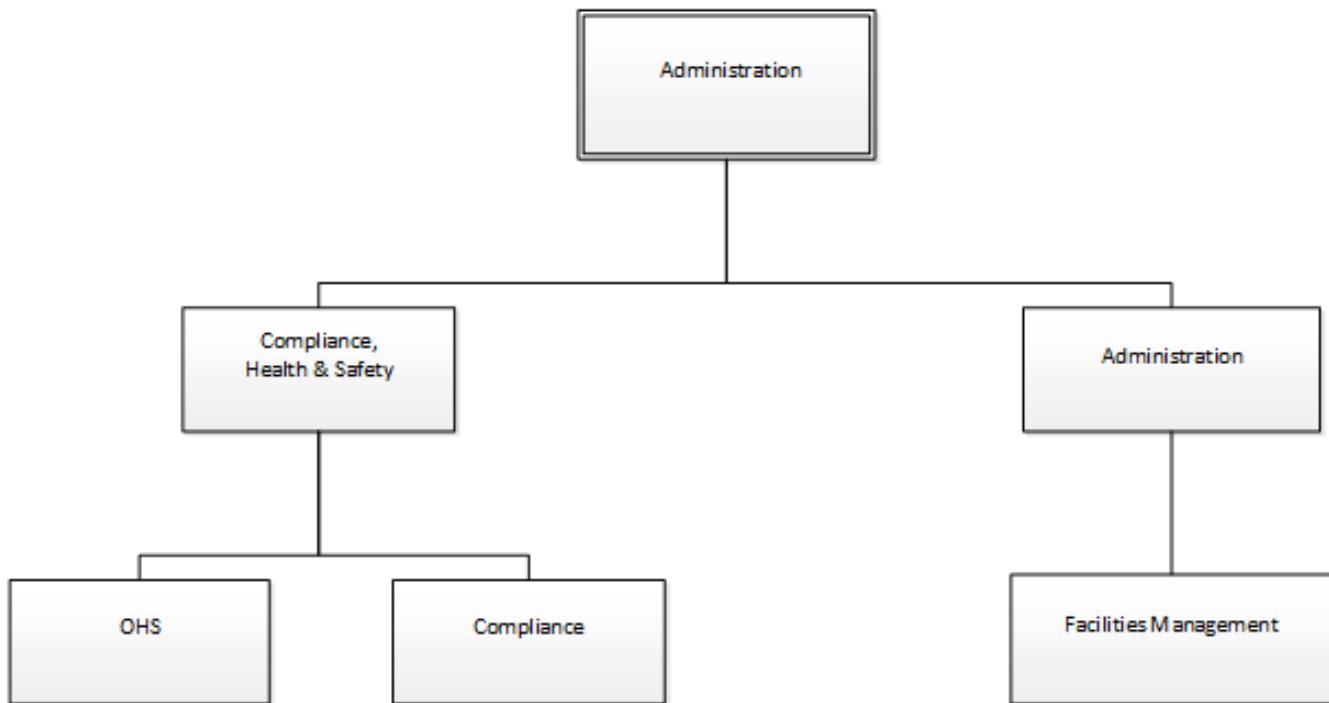
**d. Management and Leadership Training / Long Courses**

Two managers completed the Diploma in General Management course at The Guy Morel Institute whilst one staff is in his first year of training.

In an effort to promote effective leadership and shared accountability 4 Senior Management staff attended Executive Leadership training at The Guy Morel Institute, whilst 3 staff attended other academic training.

- Diploma in general management: 3 staff
- Certificate in Human Resources: 1 staff
- Certificate in Procurement: 2 staff
- Certificate in AAT level 2: 1 staff
- Certificate in AAT level 3: 1 staff
- Executive Leadership: 4 staff

# ADMINISTRATION



The Administration department is responsible to provide administrative and non-core logistical support to all department in SPTC and also for proper up-keeping of buildings, and properties that fall under the portfolio of SPTC.

## 6.4.1. Compliance & Security

This department has the responsibility to supervise and conduct necessary checks and test to ensure that all procedures are being followed on board all buses such as ticketing and safety procedures, in order to detect wrongful doing such as pilferage, leakage, fare invasions and ensuring that every traveling passenger is issued with a valid travel ticket so that all proceedings go in the company coffer as it should.

Furthermore, it is also tasked with meeting the Corporation's security needs and by doing so enhance the safety and security of all our staff and visitors alike.

#### **6.4.2. Minor Projects**

Various minor projects were implemented in 2020 creating a more conducive working environment and increase vigilance and preparedness towards health, safety, and emergencies for its staff and customers alike.

Below is the list of minor projects completed during the year:

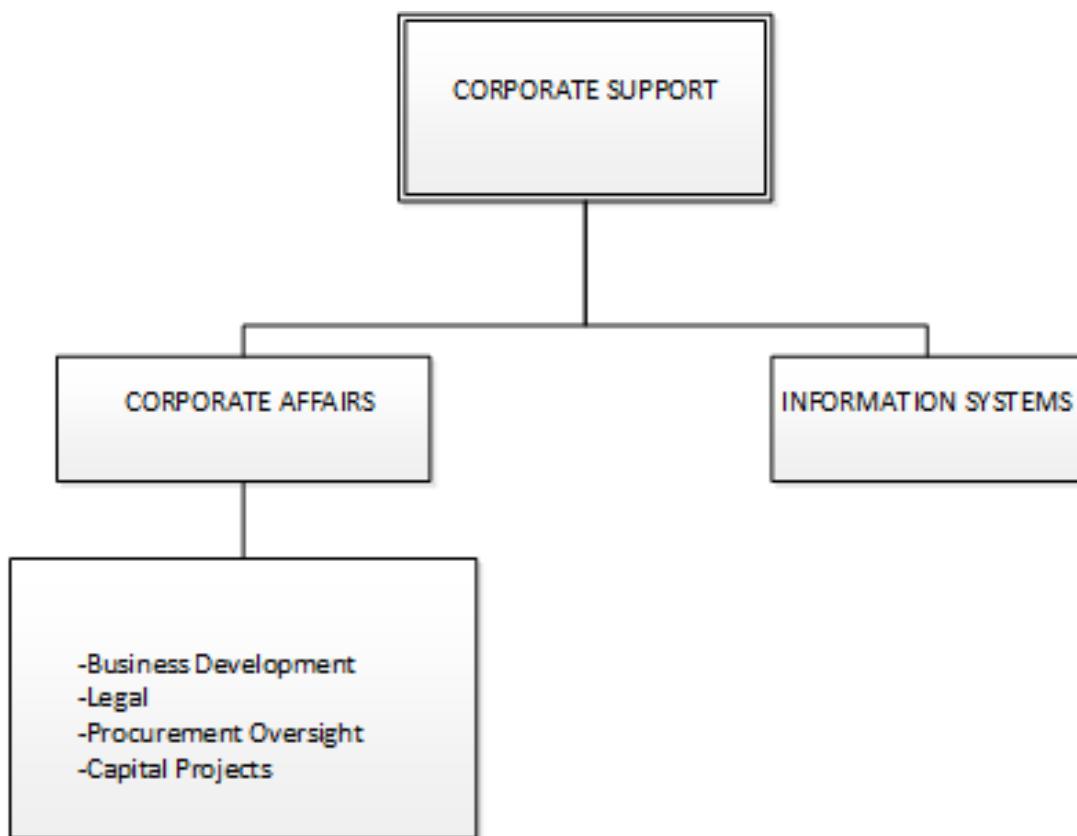
- 1.Fencing and upgrade to the Amitie depot infrastructures including drivers and workshop facilities.
- 2.Resurfacing of the Baie Lazare Depot bus parking area.
- 3.Resurfacing of the Barbarons Depot
- 4.Asphalt resurfacing of the Port Launay Depot bus parking area in partnership with SLTA.
- 5.Fencing of the Port Launay Bus Depot.
- 6.Renovation of driver facilities at Anse Aux Pins Depot.
- 7.Building of additional restroom and driver facilities at Ile Du Port Depot.
- 8.Building of a proper training room at New Port
- 9.Building of dining area at the Head Office
- 10.Renovation of the drivers' restroom at New Port
- 11.Internal renovation in some offices at the Administrative Block at New Port

