

SEYCHELLES FISHING AUTHORITY

**Directors' Report & Audited Financial Statements
for the year ended December 31, 2018**

SEYCHELLES FISHING AUTHORITY

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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DIRECTORS' REPORT *Continued*

STATEMENT OF DIRECTORS' RESPONSIBILITIES

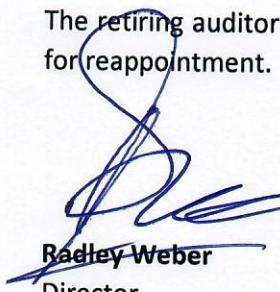
The Board of Directors is responsible for policy, control and the overall management of the affairs of the Authority including the operations of the Authority and making investment decisions.

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, 2018 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 2018.

AUDITORS

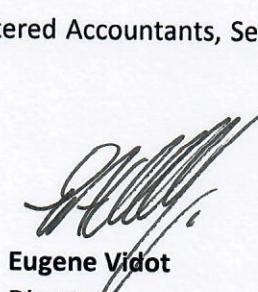
The retiring auditor Messrs. Baker Tilly, Chartered Accountants, Seychelles being eligible offer themselves for reappointment.



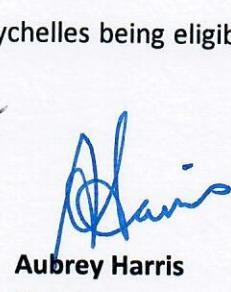
Radley Weber
Director



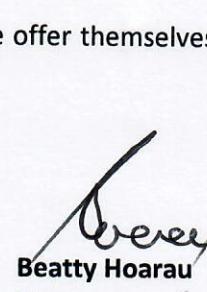
Roy Clarisse
Director



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

Suite 202/302, Allied Plaza
Francis Rachel Street
P.O. Box 285, Mahe
Republic of Seychelles
T: +248 432 1306 / F: +248 432 1307
E-mail: info@bakertillyjfc.com
URL: www.bakertillymk.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, 2018, 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 2018. 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 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. 206,781,289**

The register recording Property, Plant and Equipment contains fully depreciated assets dating back to the year 1998 which may 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 replacements of assets were 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. 51,065,766

Certain large projects continued from prior years, a few of them being the construction of roads & utilities at Ile du Port as well as Port construction. 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. 66,213,891

We obtained external confirmation for the Fisheries Development Fund for the year 2018 and are satisfied that the balance has been correctly stated in the financial statements.

Fuel inventories - SR. 728,655

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. 6,507,872

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. 46,567,126

We have obtained external confirmation to satisfy ourselves of the existence of this asset, with the exception of three accounts amounting to SR. 249,298.

Employee benefit obligations - SR. 7,980,336

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. 264,278,543

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. 48,913,307

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 40,065,876 from European Union for fisheries development. Expenditure incurred in the year under this project amounted to SR. 45,269,355.

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. 52,362,362

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. 39,212,608 was identified as license fees paid for the year 2019 and these amounts were reclassified from Revenue to Prepaid licenses in the Statement of financial position. Similarly for the first time in the year 2017, an amount of SR. 42,906,379 was reclassified from Revenue to Prepaid licenses to move them from cash to accrual 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. 5,235,344

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. 33,353,837

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. 26,304,801

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. 10,307,471 & transfer from deferred grants SR. 11,024,423

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. 18,055,649

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. 17,747,969

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. 57,062,853 are stated below:

(i) Fuel claims paid in the year - SR. 23,718,359

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. 33,295,099

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

Utilities - SR. 10,541,550

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. Nil

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.

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 2018, and of its financial performance for the year then ended.


BAKER TILLY
Chartered Accountants

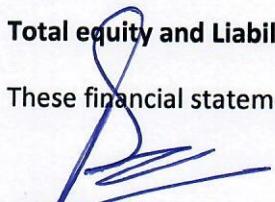


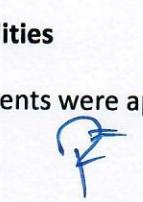
Dated: July 2, 2021
Victoria, Seychelles

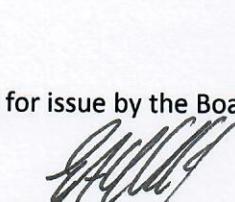
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

