

**SEYCHELLES FISHING AUTHORITY**

**Directors' Report & Audited Financial Statements  
for the year ended December 31, 2017**

**SEYCHELLES FISHING AUTHORITY**

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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## CORPORATE INFORMATION

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<b>DIRECTORS</b>	: <i>Directors of the Authority during the financial year 2017:</i> Nirmal Jivan Shah (Chairperson) Eugene Vidot Keith Andre Roy Clarisse Rebecca Loustau-Lalanne
<b>DIRECTORS</b>	: <i>Current Directors of the Authority:</i> Radley Weber (Chairperson) Roy Clarisse Eugene Vidot Aubrey Harris Beatty Hoarau Marc Gonthier Joseph Tirant Audrina Dine Franky Laporte
<b>CHIEF EXECUTIVE OFFICER</b>	: Bernard Arneph (January to March 2017) Rohnny Renaud (May 2017 onwards) Nichol John Elizabeth (current)
<b>SECRETARY</b>	: Ms. Nan Constant
<b>REGISTERED OFFICE</b>	: P.O. Box 449, Fishing Port, Mahé, Seychelles
<b>PRINCIPAL PLACE OF BUSINESS</b>	: Fishing Port, Mahé, Seychelles
<b>AUDITOR</b>	: Baker Tilly Chartered Accountants Seychelles
<b>BANKERS</b>	: 1. ABSA Bank (Seychelles) Limited 2. Seychelles International Mercantile Banking Corporation Ltd.

## DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of Seychelles Fishing Authority ("the Authority") for the year ended December 31, 2017.

## PRINCIPAL ACTIVITIES

The Authority is a parastatal organization which functions as the executive arm of Government for fisheries and related matters. There has been no significant change in the nature of these activities during the financial year under review.

## RESULTS

	2017	2016
	SR	SR
Surplus for the year	<u>35,531,515</u>	<u>139,533,833</u>

## PROPERTY, PLANT AND EQUIPMENT

Additions of SR. 877,294 to property, plant and equipment during the year comprised office and research equipment and ice plants (2016: SR. 3,009,290). To the best of knowledge and based on the information and records made available to the Current Directors, the Directors are not in a position to confirm that there were no disposals during the financial year under review (2016: SR. nil).

Property, plant and equipment are stated at cost less accumulated depreciation. To the best of knowledge and based on the information and records made available to the Current Directors, the Directors are not in a position to confirm whether the carrying amount of property, plant and equipment at the balance sheet date approximates its fair value.

## DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Authority appointed by the President of Seychelles since the date of the last report and the date of this report are:

<b>Chairperson</b>	Radley Weber	(appointed effective February 8, 2021)
	Philippe Michaud	(term ended on February 8, 2021)
<b>Directors:</b>	Roy Clarisse	(appointed effective February 8, 2021)
	Eugene Vidot	(appointed effective February 8, 2021)
	Aubrey Harris	(appointed effective February 8, 2021)
	Beatty Hoarau	(appointed effective February 8, 2021)
	Marc Gonthier	(appointed effective February 8, 2021)
	Joseph Tirant	(appointed effective February 8, 2021)
	Audrina Dine	(appointed effective February 8, 2021)
	Franky Laporte	(appointed effective February 8, 2021)
	Glenny Savy	(term ended on February 8, 2021)
	Dolor Ernesta	(term ended on February 8, 2021)
	Andrew Jean-Louis	(term ended on February 8, 2021)
	Keith Andre	(term ended on February 8, 2021)

**DIRECTORS' REPORT *Continued*****DIVIDENDS**

No dividends were paid but an amount of SR. 75,604,412 (2016: SR. 139,439,966) was transferred to the Consolidated Fund at Treasury Department, Ministry of Finance.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

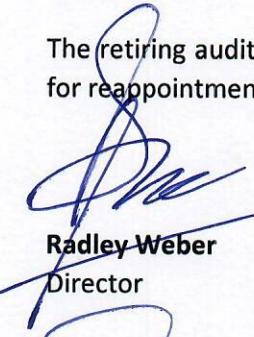
The Board of Directors is responsible for policy, control and the overall management of the affairs of the Authority including the operations of the Authority and making investment decisions.

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with requirements of the Seychelles Fishing Authority (Establishment) Act, 1984 and Generally Accepted Accounting Standards in Seychelles. 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 that fall within the accounting policies adopted by the Authority; and making accounting estimates that are reasonable in the circumstances. The Board of Directors has the general responsibility of safeguarding the assets, both owned by the Authority and those that are held in trust and used by the Authority.

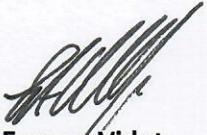
However, since the Board of Directors responsible for operations, preparation and presentation of the financial statements and for its audit for the year ended December 31, 2017 did not complete their responsibilities within the mandated time and left with incomplete books of accounts and missing supporting documents, the current Board of Directors for the purpose of continuity and legal compliance, made its best endeavor to ensure accuracy and reliability of the available information and provided them to the Auditors to obtain an independent audit opinion on them. The new Board of Directors do not and will not under any circumstances accept responsibility and liability for actions undertaken or not undertaken in relation to these financial statements by the then Board of Directors in the financial year 2017.

**AUDITORS**

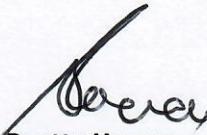
The retiring auditor Messrs. Baker Tilly, Chartered Accountants, Seychelles being eligible offer themselves for reappointment.

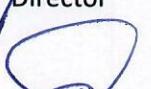
  
Radley Weber  
Director

  
Roy Clarisse  
Director

  
Eugene Vidot  
Director

  
Aubrey Harris  
Director

  
Beatty Hoarau  
Director

  
Marc Gonthier  
Director

  
Joseph Tirant  
Director

  
Audrina Dine  
Director

  
Franky Laporte  
Director

Dated: July 2, 2021  
Victoria, Seychelles

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Republic of Seychelles  
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URL: [www.bakertillymkm.com](http://www.bakertillymkm.com)

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## **INDEPENDENT AUDITOR'S REPORT SEYCHELLES FISHING AUTHORITY**

We have audited the accompanying financial statements of Seychelles Fishing Authority set out on pages 5 to 27, which comprise the statement of financial position as at December 31, 2017, the statements of profit or loss, cash flows and changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

The Board of Directors is responsible for keeping proper accounting records and for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Seychelles Fishing Authority (Establishment) Act, 1984, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and ensure that the financial statements give a true and fair view of the Authority's affair. In preparing the financial statements, the Board is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

### **Directors disclaimer**

Reference is made to the third paragraph under Statement of Directors Responsibilities on Page 3 of the Directors Report. The Directors have explicitly stated that they do not and will not under any circumstances accept responsibility and liability for actions undertaken or not undertaken in relation to the financial statements by the then Board of Directors in the financial year 2017. This is one of the reasons for our disclaimer opinion.