#### **6.4.3. Capital Projects 2020**

Capital projects are financed by the Government of Seychelles under the Government Capital Grant. The projects implemented varied from building infrastructure rehabilitation, modernization of equipment to technological and technical infrastructure improvement. Below is the list of those projects:

- 1.Mechanical Workshop Resurfacing at New Port and Amitie Praslin Depot.
- 2.Extension to the Barbarons depot Administration and drivers' facilities started in December 2020 and due to be completed in March 2021.
- 3.Fencing of the Barbarons Depot.
- 4.Purchasing of a modern Brake Tester.
- 5.Head Office Re-roofing started in November 2020 and due to be completed in May 2021.
- 6.Initiated process for the procurement of 55 new buses.

# CORPORATE SUPPORT



## 6.5.1 Communication

The Communication unit is tasked with the responsibility to provide prompt and effective internal and external communication, sensitize and educate the general public on services provided by SPTC. In a nutshell to satisfy the need for information by both SPTC internal and external customers.

SPTC maintained its good working relationship with all Media Houses in the country informing them of the happenings in SPTC through Press Releases, Communiqués, and interviews and participated in several press conferences.

In 2020, the Communication Department continued with its Student Card Project with all Schools around the Islands to better inform and educate the students on the best way to make use of their cards, vandalism, and misconduct onboard buses.

SPTC intensified the use of its website and social media i.e. Facebook to disseminate proactive information to the public.

# CORPORATE SUPPORT

## 6.5.2. Marketing and Business Development

The role of the Marketing and Business Development section of SPTC is to identify new alternative revenue streams that satisfy both the customer and SPTC requirements profitably. SPTC has developed clear marketing strategies and plans for the different products and services available within the corporation.

Apart from the transportation of the general public, which is the core business of SPTC, where bus fares are collected, SPTC has the potential to offer other products and services, however, due to the pandemic most services were suspended or was non-active and as a result, the sales revenue declined considerably.

In 2020, as part of our product developments, SPTC has streamlined all its travel card products by reducing the category to only 4 different groups of cards. That is Corporate Card, ASP Cards (Agency for Social Protection), Student Cards, and the general public cards.

This section is continuously exploring new avenues and building stronger relationships with various businesses and stakeholders with the view of diversifying the revenue base for SPTC.

### 1. Travel related services

- Bus advertising
- Smart cards
- Bus ticket advertising

### 2. Sales of physical space

- Advertising at the different Terminals
- ATM space for Banks
- Vending machines
- Terminal transit for private buses

### 3. Workshop related services

- Private vehicle maintenance jobs
- Conversion of derelict buses

## 6.5.3 Corporate Activities

The Seychelles Public Transport Corporation (SPTC) received a kind donation from a Non-Governmental Organization (NGO) name Up-brigade. This NGO's main objective is to reform and rehabilitate alcohol and drug addicts. A small ceremony was held on Monday 10th August 2020 at the SPTC New Port Depot where Mr. John Odiek presented the mask and talk about how they were inspired to help protect SPTC drivers.

The Rotary Club of Victoria (Seychelles) donated 800 free face masks to the public at the SPTC on Saturday morning the 29th of August.