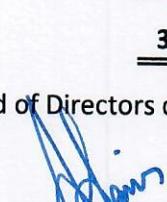
	Notes	2018 SR	2017 SR
ASSETS			
Non-current assets:			
Property, plant and equipment	5	206,781,289	215,407,505
Capital Work in progress	6	51,065,766	26,773,885
Investments	7	54,986	54,986
Fisheries Development Fund	8	66,213,891	63,703,821
		324,115,932	305,940,197
Current assets:			
Inventories	9	728,655	388,177
Trade and other receivables	10	6,507,872	9,412,909
Cash and cash equivalents	11	46,567,126	10,249,900
		53,803,653	20,050,986
Total assets		377,919,585	325,991,183
EQUITY AND LIABILITIES			
Equity and reserves			
Assigned capital	12	1,122,800	1,122,800
Excess transfer to consolidated fund	13	(54,428,227)	(52,598,503)
Total equity		(53,305,427)	(51,475,703)
Non-current liabilities:			
Deferred grants	14	264,278,543	250,734,030
Credits held for future projects	15	48,913,307	13,332,362
Credits held for Fisheries Development Fund	8	57,690,464	57,690,464
Employee benefit obligations	16	7,980,336	6,943,319
		378,862,650	328,700,175
Current liabilities:			
Other payables and accruals	17	52,362,362	48,766,711
		52,362,362	48,766,711
Total liabilities		431,225,012	377,466,886
Total equity and Liabilities		377,919,585	325,991,183

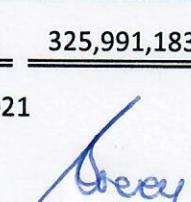
These financial statements were approved for issue by the Board of Directors on July 2, 2021


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

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2018

	Notes	2018 SR	2017 SR
Revenue	18	168,855,066	125,148,806
Other income	19	1,764,285	153,622
Grant utilised	15	53,233,656	52,471,615
		223,853,007	177,774,043
Employee costs	20	(26,304,801)	(20,721,377)
Operating and other expenses	21	(33,353,837)	(32,875,483)
Research and development costs	22	(18,055,649)	(12,557,603)
Monitoring control, surveillance and enforcement costs	23	(17,747,969)	(16,221,521)
Fisheries facilities development	24	(57,062,853)	(59,964,012)
Foreign exchange (loss)/gain		(75,089)	440,096
		71,252,809	35,874,143
Amortisation of deferred grants		11,024,423	10,596,587
Depreciation	5	(10,307,471)	(10,939,215)
Surplus for the year		71,969,761	35,531,515

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

	Assigned capital SR	Excess transfer to Consolidated Fund SR	Total SR
Balance at January 1, 2018	1,122,800	(52,598,503)	(51,475,703)
Surplus for the year	-	71,969,761	71,969,761
Transfer to consolidated fund	-	(73,799,485)	(73,799,485)
Balance at December 31, 2018	<u>1,122,800</u>	<u>(54,428,227)</u>	<u>(53,305,427)</u>
 Balance at January 1, 2017	1,122,800	(12,525,606)	(11,402,806)
Surplus for the year	-	35,531,515	35,531,515
Transfer to consolidated fund	-	(75,604,412)	(75,604,412)
Balance at December 31, 2017	<u>1,122,800</u>	<u>(52,598,503)</u>	<u>(51,475,703)</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2018

	Notes	2018 SR	2017 SR
OPERATING ACTIVITIES			
Surplus for the year		71,969,761	35,531,515
Adjustments for:			
Depreciation of property, plant and equipment	5	10,307,471	10,939,215
Amortisation	14	(11,024,423)	(10,596,587)
Movement in employee benefit obligations provision	16	1,292,017	(928,472)
Operating profit before working capital changes		72,544,826	34,945,671
<i>Changes in working capital:</i>			
Inventories	9	(340,478)	(70,274)
Trade and other receivables	10	2,905,037	(7,722,924)
Other payables and accruals	17	3,595,651	47,835,571
Net cash inflow from operating activities		78,705,036	74,988,044
INVESTING ACTIVITIES			
Additions to property, plant and equipment	5	(1,681,255)	(877,294)
Movement in capital work in progress	6	(24,291,881)	(10,783,564)
Net cash outflow from investing activities		(25,973,136)	(11,660,858)
FINANCING ACTIVITIES			
Grants received	14	24,568,936	10,783,564
Movement in credits held for future projects		30,305,805	(13,998,803)
Transfer to consolidated fund		(73,799,485)	(75,604,411)
Movement in Fisheries Development Fund	8	2,510,070	2,958,271
Net cash outflow from financing activities		(16,414,674)	(75,861,379)
Net change in cash and cash equivalents		36,317,226	(12,534,193)
Movements in cash and cash equivalents:			
At January 1,		10,249,900	22,784,093
Increase/(decrease)		36,317,226	(12,534,193)
At December 31,	11	46,567,126	10,249,900

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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 and Generally Accepted Accounting Standards in Seychelles.

(a) Accounting convention

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.