### **Other information**

Management is responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

**INDEPENDENT AUDITOR'S REPORT****SEYCHELLES FISHING AUTHORITY *Continued*****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 the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Authority's internal controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's 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 Authority'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 Authority to cease to continue as a going concern; and
- 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 management, 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.

**INDEPENDENT AUDITOR'S REPORT****SEYCHELLES FISHING AUTHORITY *Continued*****Unavoidable Scope Limitation due to Inadequacies in the Authority's Accounting records**

Since the year 2014, there have been significant and continued changes to key personnel upon whom the Authority's system of control was dependent. In particular, changes in the key finance personnel.

In addition to the above, the Authority's accounting information were incomplete and did not provide a complete audit trail. The Authority's primary records do not provide sequential and complete information of each transaction and the nominal and subsidiary ledgers were incomplete in all respects. Therefore, the accounts from the Treasury Information System were used for the purpose of this audit. Whilst the Treasury Information System records formed a basis for us to undertake the review of the financial statements, numerous corrections were required during the course of our audit. The Treasury Information System records, all incomes and expenses on a receipt basis, therefore a process was undergone to try and convert the set of financial data to represent a set of accrual based accounting figures. After year end receipts and payments was also used as a basis to validate certain account balances.

Due to changes in personnel, incomplete accounting information and lack of adequate external records; we have preferred to provide a long form audit report covering major line items of the statement of financial statements.

**(A) Statement of Financial Position****Property, Plant and Equipment - SR. 215,407,505**

The register recording Property, Plant and Equipment contains fully depreciated assets dating back to the year 1998 which may be no longer in use. Treasury has implemented a fixed asset register module in the year 2016 for Government entities to manage and record their assets. The Authority started implementing the software but the assets in the register did not reconcile back to the Treasury asset Public Sector Investment Programme ("PSIP") accounts, and therefore the register was not used for the purpose of accounting for additions to the Property, Plant and Equipment in the Authority's accounting records. Instead, additions were accounted for as per the PSIP TIS (Treasury Information System) accounting

Purchase and replacement of assets were also found incorrectly recorded in repairs and maintenance accounts. Internal controls were inadequate in ensuring that an accurate up-to-date fixed assets register is maintained by the Authority, therefore we cannot conclude on whether Property, Plant and Equipment is free from material misstatements.

The Authority is not the legal owner of certain properties on which certain Property, Plant and Equipment are situated.

**INDEPENDENT AUDITOR'S REPORT**  
**SEYCHELLES FISHING AUTHORITY *Continued***

**Capital work in progress - SR. 26,773,885**

Certain large projects continued from prior years, a few of them being the construction of roads and utilities at Ile du Port as well as a processing building in Bel Ombre. We are satisfied that work in progress is correctly stated in the annual financial statements with regards to the ongoing projects.

**Fisheries Development Fund - SR. 63,703,821**

We obtained external confirmation for the Fisheries Development Fund for the year 2017 and are satisfied that the balance has been correctly stated in the financial statements.

**Fuel inventories - SR. 388,177**

We noted that no fuel count was performed at the Providence fuel station at year end. Consequently, we were unable to ascertain that the fuel inventory at the end of the financial year is appropriately stated. The inventory balance only includes the fuel inventories counted at Victoria station. Victoria's fuel balance was agreed to the signed fuel measurement sheets for fuel counted in liters. The fuel inventories balance has not been correctly stated in the annual financial statements and is currently understated. We could not carry out a physical count since we were appointed Auditors in the year 2020.

**Trade and other receivables - SR. 9,412,909**

Due to the lack of controls over the collection and management of debtors and the conversion of the accounts from a receipts basis to an accrual basis, we cannot be satisfied that the Trade and other receivables are completely recorded in the annual financial statements. We are satisfied, based on a subsequent receipts test, that the reflected balance is recoverable or the Authority has made adequate provision for bad and doubtful debts.

**Cash and bank balances - SR. 10,249,900**

We have obtained external confirmation to satisfy ourselves of the existence of this asset, with the exception of four accounts amounting to SR. 1,954,693 .

**Employee benefit obligations - SR. 6,943,319**

We are satisfied that the Authority had made adequate provisions for gratuity and compensation in its financial statements.

**INDEPENDENT AUDITOR'S REPORT**  
**SEYCHELLES FISHING AUTHORITY *Continued***

**Deferred Grants - SR. 250,734,030**

Deferred grants represent an unamortised balance for corresponding fixed assets acquired by the Authority and we are satisfied that the deferred grants are correctly stated in the financial statement. Deferred grants are recognized on the same basis as Property, Plant and Equipment and reliance should only be placed in accordance with the reliance placed on the accuracy of Property, Plant and Equipment.

**Credits held for future projects- SR. 13,332,362**

These represent amounts received as grants/subsidies for specific projects to be undertaken by the Authority with a reporting requirement to the donor. The largest credit carried forward represents SR 4,035,980 from European Union for fisheries development. Expenditure incurred in the year under this project amounted to SR. 46,466,886.

The records maintained by the Authority did not specify the project for which expenditures were incurred. Therefore, there is a possibility of error in allocation of expenditures to the appropriate project accounts.

**Other payables and accruals - SR. 48,766,711**

Based on the conversion from a receipts based accounting approach to an accrual basis, we cannot safely conclude that Trade and other payables are completely recorded at year end. There is a probable risk of unrecorded liabilities that may not have been detected during the audit.