# FINANCE AND FINANCIAL SERVICES

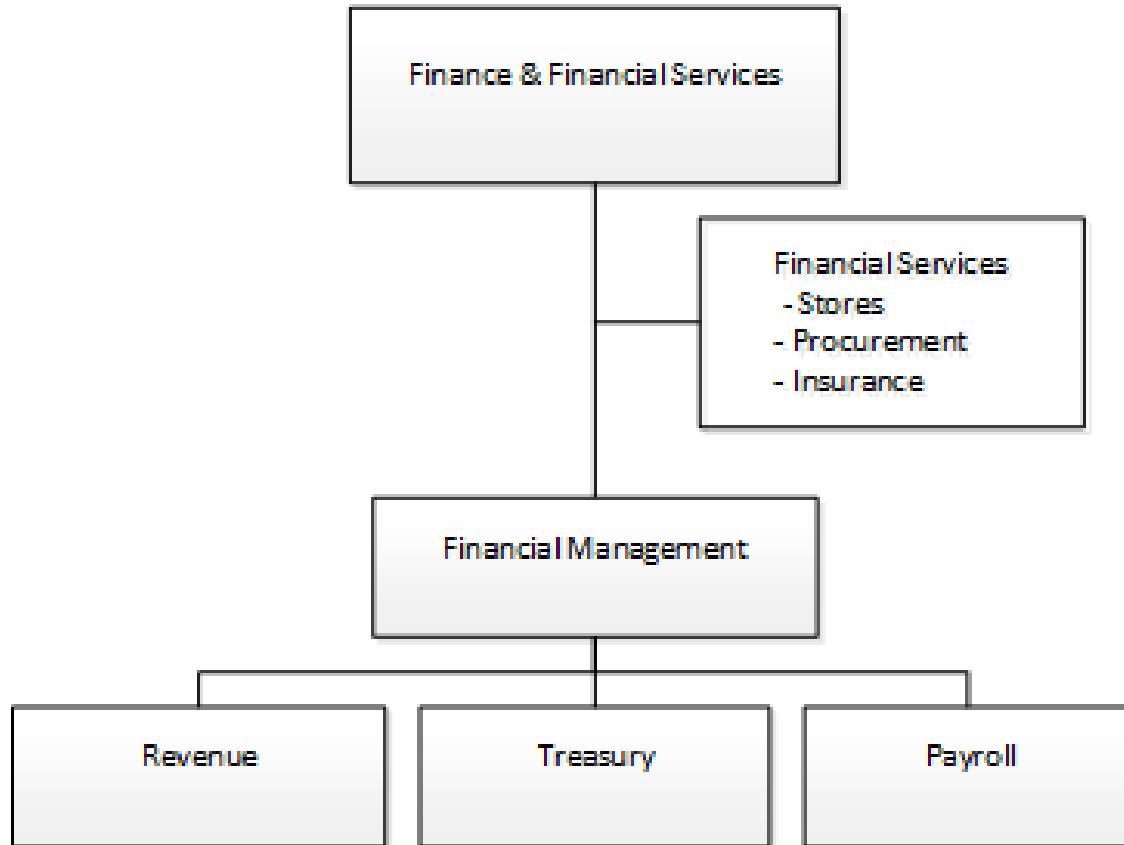
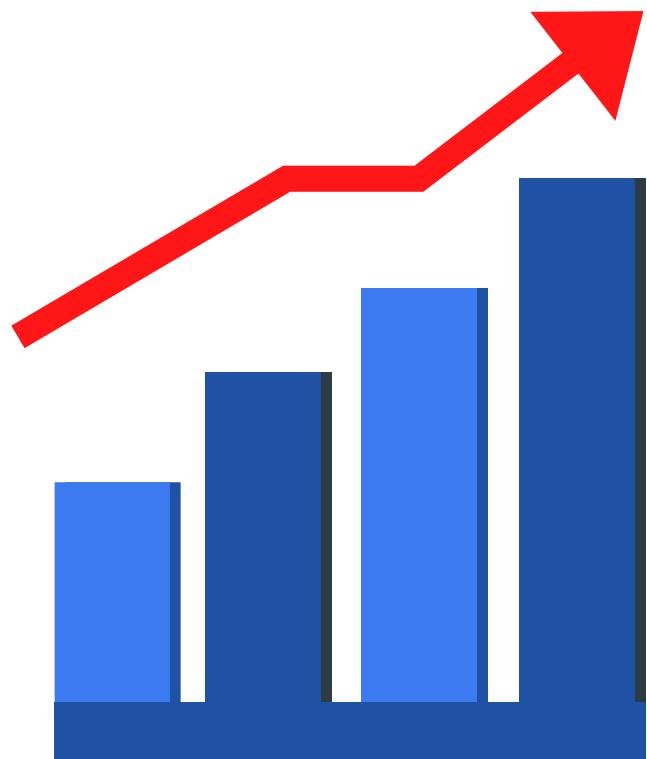
## 6.6.1. Finance Department

This department is tasked with ensuring that costs and expenses are contained, that revenue for all services rendered is collected, and provide accurate and timely financial information to management and other stakeholders in conformity with IFRS standards.

## 6.6.2. Financial Services

The Financial Services unit within SPTC is responsible for:

- i. Insurance of all movable and immovable
- ii. Effective inventory management of SPTC assets.



# AUDITOR'S REPORT

## 7.1 Independent Auditor's Report

### DIRECTORS' REPORT - DECEMBER 31, 2020

The Directors are pleased to submit their report together with the audited financial statements of the Corporation for the year ended December 31, 2020.

#### PRINCIPAL ACTIVITY

The Corporation operates public transport on Mahé and Praslin and this has remained the same during the year under review.

#### RESULTS

	SR
Loss for the year	(2,572,147)
Retained earnings brought forward	<u>23,853,831</u>
<b>Retained earning carried forward</b>	<b><u>21,281,684</u></b>

#### PROPERTY AND EQUIPMENT

Additions to property and equipment of SR 6.7m during the year comprised furniture, fittings and equipment, buildings on leasehold land and work in progress (2019: SR 7.9m). Disposals consist of motor vehicles at Nil net book value (2019: SR 209k).

Property and equipment are stated at cost less accumulated depreciation. The Directors are of the opinion that the carrying amounts of the assets approximate their fair value and do not require any adjustments for impairment.

#### CHALLENGES AND MANAGEMENT OF COVID-19 PANDEMIC

COVID-19 virtually changed the Global economic landscape more than ever predicted. Various jurisdictions across the World took drastic measures including lockdowns which resulted in the grounding of international flights and travel freeze which severely crippled most industries. The Seychelles was not spared with the multiplier effects of the pandemic affecting negatively businesses in all sectors downstream, which caused a record depreciation of the Seychelles Rupee against most of the major hard currencies.

The Government of Seychelles imposed a lockdown and implemented a series of restrictive measures to contain the spread and reduce the impact of COVID-19 and public transport services was limited to essential services only. Being the only public transport supplier in the country, the ban on operations of non essential services during lockdown, combined with fixed costs such as salaries, caused significant financial losses to the Corporation. Also, demand plummeted due to physical distancing norms on the buses seating arrangements as well as and passengers' perceived risk of travelling in public transport.

##### (a) Reduction in number of trips & capacity loading

- The Corporation is heavily dependent on ticket sales and the reduction in passenger numbers resulted from movement restrictions compounded by directives regarding capacity loading, knocking heavily on income. This worsened results because the Corporation, being a public transport service provider has always faced with 'thin profit margin';
- The timetables were changed from the normal 0510hrs - 2030hrs to 0500am - 1800hrs filtering into loss of trip hours. Last buses during the weekends timetable was also rescheduled from 2030hrs to
- Passenger pessimism after the relaxation of the restrictions as many Companies opted their employees to use private transport or work from home;
- Due to the all points mentioned above, the number of passengers dropped by 30% from 18m in 2019 to 13m during the year.

**CHALLENGES AND MANAGEMENT OF COVID-19 PANDEMIC (CONT'D)****(b) Lost business in hiring services**

- Cancellation of sporting activities, banning of funeral gatherings and other social gathering events led flattened demand and dried income streams attributed to this line of service;
- Loss of business to several operators aligned to the Seychelles Taxi Operators Association who lobbied with the Government after their business came to a standstill as they were heavily reliant on transporting tourists to be awarded contracts to transport commuting post secondary school students;

**(c) Escalating costs**

- Directives regarding capacity loading to comply with social distancing guidelines increased direct operating trip per passenger cost;
- The weakening Seychelles Rupee against major currencies meant critical stocks were imported at exorbitant costs;
- Costs attributed to the daily disinfection of the buses and bus station in compliance with Ministry of Health guidelines.