During the financial year under review, an amount of SR. 42,906,379 was identified as license fees paid for the year 2018 and these amounts were reclassified from Revenue to Prepaid licenses in the Statement of financial position. In the prior years receipt of license fees was accounted on cash basis.

**(B) Statement of Profit or Loss**

**Annual subvention - Nil**

The Authority represented to us that no Annual subvention was received from the Government of Seychelles during the financial year under review. In the absence of any external evidence, we had to rely on the representation of the Management.

**Rental income - SR. 1,207,681**

Rental of areas under its control at the Fishing Port forms a significant part of the income of the Authority. We were unable to review lease agreements as these were not available. Furthermore, the Authority does not maintain a site map of all properties under its control. Therefore, we cannot confirm that the rental income has been correctly stated in the financial statements, since these are currently still reflected on a receipts basis and not an accrual basis. During the financial year under review certain rentals received after the end of the year were adjusted to rental income based on subsequent review of their receipt.

**INDEPENDENT AUDITOR'S REPORT**  
**SEYCHELLES FISHING AUTHORITY *Continued***

**Fuel operations from fuel depot**

We were unable to separate the movements in the fuel treasury suspense account between fuel purchases and sales; other miscellaneous income and expenses; and Illegal, unreported and unregulated ("IUU") fishing vessel fines and costs. Therefore we are not satisfied that fuel surplus from depot operations has been correctly stated in the financial records, not taking into account the omission of the Providence fuel station stock in the accounting records of the Authority.

**Other revenues**

Based on the conversion from a receipts based accounting approach to an accrual basis, we cannot safely conclude that the other revenues are completely stated in the financial statements.

**Operating and other expenses - SR. 32,875,483**

We are satisfied that expenses have been properly authorized and accurately accounted for in terms of the required processes. The expenses have not been recorded on an accrual basis therefore we cannot safely conclude that the balance is free from material misstatement.

**Employees Salaries and benefit expenses - SR. 20,721,377**

Staff cost incurred by the Authority has been properly accounted and the Authority has complied with the provisions Personal Income Tax and the Pension Acts.

**Depreciation and amortisation - SR. 10,939,215 & transfer from deferred grants SR. 10,596,587**

We are satisfied that the financial statements correctly reflect depreciation in accordance with stated accounting policies. We have also verified amortisation of deferred grants and confirm it complies with the accounting policy note 2.2.

**Research and development costs - SR. 12,557,603**

We are satisfied expenditure has been appropriately authorized and correctly recorded in the financial statements. However, classification within the head of account could vary due to incomplete transaction details.

**Monitoring, Control and Surveillance and Enforcement - SR. 16,221,521**

We are satisfied expenditure has been appropriately authorized and correctly recorded in the financial statements. However, classification within the head of account could vary due to incomplete transaction details.

**INDEPENDENT AUDITOR'S REPORT****SEYCHELLES FISHING AUTHORITY *Continued***

Our observations with respect to Fisheries Facilities Development of SR. 59,964,012 are stated below:

**(i) Fuel claims paid in the year - SR. 30,987,991**

We are satisfied that fuel claims paid during the year are correctly stated in the financial statements.

**(ii) Fisheries Development expenditure from EU funding - SR. 27,159,699**

We are satisfied expenditure has been appropriately authorized and correctly recorded in the financial statements.

**Utilities - SR. 12,678,619**

We are satisfied that Utilities has been correctly stated in the financial statements. Since we did not receive the response to the confirmation circularisation, we cannot conclude completeness on accrual basis.

**Indian Ocean Tuna Commission expenses - SR. 233,067**

We are satisfied that the rental and housing allowance paid for the Indian Ocean Tuna Commission has been fairly stated in the financial statements.

**Other expenses**

Based on the conversion from a receipts based accounting approach to an accrual basis, we cannot safely conclude that the other expenses are completely stated in the financial statements.

**Operational controls**

- 1) Our review of internal controls revealed that there is an apparent lack of controls over the revenue collection processes of SFA leading to an increased risk of fraudulent activity and mismanagement. In addition to this, rates and revenue prices have not been increased for a number of years which has consequently undermined the earning potential of SFA over the course of time.
- 2) Controls over invoicing and debtor management are limited and do not adequately ensure timely and accurate collection of outstanding receivables.
- 3) No use is made of subsidiary ledgers to ensure maintenance of accurate and complete financial information.
- 4) There are no controls over the accounting for fixed assets of the Authority. Proper record of fixed asset additions are not kept and the maintenance of asset register is incomplete.
- 5) Payments for non-fuel related expenses were made from the Treasury suspense account during the year. This account is supposed to be used explicitly for the collection of fuel revenues and payments for fuel from SeyPec.
- 6) Lease agreements for rental of premises owned by SFA were not obtainable and potentially do not exist at the current point in time.

**INDEPENDENT AUDITOR'S REPORT**  
**SEYCHELLES FISHING AUTHORITY *Continued***

***Other matters***

We have no relationship with, or interests, in the Authority other than in our capacity as auditors and arms length dealing with the Authority in the ordinary course of business.

To a larger extent we were able to obtain maximum information and explanations we have required.

The financial statements of the Authority for the year ended December 31, 2016 was audited by another auditor who expressed a disclaimer opinion on March 20, 2018.

We draw attention to the disclaimer of responsibility of the Current Board of Directors to the financial statements for the financial year under review detailed under the Statement of Directors' Responsibilities on Page 3 of the Directors' Report.

***Opinion***

Whilst the figures provide a general appreciation of the financial position and performance; due to matters stated above, disclaimer of responsibility by the Current Directors with respect to preparation and fair presentation of financial statements; and limitations in internal controls, we are unable to express and we do not express an opinion that the accompanying financial statements set out on pages 5 to 27 give a true and fair view of the financial position of the Authority as at 31 December 2017, and of its financial performance for the year then ended.

  
**BAKER TILLY**  
Chartered Accountants

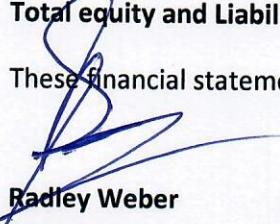
Dated: July 2, 2021  
Victoria, Seychelles

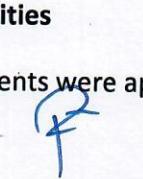


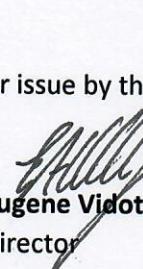
## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

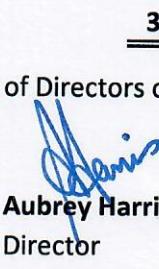
	Notes	2017	2016
		SR	SR
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	5	<b>215,407,505</b>	225,469,426
Capital Work in progress	6	<b>26,773,885</b>	15,990,321
Investments	7	<b>54,986</b>	54,986
Fisheries Development Fund	8	<b>63,703,821</b>	60,745,550
		<b>305,940,197</b>	<b>302,260,283</b>
<b>Current assets:</b>			
Inventories	9	<b>388,177</b>	317,903
Trade and other receivables	10	<b>9,412,909</b>	1,689,986
Cash and cash equivalents	11	<b>10,249,900</b>	22,784,093
		<b>20,050,986</b>	<b>24,791,982</b>
<b>Total assets</b>		<b>325,991,183</b>	<b>327,052,265</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Assigned capital	12	<b>1,122,800</b>	1,122,800
Excess transfer to consolidated fund	13	<b>(52,598,503)</b>	<b>(12,525,606)</b>
<b>Total equity</b>		<b>(51,475,703)</b>	<b>(11,402,806)</b>
<b>Non-current liabilities:</b>			
Deferred grants	14	<b>250,734,030</b>	250,547,053
Credits held for future projects	15	<b>13,332,362</b>	21,414,623
Credits held for Fisheries Development Fund	8	<b>57,690,464</b>	57,690,464
Employee benefit obligations	16	<b>6,943,319</b>	7,871,791
		<b>328,700,175</b>	<b>337,523,931</b>
<b>Current liabilities:</b>			
Other payables and accruals	17	<b>48,766,711</b>	931,140
		<b>48,766,711</b>	<b>931,140</b>
<b>Total liabilities</b>		<b>377,466,886</b>	<b>338,455,071</b>
<b>Total equity and Liabilities</b>		<b>325,991,183</b>	<b>327,052,265</b>

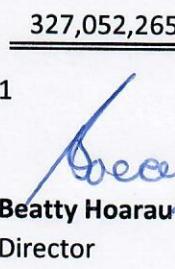
These financial statements were approved for issue by the Board of Directors on July 2, 2021

  
Radley Weber  
Director

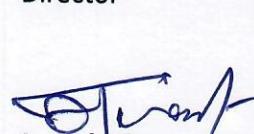
  
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Director

  
Eugene Vidot  
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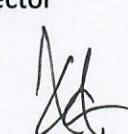
  
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Joseph Tirant  
Director

  
Audrina Dine  
Director

  
Franky Laporte  
Director

The notes on pages 9 to 27 form an integral part of these financial statements

Independent Auditor's report on pages 4 to 4 (g)

## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2017

	Notes	2017 SR	2016 SR
Revenue	18	<b>125,148,806</b>	233,208,795
Other income	19	<b>153,622</b>	1,151,276
Grant utilised	15	<b>52,471,615</b>	29,735,843
		<b>177,774,043</b>	264,095,914
Employee costs	20	(20,721,377)	(21,723,607)
Operating and other expenses	21	(32,875,483)	(33,271,041)
Research and development costs	22	(12,557,603)	(8,001,457)
Monitoring control, surveillance and enforcement costs	23	(16,221,521)	(16,880,726)
Fisheries facilities development	24	(59,964,012)	(44,481,743)
Foreign exchange gain /(loss)		<b>440,096</b>	(48,895)
		<b>35,874,143</b>	139,688,445
Amortisation of deferred grants		<b>10,596,587</b>	10,845,104
Depreciation	5	(10,939,215)	(10,999,716)
<b>Surplus for the year</b>		<b>35,531,515</b>	<b>139,533,833</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2017

	Assigned capital SR	Excess transfer to Consolidated Fund SR	Total SR
<b>Balance at January 1, 2017</b>	<b>1,122,800</b>	<b>(12,525,606)</b>	<b>(11,402,806)</b>
<b>Surplus for the year</b>	<b>-</b>	<b>35,531,515</b>	<b>35,531,515</b>
<b>Transfer to consolidated fund</b>	<b>-</b>	<b>(75,604,412)</b>	<b>(75,604,412)</b>
<b>Balance at December 31, 2017</b>	<b>1,122,800</b>	<b>(52,598,503)</b>	<b>(51,475,703)</b>
Balance at January 1, 2016	1,122,800	(1,688,213)	(565,413)
Surplus for the year	-	139,533,833	139,533,833
Receipt of Government loan via capital funding	-	(10,931,360)	(10,931,360)
Transfer to consolidated fund	-	(139,439,866)	(139,439,866)
<b>Balance at December 31, 2016</b>	<b>1,122,800</b>	<b>(12,525,606)</b>	<b>(11,402,806)</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

	Notes	2017 SR	2016 SR
<b>OPERATING ACTIVITIES</b>			
Surplus for the year		<b>35,531,515</b>	139,533,833
Adjustments for:			
Depreciation of property, plant and equipment	5	<b>10,939,215</b>	10,999,716
Amortisation	15	<b>(10,596,587)</b>	(10,845,104)
Movement in employee benefit obligations provision	16	<b>(928,472)</b>	1,788,826
Operating profit before working capital changes		<b>34,945,671</b>	141,477,271
<i>Changes in working capital:</i>			
Inventories	9	<b>(70,274)</b>	221,396
Trade and other receivables	10	<b>(7,722,923)</b>	(22,050)
Other payables and accruals	17	<b>47,835,571</b>	309,186
<b>Net cash inflow from operating activities</b>		<b>74,988,045</b>	141,985,803
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	5	<b>(877,294)</b>	(3,009,290)
Movement in capital work in progress	6	<b>(10,783,564)</b>	(13,234,487)
<b>Net cash outflow from investing activities</b>		<b>(11,660,858)</b>	(16,243,777)
<b>FINANCING ACTIVITIES</b>			
Grants received	14	<b>10,783,564</b>	16,243,778
Paid to Government of Seychelles		-	(10,931,360)
Movement in credits held for future projects		<b>(13,998,803)</b>	(19,597,468)
Transfer to consolidated fund		<b>(75,604,412)</b>	(139,439,866)
Movement in Fisheries Development Fund	8	<b>2,958,271</b>	1,795,124
<b>Net cash outflow from financing activities</b>		<b>(75,861,380)</b>	(151,929,792)
<b>Net change in cash and cash equivalents</b>		<b>(12,534,193)</b>	(26,187,766)
<b>Movements in cash and cash equivalents:</b>			
At January 1,		<b>22,784,093</b>	48,971,859
Decrease		<b>(12,534,193)</b>	(26,187,766)
<b>At December 31,</b>	11	<b>10,249,900</b>	22,784,093