**(d) Mitigation of the adverse effect of the pandemic**

- The Corporation set up its own COVID-19 task force and in addition to its in-house nurse to give training to all staff on how to protect themselves and the people they serve;
- Passenger education and mandatory wearing of face masks restored 100% sitting capacity in buses, which increased revenue per trip, though standing passengers are still prohibited;
- Increased awareness and promotion of using cards instead of cash as exchange of cash was perceived a spreader of COVID-19;
- A development grant was received from GOS to the tune of SR 29.8m in addition to the SR 50m originally budgeted for;
- Fuel was heavily subsidised which resulted in average price per litre falling to SR 6.97 from SR 8.26 in prior year.

**DIRECTORS**

The Directors of the Corporation in office from the date of the last report to the date of this report, appointed under Section 5(1) of the Seychelles Public Transport Act, 1977 are:

Andy Moncherry (Chairman)

Cecily Derjacques

Patrick Vel

**Appointed effective December 16, 2020**

Allan Killindo

Bernard Domingue

Siana Bistoquet

**Resigned effective December 29, 2020**

Alone Edmond

Marilyn Reginald

Noemie Woodcock

None of the Directors held any interest in the share of the Corporation at the date of this report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Chief Executive Officer is responsible for the overall management of the affairs of the Corporation including its daily operations and the making of major investments and policy proposals to the Board of Directors for approval.

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and with the Seychelles Public Transport Corporation Act, 1977. This responsibility includes: designing, implementing and maintaining internal controls 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 Directors 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 Directors consider they have met their aforesaid responsibilities.

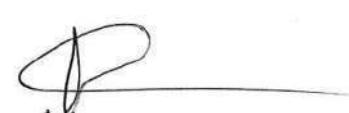
**AUDITORS**

The retiring auditors, Messrs. BDO Associates, being eligible offer themselves for re-appointment.

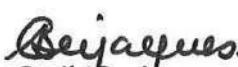
**BOARD APPROVAL**

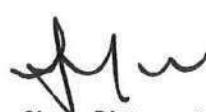
  
Patrick Vel  
Chief Executive Officer

  
Andy Moncherry  
Chairman

  
Allan Killindo  
Director

  
Bernard Domingue  
Director

  
Cecily DerjAcques  
Director

  
Siana Bistoquet  
Director

Date: 15 JUN 2021  
Victoria, Seychelles

**SEYCHELLES PUBLIC TRANSPORT CORPORATION**

3

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS****Report on the audit of the Financial Statements****Opinion**

We have audited the financial statements of **Seychelles Public Transport Corporation** (hereafter referred to as the "Corporation") set out on pages 4 to 29 which comprise the Statement of Financial Position as at December 31, 2020, the Statement of Profit or Loss and Other comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 4 to 29 give a true and fair view of the financial position of the Corporation as at December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, Public Enterprise Monitoring Commission Act, 2013 and comply with the Seychelles Public Transport Corporation Act, 1977.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Seychelles, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Directors and Those Charged with Governance for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Seychelles Public Transport Corporation Act, 1977, and for such internal control as the Directors 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 Directors 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 Directors either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)****Report on the audit of the Financial Statements (Cont'd)****Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**SEYCHELLES PUBLIC TRANSPORT CORPORATION**

3(b)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)****Report on Other Legal and Regulatory Requirements***Public Enterprise Monitoring Commission Act, 2013*

We have no relationship with, or interests in, the Corporation, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Corporation as far as it appears from our examination of those records.

**Other matter**

This report is made solely to the members of **Seychelles Public Transport Corporation** (the "Corporation"), as a body, in terms of our engagement to conduct the audit on their behalf. Our audit work has been undertaken so that we might state to the Corporation's members those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and Corporation's members as a body, for our audit work, for this report, or for the opinions we have formed.

*BDO Associates*  
**BDO ASSOCIATES**  
*Chartered Accountants*

Dated: 15 JUN 2021  
Victoria, Seychelles

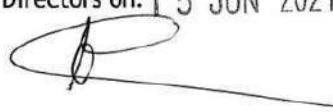
## STATEMENTS OF FINANCIAL POSITION - DECEMBER 31, 2020

	Notes	2020	2019
		SR	SR
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property and equipment	5	<b>94,766,499</b>	<b>105,523,190</b>
<b>Current assets</b>			
Inventories	6	<b>23,215,123</b>	<b>18,902,077</b>
Investment in financial assets	7	<b>22,869,194</b>	<b>25,694,621</b>
Trade and other receivables	8	<b>6,272,456</b>	<b>9,290,890</b>
Cash and cash equivalents	9	<b>6,005,442</b>	<b>8,136,311</b>
		<b>58,362,215</b>	<b>62,023,899</b>
<b>Total assets</b>		<b>153,128,714</b>	<b>167,547,089</b>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Capital grants	10	<b>84,973,546</b>	<b>100,560,613</b>
Retained earnings		<b>21,281,684</b>	<b>23,853,831</b>
		<b>106,255,230</b>	<b>124,414,444</b>
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Retirement benefit obligations	11	<b>30,064,741</b>	<b>27,251,092</b>
<b>Current liabilities</b>			
Bank overdraft	12	<b>138,297</b>	<b>564,583</b>
Trade and other payables	13	<b>16,670,446</b>	<b>15,316,970</b>
		<b>16,808,743</b>	<b>15,881,553</b>
<b>Total liabilities</b>		<b>46,873,484</b>	<b>43,132,645</b>
<b>Total reserves and liabilities</b>		<b>153,128,714</b>	<b>167,547,089</b>

These financial statements have been approved for issue by the Board of Directors on: 15 JUN 2021

  
Patrick Vel  
Chief Executive Officer

  
Andy Moncherry  
Chairman

  
Allan Killindo  
Director

  
Bernard Domingue  
Director

  
Cecily Berjacques  
Director

  
Siana Bistoquet  
Director

The notes on pages 8 to 29 form an integral part of these financial statements.  
Auditor's report on pages 3 and 3(b).

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED  
DECEMBER 31, 2020**

	Notes	2020	Restated 2019
		SR	SR
Revenue	2(h)	97,901,726	141,667,559
Operating expenses	14	(46,730,933)	(49,886,324)
Operating profit		51,170,793	91,781,235
Administrative expenses	14	(140,231,622)	(143,027,667)
Interest income - banks		1,089,891	293,207
Other income	16	84,208,270	78,599,368
(Loss) / Profit before foreign exchange movement		(3,762,668)	27,646,143
Foreign exchange movements		1,190,521	(641)
<b>(Loss) / Profit for the year</b>	<b>17</b>	<b>(2,572,147)</b>	<b>27,645,502</b>

**Other comprehensive income:**

*Items that may be reclassified subsequently to Statement Profit or Loss:*

Grant received during the year	10	1,606,767	8,516,731
Release to Statement of Profit or Loss			
- Depreciation charge and assets scrapped	10	(17,193,834)	(16,503,701)
<b>Total other comprehensive expense for the year</b>		<b>(15,587,067)</b>	<b>(7,986,970)</b>
<b>Total comprehensive (expense) / income for the year</b>		<b>(18,159,214)</b>	<b>19,658,532</b>

## STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2020

	Capital Grants SR	Retained earnings SR	Total SR
<b>At January 1, 2020</b>	<b>100,560,613</b>	<b>23,853,831</b>	<b>124,414,444</b>
<b>Total comprehensive expense for the year</b>	<b>(15,587,067)</b>	<b>(2,572,147)</b>	<b>(18,159,214)</b>
<b>At December 31, 2020</b>	<b><u>84,973,546</u></b>	<b><u>21,281,684</u></b>	<b><u>106,255,230</u></b>
 <b>At January 1, 2019</b>			
- As previously reported	108,547,583	(3,556,548)	104,991,035
- Effect of adopting IFRS 9 (note 8(f))	-	(235,123)	(235,123)
As restated	108,547,583	(3,791,671)	104,755,912
<b>Total comprehensive (expense)/income for the year</b>	<b>(7,986,970)</b>	<b>27,645,502</b>	<b>19,658,532</b>
<b>At December 31, 2019</b>	<b><u>100,560,613</u></b>	<b><u>23,853,831</u></b>	<b><u>124,414,444</u></b>

The notes on pages 8 to 29 form an integral part of these financial statements.  
 Auditor's report on pages 3 and 3(b).

## STATEMENTS OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	2020 SR	2019 SR
<b>Cash flows from operating activities</b>			
(Loss) / Profit for the year		(2,572,147)	27,645,502
<i>Adjustments for:</i>			
Depreciation on property and equipment	5(a)	17,453,450	17,056,127
Purchase of property and equipment through capital grant	5(b)/10	(1,606,767)	(7,003,460)
Exchange movement on financial assets	7(a)	(1,000,882)	(1,037)
Accrued interest	7(a)	(239,048)	(158,810)
Charge of provision for credit impairment	8(f)	2,103,448	79,735
Release of depreciation charge	10	(17,193,834)	(16,503,701)
Grant related to assets received	10	1,606,767	8,516,731
Charge for retirement benefit obligations	11	5,979,050	7,463,566
(Gain) / Loss on sale of motor vehicle	5/16	(3,000)	209,253
		<u>4,527,037</u>	<u>37,303,906</u>
<i>Changes in working capital</i>			
- Increase in Inventories	6	(4,313,046)	(3,597,144)
- Decrease in trade and other receivables	8	914,986	6,856,234
- Increase / (Decrease) in trade and other payables	13	1,353,476	(6,848,906)
		<u>2,482,453</u>	<u>33,714,090</u>
Retirement benefit obligation paid	11	(3,165,401)	(4,042,197)
<b>Net cash inflow from operating activities</b>		<u>(682,948)</u>	<u>29,671,893</u>
<b>Cash flow from investing activities</b>			
Purchase of property and equipment	5(b)	(5,089,992)	(888,091)
Proceeds from sale of motor vehicle	16	3,000	-
Purchase of investment in financial assets	7(a)	(618,957)	(23,013,152)
Proceeds from redemption of investment in financial assets	7(a)	4,684,313	4,336,366
<b>Net cash outflow from investing activities</b>		<u>(1,021,636)</u>	<u>(19,564,877)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>(1,704,584)</u>	<u>10,107,016</u>
<b>Movement in cash and cash equivalents</b>			
At January 1,		7,571,728	(2,535,288)
(Decrease) / Increase during the year		(1,704,584)	10,107,016
<b>At December 31,</b>	<b>9(a)</b>	<b>5,867,144</b>	<b>7,571,728</b>

The notes on pages 8 to 29 form an integral part of these financial statements.  
 Auditor's report on pages 3 and 3(b).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2020

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**1. GENERAL INFORMATION**

The Corporation is fully owned by the Government of Seychelles and is domiciled in Seychelles. Its head office is located at Victoria, Seychelles and so is its principal place of business.

The principal activity of the Corporation is as stated in the Directors' report on page 2.

These financial statements will be submitted for consideration and approval at the forthcoming Annual General Meeting.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of preparation**

The consolidated financial statements of Seychelles Public Transport Corporation ("the Corporation") have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 1972. These financial statements have been prepared under the historical cost convention as modified by the application of fair value measurements required or allowed by relevant accounting standards. Where necessary, comparative figures have been amended to conform with change in presentation in the current year.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Corporation's accounting policies. The areas involving higher degree of judgment and complexity or areas where assumptions are significant to the financial statements are disclosed in note 4.

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

Definition of a Business (Amendments to IFRS 3) clarifies the definition of a business to help determine whether a transaction should be accounted for as a business combination or an asset acquisition and permits, in certain circumstances, a simplified assessment that an acquired set of activities and assets is not a business. *The amendments have no impact on the Corporation's financial statements.*

Definition of Material (Amendments to IAS 1 and IAS 8) clarifies the definition of material and aligns the definitions used across IFRSs and other IASB publications. *The amendments have no impact on the Corporation's financial statements.*

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) provides relief from certain hedge accounting requirements in order to avoid unnecessary discontinuation of existing hedge relationships during the period before the replacement of an existing interest rate benchmark with an alternative interest rate. *The amendments have no impact on the Corporation's financial statements.*

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Basis of preparation (Cont'd)*****Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)***

Amendments to References to the Conceptual Framework in IFRS Standards relate to minor amendments to various standards to reflect the revised Conceptual Framework for Financial Reporting. *The amendments have no impact on the Corporation's financial statements.*

Covid-19-Related Rent Concessions (Amendment to IFRS 16) provides an option to apply a simplified accounting treatment to some lease modifications in the accounts of the lessee. *The amendment has no impact on the Corporation's financial statements.*

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) extends the temporary exemption to accounting periods beginning before January 1, 2023. *The amendments have no impact on the Corporation's financial statements.*

***Standards, Amendments to published Standards and Interpretations issued but not yet effective***

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2021 or later periods, but which the Corporation has not early adopted.

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

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28);
- IFRS 17 Insurance Contracts;
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Annual Improvements 2018-2020;
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Reference to the Conceptual Framework (Amendments to IFRS 3);
- Amendments to IFRS 17; and
- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

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

**(b) Property and equipment**

Property and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Historical cost consists of purchase cost, together with any incidental expenses of acquisition and installation.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## (b) Property and equipment (Cont'd)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow and the cost can be reliably measured. Repairs and maintenance are charged to the statement of Profit or Loss during the period in which they are incurred.

Properties in the course of construction for production or administrative purposes are carried at cost less any recognised impairment loss. Cost includes professional fees and borrowing costs capitalised for qualifying assets. Depreciation of these assets on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values over their expected useful lives as follows:

	%
Improvements to buildings on leasehold land	2% - 20%
Furniture, fittings and equipment	10% - 50%
Vehicles and engines	12.5% - 20%
Land is not depreciated.	