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017****1. GENERAL INFORMATION**

Seychelles Fishing Authority is incorporated by statute (Seychelles Fishing Authority (Establishment) Act, 1984) with the aim of developing the industry to its fullest potential and to safeguard the resource base for sustainable development.

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

**2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES**

A summary of the significant accounting policies, which have been applied consistently, are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation**

The financial statements of the Authority have been prepared in accordance with requirements of the Seychelles Fishing Authority (Establishment) Act, 1984, Public Financial Management Act, 2012, Public Finance Management Regulations 2014 and PEMC Act, 2013 and Generally Accepted Accounting Standards in Seychelles.

**(a) Accounting convention**

These financial statements have been prepared in accordance with the historical cost convention and the accruals basis. In the prior years accrual basis was not applied consistently to income and expenses.

**(b) Reporting and functional currency**

The reporting and functional currency of the Authority is Seychelles Rupee ("SR"), as most of the transactions are effected in Seychelles Rupees.

**2.1 Off balance sheet transactions and activities**

From time to time, transaction, which are not related to the operations of the Authority are undertaken as a proxy of the Seychelles Government. The management confirm no such transactions were undertaken during 2017 (2016: nil).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

## 2.2 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value recognised at the date of acquisition. Initial cost of property, plant and equipment comprises its purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Such cost also include the cost of replacing components of the property, plant and equipment. Borrowing costs for long-term construction projects are capitalised only if the recognition criteria is met. 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 to the Authority 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 Authority 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.

Costs incurred for major maintenance are recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are charged to the statement of profit or loss.

Depreciation of property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual values over their expected useful lives as follows:

	Years
Leasehold buildings	50
Furniture and office equipment	3 to 10
Motor vehicles	4
Computer equipment	5
Ice plant	10
Boats	10

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 following 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. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount or amortised over a period determined by the management.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017**

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**2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*****2.3 Investments**

Investments classified as non-current are carried at cost, less amounts written off to recognize other than temporary declines in the values of the investments.

**2.4 Inventories**

Inventories comprising fuel and equipment, are stated at the lower of cost (determined on a first in first out basis) and net realisable value. Net realisable value is the estimated selling price in ordinary course of business and applicable variable selling expenses. Net realisable value is determined after review of individual items of inventories by management for any required impairment. Marine chandlery received as part of foreign aid are stated at values per the aid agreement.

Provisions are made for obsolete inventories based on Management's appraisal.

**2.5 Grants and credit for future projects**

Grants are recognized at the fair value in statement of profit or loss where there is reasonable assurance that the grant will be received and the Authority has complied with their attached conditions. Grants received where the authority has yet to comply with the attached conditions are recognised as deferred income and released to income when all attached conditions have been complied with.

Subventions and grants are recognized in the income statement as follows:

- Grant towards acquisition of a property, plant and equipment are amortized over estimated useful lives of assets.
- Grant for recurrent expenditure is credited to revenue on an accrual basis.
- Grants from donors for development and other expenditure is offset against approved costs.

**2.6 Cash and cash equivalents**

Cash and cash equivalents comprises cash in hand, at banks and demand deposits. 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, against which the bank overdrafts, if any, are deducted. Overdrafts are shown within borrowings under current liabilities on the Statement of Financial Position.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017**

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**2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*****2.7 Trade and other receivables**

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

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

The carrying amount of trade and other receivables approximate their fair value.

**2.8 Deferred Grants**

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.

**2.9 Employee benefits obligations**

Provision is made for the end of service benefits due to employees in accordance with current applicable Labour Laws for their periods of service up to the reporting date. The provision for the end of service benefits is calculated annually based on their current basic remuneration.

***Defined benefit plans***

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. Provision for post-employment benefits with respect to long service compensation commences and recognized as soon as the employees meet the eligibility criteria specified under the Seychelles Employment Act with respect to completion of 5 years of continuous employment.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017**

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**2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*****2.9 Employee benefits obligations *Continued*****Defined benefit plans *Continued***

At the end of each reporting period, accumulated post-employment benefits are measured in line with the applicable regulations for completeness. Shortfall, if any, is provided by a charge to the statement of profit or loss. Further provision is required for past services in the year if there is an increase in basic salary, since the effect of the increased salary would impact the existing provision. Provision is reversed to the statement of profit or loss when an employee defaults on the eligibility criteria at the time or before termination of his employment. The liability recognized in the statement of financial position is the present value of the defined obligation at the reporting date.

**Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the Authority pays fixed contributions to the Seychelles Pension Fund and the Authority has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss in the periods during which services are rendered by employees.

**2.10 Trade and other payables**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether claimed by the supplier or not.

Monies received in advance for goods or services to be provided subsequent to the year end are recognised as advances from customers in current liabilities.

The carrying amounts of trade and other payables approximate their amortised cost.

**2.11 Provisions**

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Authority expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

## 2.12 Current and deferred taxation

Income tax expense normally comprises current and deferred tax. Current tax is recognised in profit or loss. Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

As per the current tax regime, income of the Authority is not liable to tax. Hence no provision is considered for current tax as on the reporting date and consequently no provision is required for deferred tax.

## 2.13 Offsetting of financial assets and liabilities

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

## 2.14 Foreign currencies

Transactions in foreign currencies are translated to Seychelles Rupees at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Seychelles Rupees at the exchange rate at that date. Foreign currency gains or losses on monetary items are the differences between the amortised cost in Seychelles Rupees at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on the translation are recognised in the statement of profit or loss.

As at year end, the main exchange rates against the Seychelles Rupees were as follows:

Currencies	Exchange rates		Changes in % ge	
	2017	2016	2017	2016
United States Dollar	13.83	13.50	-2.44%	-2.82%
Euro	16.54	14.04	-17.81%	1.68%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

## 2.15 Contingent liabilities

A contingent liability is disclosed when the Authority has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Authority; or when the Authority has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

## 2.16 Assigned Capital

The Authority received contributions from the Government of Seychelles for certain assets on inception, there have been no further subsequent movements in this balance and have been classified as Assigned Capital representing contribution other than cash from the owner of the Authority.

## 2.17 Revenue recognition

Revenue is recognised when the performance obligation is being satisfied. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(i) ***Subvention***

Subvention is recognized as it accrued on monthly basis.

(ii) ***Rental income***

Rental income is recognized on accrual basis unless collectability is in doubt.

(iii) ***Other income***

Other income is recognized on the accrual basis. Net gains and losses on the disposal of property, plant & equipment, after deducting from proceeds on disposals, the carrying amount of the assets and related selling expenses.

(iv) ***Government grants***

Grants that are received for compensation of expenses or losses already incurred, or for the purpose of giving immediate financial support to the Authority with no future related costs, are recognised in the statement of profit or loss in the period in which reasonable assurance is established that the entity will comply with the conditions attached to the Grant and that the Grant will be received.

Grants that compensate the Authority for expenses to be incurred are initially recognised in the statement of financial position as a deferred income. Subsequent to initial recognition, such grants are recognised in the statement of profit or loss as Grants Income.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017****3. RISK MANAGEMENT****3.1 Financial risk management objectives and policies**

The activities of the Authority expose it to different financial risks, market risks (including currency and fair value interest risk), credit and liquidity risk. The Board of Directors have the overall responsibility for the establishment, overseeing and monitoring of the Authority's risk management framework and are assisted by the senior management. Senior management is responsible for designing, developing and monitoring the Authority's risk management policies, which are approved by the Board of Directors.

The Authority's risk management policies are established to identify and analyse the risks faced by the Authority, focusing on the unpredictability of financial markets, 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 Authority's activities and its role in the Republic of Seychelles. The Authority, 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 Authority's exposures to each of the above risks, the Authority's objectives, policies and processes for measuring and managing risk, and the Authority's management of capital. Further quantitative disclosures are included throughout these financial statements.

**(a) Foreign currency risk**

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates and can arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Authority is exposed to currency risk arising from future commercial transactions and liabilities that are denominated in currencies other than the functional currency. The currencies in which these transactions are primarily denominated are Euro ("EUR") and United States Dollar ("USD"). The Authority aims to aggregate a net position for each currency. Foreign currency risk is not hedged.

**(b) Credit risk**

The Authority's credit risk arises when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Authority's receivables from trade and other receivables.

The Authority establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets and the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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**4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS**

The preparation of the Authority's financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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. In the process of applying the Authority's accounting policies, management has made the following estimates and judgments, which have the most significant effect on the amounts recognised in the financial statements:

**4.1 *Government Grants***

The Authority receives contributions from the Government of Seychelles towards investments in capital projects for improvements of infrastructure and ameliorating services being offered. Significant judgment 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.

**4.2 *Impairment of assets***

Decline in the value of property, plant and equipment could have a significant effect on the amounts recognised in the financial statements. Management assesses the possible impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include:

- (i) Significant change in the useful life which would be expected from the passage of time or
- (ii) Evidence that the performance of the plant and equipment could have a negative impact on the operating results, hence the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

**4.3 *Depreciation policies***

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Authority would currently obtain from its disposal, if the asset was already of the age, and in condition expected at the end of its useful life. The Board of Directors therefore make estimates based on historical experience and use their best judgment to assess the useful lives of assets and to forecast their expected values at the end of their expected useful lives.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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**4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS *Continued*****4.4 Estimated useful lives of property, plant and equipment**

Estimated useful lives and residual values of property, plant and equipment are assigned based on the intended use of the 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 need to be adjusted in line with the current circumstances. The Board of Directors review the residual values and useful lives of major items of property, plant and equipment and determine necessary adjustments.

**4.5 Limitation of sensitivity analysis**

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

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

## 5. PROPERTY, PLANT AND EQUIPMENT

	Buildings SR	Office and research equipment SR	Ice plants SR	Boats and Motor vehicles SR	Total SR
<b>COST</b>					
At January 1, 2016	208,120,748	30,489,480	56,205,525	18,214,766	313,030,519
Additions	1,853,130	246,010	910,150	-	3,009,290
Disposals	-	-	-	-	-
<b>At December 31, 2016</b>	<b>209,973,878</b>	<b>30,735,490</b>	<b>57,115,675</b>	<b>18,214,766</b>	<b>316,039,809</b>
Additions	-	640,619	236,675	-	877,294
<b>At December 31, 2017</b>	<b>209,973,878</b>	<b>31,376,109</b>	<b>57,352,350</b>	<b>18,214,766</b>	<b>316,917,103</b>
<b>ACCUMULATED DEPRECIATION</b>					
At January 1, 2016	16,278,880	27,389,524	20,205,198	15,697,065	79,570,667
Charge for the year	4,512,434	828,875	4,853,704	804,703	10,999,716
Disposal	-	-	-	-	-
<b>At December 31, 2016</b>	<b>20,791,314</b>	<b>28,218,399</b>	<b>25,058,902</b>	<b>16,501,768</b>	<b>90,570,383</b>
Charge for the year	4,199,477	1,318,506	4,889,236	531,996	10,939,215
<b>At December 31, 2017</b>	<b>24,990,791</b>	<b>29,536,905</b>	<b>29,948,138</b>	<b>17,033,764</b>	<b>101,509,598</b>
<b>NET BOOK VALUE</b>					
<b>At December 31, 2017</b>	<b>184,983,087</b>	<b>1,839,204</b>	<b>27,404,212</b>	<b>1,181,002</b>	<b>215,407,505</b>
<b>At December 31, 2016</b>	<b>189,182,564</b>	<b>2,517,091</b>	<b>32,056,773</b>	<b>1,712,998</b>	<b>225,469,426</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