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

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

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

## (c) Inventories

Inventories are stated at the lower of cost and net realisable value. In general cost is determined by the weighted average method. The inventories comprises spares parts which are used in the day to day running of the Corporation.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. Provisions are made for obsolete inventories based on Management's appraisal.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial instruments****(i) Financial assets***Recognition and derecognition*

Financial assets are recognised when the Company becomes a party to the contractual provisions of the respective instrument. Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the Company has transferred substantially all risks and rewards of ownership.

*Classification and Measurement*

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Company'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.

The Company'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.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company has applied the practical expedient are measured at the transaction price.

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 Company's financial assets at amortised cost includes trade and other receivables and cash and bank balances.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial instruments (Cont'd)****(i) Financial assets (Cont'd)***Impairment*

The Company 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 Company applies the simplified approach to measure ECL which uses lifetime expected losses to be recognised from initial recognition of its trade receivables.

The ECL for other financial assets is applied using the general model.

Impairment losses are presented in Expenses (note 14).

*No impairment was recognised for cash and cash equivalents and other receivables since the Directors are of the opinion that the amount is negligible.*

*Write-off policy*

The Corporation writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Corporation's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit or Loss.

*Cash and cash equivalents*

Cash and cash equivalents include cash in hand and cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial instruments (Cont'd)****(ii) Financial Liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method which has remained unchanged since previous period. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The main financial liabilities of the Corporation comprise borrowings and trade and other payables.

***Borrowings***

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 unless the Corporation has an unconditional right to defer settlement of the liability for at least twelve months after the date of the reporting period.

***Derecognition of financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

**(iii) Offsetting financial instruments**

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Employee benefits****(i) Short-term employee benefits**

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

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

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

**(ii) Defined contribution plans**

A defined contribution plan is a pension plan under which the Company pays a fixed contribution into a separate entity. The Company 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 Company and Seychellois employees contributes to the Seychelles Pension Fund (SPF). This is a pension scheme which was promulgated under the Seychelles Pension Fund Act, 2005.

**(iii) Retirement benefits**

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 Company accrues this liability on a current basis and carries it to a provision account for payments to be made as and when they occur.

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(f) Foreign currencies (Cont'd)****(ii) *Transactions and balances***

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

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

**(g) Grants****(i) *Capital grant***

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

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

In the event that property and equipment acquired from grants are disposed of before they are fully depreciated, the carrying amount of such asset is reversed to the grant and gain or loss, if any, are recognised to the Statement of Profit or Loss.

**(ii) *Revenue grant***

Grants related to income also received from the Government of Seychelles are presented as part of other income in the Statement of Profit or Loss.

**(h) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of consideration received.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Business tax

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

### (j) 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.

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Corporation's activity exposes it to a variety of financial risks, including: credit risk, liquidity risk, currency risk and interest rate risk.

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

#### (a) Credit risk

The Corporation's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables, estimated by the Corporation's Management based on experience and the current economic environment.

The Corporation's sales are mostly on a cash basis and credit sales are made to customers with an appropriate credit history. Credit risk is therefore considered to be low.

#### (b) Liquidity risk

The Corporation manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities as applicable. Liquidity risk is considered as low.

#### (c) Currency risk

The Corporation is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to GB Pound Sterling, ZAR and US Dollar. Foreign exchange risk arises from commercial transactions and assets denominated in currencies other than the functional currency.

At December 31, 2020, if the Seychelles Rupee had weakened/strengthened by 5% against US Dollar with all variables held constant, profit for the year would have been **SR 68,587** (2019: SR 117,627) higher/lower, mainly as a result of foreign exchange losses/gains on translation of foreign currency monetary assets and liabilities as depicted in the table below:

	2020	2019
	SR	SR
Investment in financial assets	145,809	91,092
Trade and other payables	(214,396)	(208,719)
	<b>(68,587)</b>	<b>(117,627)</b>

**3. FINANCIAL RISK MANAGEMENT (CONT'D)****3.1 Financial risk factors (Cont'd)****(d) Interest rate risk**

The Corporation have significant interest-bearing assets and income and operating cash flows from these assets are dependent of changes in market interest rates. Had interest rates weakened/strengthened by 5% during the year, loss for the year of the Corporation would have been higher/lower by **SR 54,495** (2019: SR 14,660) higher/lower.

**3.2 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. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**4.1 Critical accounting estimates and assumptions**

The Corporation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, in the financial statements, 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 overleaf.

**(a) *Calculation of Loss allowance***

When measuring ECL the Corporation uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

**(b) *Useful lives and residual values***

Property and equipment are depreciated over their useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****4.1 Critical accounting estimates and assumptions (Cont'd)****(c) *Impairment of other non financial assets***

At the end of each reporting period, Management reviews and assesses the carrying amounts of other assets and where relevant writes them down to their recoverable amounts based on best estimates.

**(d) *Retirement benefit obligations***

The cost of defined benefit pension plans has been determined using the method as per the Seychelles Employment Act, 1995 and the Directors have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

**(e) *Functional currency***

The Board of Directors have determined the Seychelles Rupees to be the functional currency of the Corporation.

**(f) *Limitation of sensitivity analysis***

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

Sensitivity analysis does not take into consideration that the Corporation's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Corporation's views of possible near-term market changes that cannot be predicted with any certainty.

## 5. PROPERTY AND EQUIPMENT

(a)	COST	Buildings		Furniture, fittings and equipment		Capital work in progress		Total SR
		Freehold land SR	on leasehold land SR	Vehicles and engines SR	SR	SR	SR	
	At January 1, 2019	75,000	49,521,699	186,046,995	33,040,700	6,350,126	275,034,520	
	Additions	-	-	253,000	4,357,326	3,281,225	7,891,551	
	Reclassification	-	2,365,705	-	3,857,122	(6,222,827)	-	
	Disposals	-	-	(212,799)	-	-	(212,799)	
	At December 31, 2019	75,000	51,887,404	186,087,196	41,255,148	3,408,524	282,713,272	
	Additions	-	784,560	-	2,228,237	3,683,962	6,696,759	
	Reclassification	-	1,494,287	-	399,984	(1,894,271)	-	
	Disposals	-	-	(1,140,513)	-	-	(1,140,513)	
	At December 31, 2020	75,000	54,166,251	184,946,683	43,883,369	5,198,215	288,269,518	
ACCUMULATED DEPRECIATION								
	At January 1, 2019	-	22,139,590	120,866,008	17,131,903	-	160,137,501	
	Charge for the year	-	1,515,452	11,540,837	3,999,838	-	17,056,127	
	Disposal adjustment	-	-	(3,546)	-	-	(3,546)	
	At December 31, 2019	-	23,655,042	132,403,299	21,131,741	-	177,190,082	
	Charge for the year	-	1,587,243	11,301,064	4,565,143	-	17,453,450	
	Disposal adjustment	-	-	(1,140,513)	-	-	(1,140,513)	
	At December 31, 2020	-	25,242,285	142,563,850	25,696,884	-	193,503,019	
NET BOOK VALUE								
	At December 31, 2020	75,000	28,923,966	42,382,833	18,186,485	5,198,215	94,766,499	
	At December 31, 2019	75,000	28,732,362	53,683,897	20,123,407	3,408,524	105,523,190	

## 5. PROPERTY AND EQUIPMENT

(b) Out of total additions of **SR 6.7m** for the year 2020, an amount of **SR 1.6m** was funded through Government Grant, (2019: SR 7m) (note 10). Therefore additions through the Corporation's funds were **SR 5.1m** for 2020 (2019: SR 888k).