## 6. CAPITAL WORK IN PROGRESS

	2017	2016
	SR	SR
<b>At January 1,</b>	<b>15,990,321</b>	2,755,834
Expenditure during the period	10,783,564	13,234,487
<b>At December 31,</b>	<b>26,773,885</b>	<b>15,990,321</b>

(a) The Capital work in progress comprise of the following projects:

	2017	2016
	SR	SR
Ille du Port Road & Utilities construction	16,994,986	8,100,238
Bel Ombre processing building	7,717,149	7,717,149
Facility Providence	1,888,816	-
Other projects	172,934	172,934
	<b>26,773,885</b>	<b>15,990,321</b>

## 7. INVESTMENT IN FINANCIAL ASSETS

	2017	2016
	SR	SR
<i>Financial assets at amortised cost:</i>		
Ordinary shares (unquoted) in:		
Indian Ocean Marine Limited	29,986	29,986
Praslin Ocean Farm Limited	25,000	25,000
	<b>54,986</b>	<b>54,986</b>

## 8. FISHERIES DEVELOPMENT FUND

(a) Movements in balances held with Development Bank of Seychelles:

	2017	2016
	SR	SR
<b>At January 1,</b>	<b>60,745,550</b>	58,950,426
Additional capital disbursed during the year	6,000,000	-
Movement during the year	(3,041,729)	1,795,124
<b>At December 31,</b>	<b>63,703,821</b>	<b>60,745,550</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

8. FISHERIES DEVELOPMENT FUND *Continued*

## (b) Status of fund

	2017	2016
	SR	SR
Capital	<b>57,703,821</b>	57,703,821
Retained surplus	<b>6,000,000</b>	3,041,729
	<b>63,703,821</b>	<b>60,745,550</b>
Loans made	45,239,059	50,393,810
Balance held with Development Bank of Seychelles	<b>18,719,823</b>	10,832,024
Management fee payable	<b>(255,061)</b>	(480,284)
	<b>63,703,821</b>	<b>60,745,550</b>

The revolving fund, managed by the Development Bank of Seychelles, finances development of local fishing industry by enabling local investors to participate in long line fishing ventures. The loans are granted over 1 to 10 years and bear interest at rate of 3% per annum.

## 9. INVENTORIES

	2017	2016
	SR	SR
Fuel and lubricants	<b>388,177</b>	<b>317,903</b>

## 10. TRADE AND OTHER RECEIVABLES

	2017	2016
	SR	SR
Gross trade receivables	4,507,993	1,951,469
Less: provision for credit impairment (note (a))	<b>(836,480)</b>	(386,480)
Net trade receivables	<b>3,671,513</b>	1,564,989
Prepayments for fuel purchase	5,061,550	-
Other receivables	<b>679,846</b>	124,997
	<b>9,412,909</b>	<b>1,689,986</b>

(a) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable. The Authority does not hold any collateral as security. Movement in the provision for credit impairment of trade and other receivables is as follows:

	2017	2016
	SR	SR
At January 1,	386,480	72,000
Increase in provision for credit impairment	<b>450,000</b>	314,480
<b>At December 31,</b>	<b>836,480</b>	<b>386,480</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

## 11. CASH AND CASH EQUIVALENTS

	2017	2016
	SR	SR
Cash on hand	8,000	8,000
Treasury deposits	<u>10,241,900</u>	<u>22,776,093</u>
	<u>10,249,900</u>	<u>22,784,093</u>

## 12. ASSIGNED CAPITAL

	2017	2016
	SR	SR
Assets from government on inception	<u>1,122,800</u>	<u>1,122,800</u>

The Authority received contributions from the Government of Seychelles for certain assets on inception, there have been no further subsequent movements in this balance and have been classified as Assigned Capital representing contribution other than cash from the owner of the Authority.

## 13. EXCESS TRANSFER TO CONSOLIDATED FUND

In accordance of Section 19 of the Seychelles Fishing Authority (Establishment) Act, the Authority shall pay the surplus income remaining for each financial year into the Consolidated Fund. Debit balance in the 'Excess Transfer to consolidated fund' represents excess transfers by the Treasury on a yearly basis.

## 14. DEFERRED GRANTS

*Deferred Grants for Property, plant and equipment*

	2017	2016
	SR	SR
At the beginning of the year	<u>250,547,053</u>	<u>245,148,379</u>
Received from Government of Seychelles	-	1,156,160
Received from European Union	<u>10,783,564</u>	<u>15,087,618</u>
	<u>261,330,617</u>	<u>261,392,157</u>
Less: Amortisation for the year	<u>(10,596,587)</u>	<u>(10,845,104)</u>
	<u>250,734,030</u>	<u>250,547,053</u>

## Analysed as:

European Union	130,237,888	124,557,495
Japanese Corporation	111,935,897	116,237,992
African Development Bank	1,995,599	2,089,684
Government and other projects	<u>6,564,646</u>	<u>7,661,882</u>
	<u>250,734,030</u>	<u>250,547,053</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

## 15. CREDITS HELD FOR FUTURE PROJECTS

*Movements in balances during the year:*

	2017	2016
	SR	SR
At January 1,	21,414,623	48,353,200
Received during the year	44,863,717	11,039,731
<i>Utilised during the year:</i>		
Fisheries facilities development	(15,662,921)	(5,656,903)
Research and development costs	(12,557,603)	(7,305,296)
Monitoring control, surveillance and enforcement costs	(16,221,521)	(16,467,216)
Other expenditure	(49,282)	(257,533)
Transfer to deferred grants for capital assets	(8,894,747)	(8,242,465)
Exchange rate fluctuation	440,096	(48,895)
	<b><u>13,332,362</u></b>	<b><u>21,414,623</u></b>

*Source of funding for the above projects:*

	2017	2016
	SR	SR
European Union	4,035,981	14,728,866
Japanese Corporation	4,414,175	4,414,175
Other projects	4,882,206	2,271,582
	<b><u>13,332,362</u></b>	<b><u>21,414,623</u></b>

*European Union*

The Authority is responsible for managing the fishing licenses agreement between the European Union and the Government of Seychelles and overseeing the compliance of conditions stipulated in the agreement. Funds received were utilized to support the development of sustainable fisheries policy and fisheries infrastructure. The European Union is also the main source of finance for major projects such as the Ile Du Port and Providence fishing quay which were completed during the year.