(c) Depreciation has been charged to operating expenses (note 14).

## 6. INVENTORIES

	2020	2019
	SR	SR
Vehicles spares	10,616,811	13,986,476
Consumables, loose tools and operating supplies	12,598,312	4,915,601
	<b><u>23,215,123</u></b>	<b><u>18,902,077</u></b>

(a) The cost of inventories recognised as expense and included in cost of sales amounted to **SR 29.3m** (2019: SR 32.8m) (note 14).

(b) The Directors have estimated that no impairment is required in respect of inventories and no spares are required to be recognised as equipment as per the requirements of IAS 16.

## 7. INVESTMENT IN FINANCIAL ASSETS

	2020	2019
	SR	SR
<b>Current</b>		
Seychelles Commercial Bank Limited - Fixed deposits at cost	11,694,025	11,694,025
Absa Bank (Seychelles) Limited - Fixed deposits at cost	11,175,169	14,000,596
<b>At December 31,</b>	<b><u>22,869,194</u></b>	<b><u>25,694,621</u></b>

(a) The movement in financial assets at amortised cost is as follows:

	2020	2019
	SR	SR
<b>At January 1,</b>		
At January 1,	25,694,620	6,857,987
Additions during the year	618,957	23,013,152
Redemptions during the year	(4,684,313)	(4,336,366)
Exchange movement	1,000,882	1,037
Interest accrued	239,048	158,810
<b>At December 31,</b>	<b><u>22,869,194</u></b>	<b><u>25,694,620</u></b>

## 7. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

(b) Interest on financial assets at amortised cost are as follows:

	Maturity	Amount	2020	2019
			SR	%
Seychelles Commercial Bank	17.02.21	5,753,288	2.52	5.50
Seychelles Commercial Bank	17.02.21	5,753,288	2.52	5.50
Seychelles Commercial Bank *	Guarantee	163,634	N/A	N/A
Absa (Seychelles) Ltd	17.12.20	513,373	Nil	0.91
Absa (Seychelles) Ltd	21.05.21	7,506,576	1.49	6.25
Absa (Seychelles) Ltd	21.05.20	4,000,000	Nil	6.00
Absa (Seychelles) Ltd	Collateral	513,373	N/A	N/A
Absa (Seychelles) Ltd *	Guarantee	USD 132,825	N/A	N/A

\* These amounts are held by the banks as guarantees.

(c) Financial assets at amortised costs are denominated in the following currencies:

	2020	2019
	SR	SR
Seychelles Rupee	19,953,022	23,872,783
US Dollar	2,916,172	1,821,837
	<u>22,869,194</u>	<u>25,694,620</u>

## 8. TRADE AND OTHER RECEIVABLES

	2020	2019
	SR	SR
Trade receivables	7,363,817	8,130,862
less: provision for impairment (notes 8(d), 8(e) & 8(f))	(2,418,306)	(314,858)
	<u>4,945,511</u>	<u>7,816,004</u>
Prepayments	560,884	535,225
Receivables in respect of cash defalcation	2,168	19,954
Deposits and advances	586,496	736,551
Other receivables	177,397	183,156
	<u>6,272,456</u>	<u>9,290,890</u>

(b) The carrying values of trade and other receivables measured at amortised cost approximates their fair value.

(c) The carrying amount of the Corporation's trade and other receivables are denominated in Seychelles Rupees.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2020

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**8. TRADE AND OTHER RECEIVABLES (CONT'D)**

## (d) Credit Loss Allowances

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

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

The Corporation writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. The average credit period on trade receivables is 30 days. No interest is charged on outstanding trade receivables.

The following table details the risk profile of Trade receivables based on the Corporation's provision matrix. The customers of the Corporation have been classified into only one group based on similar credit risk, characteristics and as detailed below:

SEYCHELLES PUBLIC TRANSPORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2020

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**8. TRADE AND OTHER RECEIVABLES (CONT'D)**

(d) Credit Loss Allowances (Cont'd)

(i) At December 31, 2020

	Trade Receivables-days past due				
	< 30 days	31-60 days	61-90 days	Above 90 days	Total
Estimated gross carrying amount at default (SR)	1,660,647	333,086	98,553	4,925,975	7,363,817
Expected credit loss rate (%)	5.12%	6.63%	15.03%	39.60%	33%
Lifetime expected credit losses (SR)	<b>85,018</b>	<b>22,093</b>	<b>14,815</b>	<b>1,950,825</b>	<b>2,418,306</b>

(ii) At December 31, 2019

	Trade Receivables-days past due				
	< 30 days	31-60 days	61-90 days	Above 90 days	Total
Estimated gross carrying amount at default (SR)	2,062,435	3,157,869	1,298,306	1,612,251	8,130,862
Expected credit loss rate (%)	0.48%	0.76%	1.42%	16.28%	3.87%
Lifetime expected credit losses (SR)	<b>9,844</b>	<b>24,119</b>	<b>18,463</b>	<b>262,432</b>	<b>314,858</b>

## 8. TRADE AND OTHER RECEIVABLES (CONT'D)

## (e) Movement in allowance for credit loss

	2020	2019
	SR	SR
At January 1,	314,858	235,123
Charge during the year (note 14)	2,103,448	79,735
<b>At December 31,</b>	<b>2,418,306</b>	<b>314,858</b>

(f) *Sensitivity analysis*

If the ECL rates on trade receivables above 90 days past due had been 5% higher / (lower) as of December 2020, the loss allowance would have been SR 120,915 higher (2019: SR 18,054).

## (g) Short term staff loans are offset against their monthly salaries and risk of default has been estimated by the Directors as negligible.

## (h) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Corporation does not hold any collaterals as securities.

## 9. CASH AND CASH EQUIVALENTS

	2020	2019
	SR	SR
Cash in hand	20,000	18,000
Cash at bank	5,985,442	8,118,311
	<b>6,005,442</b>	<b>8,136,311</b>

## (a) For the purpose of Statement of Cash Flows, cash and cash equivalents comprise of the following at the end of the reporting period:

	2020	2019
	SR	SR
Cash and bank balances	6,005,442	8,136,311
Bank overdraft (note 12)	(138,297)	(564,583)
	<b>5,867,145</b>	<b>7,571,728</b>

## 10. CAPITAL GRANTS

	2020	2019
	SR	SR
<u>Grants related to assets:</u>		
At January 1,	100,560,613	108,547,583
Grant received during the year		
- Money received for future usage (note 20)	-	1,513,271
- Assets purchase in 2020 (notes 5(b) and 20)	1,606,767	-
- Assets purchase in 2019 (notes 5(b) and 20)	-	7,003,460
Release to Statement of Profit or Loss		
- Depreciation charge (note 14)	(17,193,834)	(16,503,701)
At December 31,	<u>84,973,546</u>	<u>100,560,613</u>

## 11. RETIREMENT BENEFIT OBLIGATIONS

## (a) Other post retirement benefits

Other post retirement benefits comprised mainly retirement gratuity and compensation payable under the Employment Act. Movement during the year was as follows:

	2020	2019
	SR	SR
<u>At January 1,</u>		
Charge for the year (note 15(a))	27,251,092	23,829,723
Paid during the year	5,979,050	7,463,567
At December 31,	<u>(3,165,401)</u>	<u>(4,042,198)</u>
	<u>30,064,741</u>	<u>27,251,092</u>

## 12. BORROWING

	2020	2019
	SR	SR
<u>Bank overdraft (note 12(a))</u>		
	<u>138,297</u>	<u>564,583</u>

(a) The overdraft facility from Absa Bank (Seychelles) Limited is unsecured. The facility granted amount to SR 4,000,000 accruing a 10% interest on value dated debit balance (2019: 10%). A penalty rate of SR 22% is charged on all amounts in excess of the approved limit (2019: 22%).

## 13. TRADE AND OTHER PAYABLES

	2020	2019
	SR	SR
Trade payables	7,025,097	7,825,261
Amount received in advance	1,226,851	744,400
Other payables and accruals	<u>8,418,498</u>	<u>6,747,309</u>
	<u>16,670,446</u>	<u>15,316,970</u>

(a) The carrying amounts of 'trade and other payables' approximate their amortised costs.

(b) The carrying amounts of trade and other payables are denominated in the following currencies:

	2020	2019
	SR	SR
Seychelles Rupee	11,482,407	9,558,497
US Dollar	4,287,921	4,174,377
Others	<u>900,118</u>	<u>1,584,096</u>
	<u>16,670,446</u>	<u>15,316,970</u>

## 14. EXPENSES BY NATURE

	2020	2019
	SR	SR
Cost of inventories recognised as expense (note 6(a))	29,277,483	32,830,197
Depreciation charge (note 5)	17,453,450	17,056,127
- Depreciation of assets acquired through Grants (note 10)	<u>17,193,834</u>	<u>16,503,701</u>
- Depreciation charge on other assets	<u>259,616</u>	<u>552,426</u>
Electricity and water expenses	3,933,983	3,738,700
Employee benefit expenses (note 15)	114,412,469	118,831,856
Insurance and licence costs	3,265,084	4,813,453
Other expenses	2,959,084	2,272,217
Premises and equipment maintenance	5,198,918	5,443,250
Directors' remuneration	205,440	342,000
Professional fees	1,087,229	905,604
Provision for credit impairment (note 8(e))	2,103,448	79,735
Security expenses	4,976,425	4,084,041
Telephone charges	2,089,542	2,307,559
Loss from sale of motor vehicle	-	209,253
	<u>186,962,555</u>	<u>192,913,991</u>

## 14. EXPENSES BY NATURE (CONT'D)

*Analysed as:*

	2020	2019
	SR	SR
- Operating expenses	46,730,933	49,886,324
- Administrative expenses	140,231,622	143,027,667
	<b>186,962,555</b>	<b>192,913,991</b>

## 15. EMPLOYEE BENEFIT EXPENSES

	2020	2019
	SR	SR
Wages and salaries	99,326,016	102,052,077
Provision for retirement benefit obligations (note 11)	5,979,049	7,463,567
Pension costs	5,129,058	5,135,446
Other staff costs	3,978,346	4,180,766
	<b>114,412,469</b>	<b>118,831,856</b>

## 16. OTHER INCOME

	2020	2019
	SR	SR
Rental income	2,665,532	645,969
Profit from sale of motor vehicle	3,000	-
Advertising income	857,592	562,397
Income from repairs	244,547	440,036
Grant received from Government of Seychelles (note 20)	79,797,244	53,200,000
Insurance claims	-	23,013,152
Sundry income	640,355	737,814
	<b>84,208,270</b>	<b>78,599,368</b>

**17. (LOSS) / PROFIT FOR THE YEAR**

(Loss) / Profit for the year is arrived at after crediting and charging the following:

	2020	2019
	SR	SR
<i>crediting:</i>		
Interest income	1,089,891	293,207
Rental income	<u>2,665,532</u>	<u>645,969</u>
<i>and charging:</i>		
Depreciation on property and equipment (note 5)	17,453,450	17,056,127
Directors' remuneration (note 17(a))	205,440	342,000
Auditor's remuneration	224,250	224,250
Rentals	<u>1,746,000</u>	<u>1,739,702</u>

## (a) Directors' remuneration:

	2020	2019
	SR	SR
Andy Moncherry	66,480	96,000
Alone Edmond	46,320	72,000
Noemi Woodcock	-	30,000
Marilyn Reginald	46,320	72,000
Cecily Derjacques	<u>46,320</u>	<u>72,000</u>
	<u>205,440</u>	<u>342,000</u>

**18. COMMITMENTS**

## (a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2020	2019
	SR'000	SR'000
Property development	4,455	2,932
Equipment	-	1,355
	<u>4,455</u>	<u>4,287</u>

**19. CONTINGENT LIABILITIES**

There were no contingent liabilities as at December 31, 2020 (2019: Nil).

## 20. RELATED PARTY TRANSACTIONS

	2020	2019
	SR	SR
Directors' remuneration	205,440	342,000
Grant received from the Government of Seychelles		
- Capital grant (note 10)	1,606,767	8,516,731
- Revenue grant (note 16)	<u>79,797,244</u>	<u>53,200,000</u>

The above transactions have been made at arm's length, on normal commercial terms and in the ordinary course of business.

(a) Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. There has been no guarantees provided for any related party payables.

## (b) Key management personnel compensation

	2020	2019
	SR	SR
Salaries and short term benefits	864,252	927,129
End of contract payment	<u>259,276</u>	-
	<u>1,123,528</u>	<u>927,129</u>