*Japanese Corporation*

The Japanese Government awarded a grant to the Government of Seychelles consisting mainly of equipment and fishing gear. The Authority is responsible for managing the equipment and disposal of the fishing gear and for the management of the proceeds in accordance with the conditions of the grant. At the end of 2014, the unutilised credits were still being held by the Ministry of Finance.

*Other projects*

Multiple minor grants were received in the year. Funds received, were utilized for consultancy services and other miscellaneous expenditure.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

## 16. EMPLOYEE BENEFIT OBLIGATIONS

## (a) Statement of financial position

Movement in length-of-service compensation payable under the Seychelles Employment Act is given below:

	2017	2016
	SR	SR
At January 1,		
(Write back)/Provision made for the year (note (c))	7,871,791	6,082,966
<b>At December 31,</b>	<b>(928,472)</b>	<b>1,788,825</b>
	<b>6,943,319</b>	<b>7,871,791</b>

- (b) The Authority recognised and provided for employee benefit obligations arising on account of gratuity based on the regulations applicable to parastatal organisations and length of service severance compensation based on the applicable regulations of Seychelles Employment Act, 1999 (as amended).
- (c) The amount of write back/provision is net of payments made during the year.

## 17. OTHER PAYABLES AND ACCRUALS

	2017	2016
	SR	SR
Prepaid license fee	42,906,379	-
Accrued expenses and other payables	5,860,332	931,140
	<b>48,766,711</b>	<b>931,140</b>

## 18. REVENUE

	2017	2016
	SR	SR
Subvention from government of Seychelles	-	85,438,267
Income for ice operations	2,611,640	2,489,906
Income from sea cucumber fishery	1,012,067	1,440,126
Net & container fees	2,298,218	2,214,074
Fees from embarking seamen	1,027,141	1,513,295
Registration & license fee (local)	244,821	517,942
Registration & license fee (foreign)	116,032,306	132,766,795
VMS management and communication fee	659,932	563,248
Rental	1,207,681	744,370
Other revenue	55,000	5,520,772
	<b>125,148,806</b>	<b>233,208,795</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

## 19. OTHER INCOME

	2017	2016
	SR	SR
Sundry income	10,450	705,716
EEZ application fees	82,060	379,383
Rental of training room	61,112	66,177
	<u>153,622</u>	<u>1,151,276</u>

## 20. STAFF COST

	2017	2016
	SR	SR
Salaries and wages	21,392,167	19,681,975
Chairman's emoluments	41,157	54,876
Directors' emoluments	216,525	197,930
(Write back)/Provision for Employee benefit obligation	(928,472)	1,788,826
	<u>20,721,377</u>	<u>21,723,607</u>

## 21. OPERATING AND OTHER EXPENSES

	2017	2016
	SR	SR
Auditor's remuneration	339,028	387,500
Advertising and sales promotion	213,609	92,698
Bad debts	450,000	314,480
Contracted services	5,411,789	8,350,145
Electricity and water charges	12,678,619	8,719,677
Fuel and local conveyance	721,991	963,812
Indian ocean tuna commission expenses	233,067	1,407,005
Insurance	543,100	715,259
IUU vessel costs	-	462,667
Printing, stationery and postage	886,913	813,962
Refuse removal	322,275	185,000
Rental expenses	1,082,202	177,100
Repairs and maintenance	1,774,484	4,819,971
Security expenses	1,881,529	1,679,996
Training expenses	180,446	155,000
Travelling expenses	148,447	16,532
Telephone and internet	896,809	969,810
Vehicle expenses	366,608	486,797
Movement in fuel incentive account	2,971,084	980,605
Other expenses	1,773,483	1,573,025
	<u>32,875,483</u>	<u>33,271,041</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

## 22. RESEARCH AND DEVELOPMENT COSTS

	2017	2016
	SR	SR
Aquaculture Master Plan project	509,048	3,794,110
Research boat expenses - fuel and insurance	7,924,668	254,990
Research boat expenses - repairs and maintenance	1,019,762	220,461
Sundry research projects	<u>3,104,125</u>	<u>3,731,896</u>
	<u><u>12,557,603</u></u>	<u><u>8,001,457</u></u>

## 23. MONITORING CONTROL, SURVEILLANCE AND ENFORCEMENT COSTS

	2017	2016
	SR	SR
Satellite communication costs	8,649,784	5,672,526
Patrol expense	<u>7,571,737</u>	<u>11,208,200</u>
	<u><u>16,221,521</u></u>	<u><u>16,880,726</u></u>

## 24. FISHERIES FACILITIES DEVELOPMENT

	2017	2016
	SR	SR
Fuel claims paid in the year	30,987,991	40,247,267
Fishing boat owner association - coastal fishery development	364,566	242,397
Publication and awareness	206,400	51,080
Surplus on fisheries development loans (note 8)	(2,958,271)	(1,795,124)
Training and university costs	4,917,050	1,404,909
Workshop, conferences and travelling	2,969,344	1,604,805
Construction of mini-market store - Anse Royale	-	1,366,315
Infrastructure development	<u>11,212,021</u>	-
Transfer to Fisheries Development	6,000,000	-
Salaries and wages	441,652	-
Consultancy expenses	1,041,966	-
Renovation and maintenance of fishing facilities	2,964,971	1,360,094
Utilities	1,623,650	-
Other expenses	<u>192,672</u>	-
	<u><u>59,964,012</u></u>	<u><u>44,481,743</u></u>

*Fuel subsidy to fishermen*

As part of promoting artisanal fishing, the Government of Seychelles, through the Authority, subsidizes this activity through refund for the cost of fuel utilized by the fisherman.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

## 25. CAPITAL COMMITMENTS

	2017	2016
	SR	SR
<b>Capital Commitments</b>		
Approved and contracted regarding work in progress	5,848,831	5,270,620
Approved but not contracted	-	-
	<hr/>	<hr/>

## 26. CONTINGENT LIABILITIES

There were no other contingent liabilities as at December 31, 2017 (2016 : SR. nil).

## 27. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustment to, or disclosure in, the financial statements.