(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 2018 (2017: nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018

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, 2018

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, 2018

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

At the end of the 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, 2018

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	
	2018	2017	2018	2017
United States Dollar	14.00	13.83	-1.23%	-5.33%
Euro	16.01	16.54	3.20%	-15.83%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018

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, 2018

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, 2018

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, 2018

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings SR	Office and research equipment SR	Ice plants SR	Boats and Motor vehicles SR	Total SR
COST					
At January 1, 2017	209,973,878	30,735,490	57,115,675	18,214,766	316,039,809
Additions	-	640,619	236,675	-	877,294
At December 31, 2017	209,973,878	31,376,109	57,352,350	18,214,766	316,917,103
Additions	-	1,172,560	262,695	246,000	1,681,255
At December 31, 2018	209,973,878	32,548,669	57,615,045	18,460,766	318,598,358
ACCUMULATED DEPRECIATION					
At January 1, 2017	20,791,314	28,218,399	25,058,902	16,501,768	90,570,383
Charge for the year	4,199,477	1,318,506	4,889,236	531,996	10,939,215
At December 31, 2017	24,990,791	29,536,905	29,948,138	17,033,764	101,509,598
Charge for the year	4,199,477	660,917	4,907,733	539,344	10,307,471
At December 31, 2018	29,190,268	30,197,822	34,855,871	17,573,108	111,817,069
NET BOOK VALUE					
At December 31, 2018	180,783,610	2,350,847	22,759,174	887,658	206,781,289
At December 31, 2017	184,983,087	1,839,204	27,404,212	1,181,002	215,407,505

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

6. CAPITAL WORK IN PROGRESS

	2018	2017
	SR	SR
At January 1,	26,773,885	15,990,321
Expenditure during the period	24,291,881	10,783,564
At December 31,	51,065,766	26,773,885

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

	2018	2017
	SR	SR
Ille du Port Road & Utilities construction	25,348,696	16,994,986
Bel Ombre processing building	9,251,885	7,717,149
Port construction	10,386,377	-
Facility Providence	5,905,874	1,888,816
Other projects	172,934	172,934
	51,065,766	26,773,885

7. INVESTMENT IN FINANCIAL ASSETS

	2018	2017
	SR	SR
<i>Financial assets at amortised cost:</i>		
<i>Ordinary shares (unquoted) in:</i>		
Indian Ocean Marine Limited	29,986	29,986
Praslin Ocean Farm Limited	25,000	25,000
	54,986	54,986

8. FISHERIES DEVELOPMENT FUND

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

	2018	2017
	SR	SR
At January 1,	63,703,821	60,745,550
Additional capital disbursed during the year	2,510,070	6,000,000
Movement during the year	-	(3,041,729)
At December 31,	66,213,891	63,703,821

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

8. FISHERIES DEVELOPMENT FUND *Continued*

(b) Status of fund

	2018	2017
	SR	SR
Capital	57,703,821	57,703,821
Retained surplus	8,510,070	6,000,000
	66,213,891	63,703,821
Loans made	44,384,675	45,239,059
Balance held with Development Bank of Seychelles	22,218,100	18,719,823
Management fee payable	(388,884)	(255,061)
	66,213,891	63,703,821

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

	2018	2017
	SR	SR
Fuel and lubricants	728,655	388,177

10. TRADE AND OTHER RECEIVABLES

	2018	2017
	SR	SR
Gross trade receivables	6,756,179	4,507,993
Less: provision for credit impairment (note (a))	(836,480)	(836,480)
Net trade receivables	5,919,699	3,671,513
Prepayments for fuel purchase	1,100	5,061,550
Other receivables	587,073	679,846
	6,507,872	9,412,909

(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:

	2018	2017
	SR	SR
At January 1,	836,480	386,480
Increase in provision for credit impairment	-	450,000
At December 31,	836,480	836,480

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

11. CASH AND CASH EQUIVALENTS

	2018	2017
	SR	SR
Cash on hand	-	8,000
Treasury deposits	<u>46,567,126</u>	<u>10,241,900</u>
	<u>46,567,126</u>	<u>10,249,900</u>

12. ASSIGNED CAPITAL

	2018	2017
	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

	2018	2017
	SR	SR
At the beginning of the year	250,734,030	250,547,054
Received from European Union	<u>24,568,936</u>	<u>10,783,563</u>
	<u>275,302,966</u>	<u>261,330,617</u>
Less: Amortisation for the year	<u>(11,024,423)</u>	<u>(10,596,587)</u>
	<u>264,278,543</u>	<u>250,734,030</u>

Analysed as:

European Union	149,275,817	130,237,888
Japanese Corporation	107,633,802	111,935,897
African Development Bank	1,901,514	1,995,599
Government and other projects	5,467,410	6,564,646
	<u>264,278,543</u>	<u>250,734,030</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

15. CREDITS HELD FOR FUTURE PROJECTS

Movements in balances during the year:

	2018	2017
	SR	SR
At January 1,	13,332,362	21,414,623
Received during the year	88,814,601	44,863,717
<i>Utilised during the year:</i>		
Fisheries facilities development	(578,724)	(15,662,921)
Research and development costs	(18,055,649)	(12,557,603)
Monitoring control, surveillance and enforcement costs	(9,773,990)	(16,221,521)
Other expenditure	(181,267)	(49,282)
Transfer to deferred grants for capital assets	(24,568,936)	(8,894,747)
Exchange rate fluctuation	(75,090)	440,096
	48,913,307	13,332,362

Source of funding for the above projects:

	2018	2017
	SR	SR
European Union	40,065,876	4,035,981
Japanese Corporation	4,414,175	4,414,175
Other projects	4,433,256	4,882,206
	48,913,307	13,332,362

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, 2018

16. EMPLOYEE BENEFIT OBLIGATIONS

(a) Statement of financial position

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

	2018	2017
	SR	SR
At January 1,	6,943,319	7,871,791
Provision/(Write back) made for the year (note (c))	1,292,017	(928,472)
Paid during the year	(255,000)	-
At December 31,	7,980,336	6,943,319

(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

	2018	2017
	SR	SR
Prepaid license fee	39,212,608	42,906,379
Accrued expenses and other payables	13,149,754	5,860,332
	52,362,362	48,766,711

18. REVENUE

	2018	2017
	SR	SR
Income for ice operations	3,291,964	2,611,640
Income from sea cucumber fishery	580,616	1,012,067
Net & container fees	2,029,766	2,298,218
Fees from embarking seamen	1,126,780	1,027,141
Registration & license fee (local)	2,391,030	244,821
Registration & license fee (foreign)	153,460,474	116,032,306
VMS mgmt & communication fee	679,092	659,932
Rental	5,235,344	1,207,681
Other revenue	60,000	55,000
	168,855,066	125,148,806

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

19. OTHER INCOME

	2018	2017
	SR	SR
Sundry income	40,155	10,450
Dividend income	206,100	-
Auction sale income	1,096,018	-
EEZ application fees	407,314	82,060
Rental of training room	14,698	61,112
	<u>1,764,285</u>	<u>153,622</u>

20. STAFF COST

	2018	2017
	SR	SR
Salaries and wages	24,768,308	21,392,167
Chairman's emoluments	54,876	41,157
Directors' emoluments	189,600	216,525
Provision/(Write back) for employee benefit obligation	1,292,017	(928,472)
	<u>26,304,801</u>	<u>20,721,377</u>

21. OPERATING AND OTHER EXPENSES

	2018	2017
	SR	SR
Auditor's remuneration	314,950	339,028
Advertising and sales promotion	227,804	213,609
Bad debts	-	450,000
Contracted services	10,772,361	5,411,789
Electricity and water charges	10,541,550	12,678,619
Fuel and local conveyance	1,083,947	721,991
Indian ocean tuna commission expenses	-	233,067
Insurance	572,253	543,100
Printing, stationery and postage	795,056	886,913
Refuse removal	451,303	322,275
Rental expenses	364,500	1,082,202
Repairs and maintenance	3,466,923	1,774,484
Security expenses	2,369,867	1,881,529
Training expenses	238,103	180,446
Travelling expenses	519,746	148,447
Telephone and internet	1,265,627	896,809
Vehicle expenses	467,063	366,608
Movement in fuel incentive account	(2,493,134)	2,971,084
Other expenses	2,395,918	1,773,483
	<u>33,353,837</u>	<u>32,875,483</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

22. RESEARCH AND DEVELOPMENT COSTS

	2018	2017
	SR	SR
Aquaculture Master Plan project	4,778,284	509,048
Research boat expenses - fuel and insurance	9,962,106	7,924,668
Research boat expenses - repairs and maintenance	1,413,342	1,019,762
Sundry research projects	1,901,917	3,104,125
	<u>18,055,649</u>	<u>12,557,603</u>

23. MONITORING CONTROL, SURVEILLANCE AND ENFORCEMENT COSTS

	2018	2017
	SR	SR
Satellite communication costs	7,006,100	8,649,784
Patrol expense	10,741,869	7,571,737
	<u>17,747,969</u>	<u>16,221,521</u>

24. FISHERIES FACILITIES DEVELOPMENT

	2018	2017
	SR	SR
Fuel claims paid in the year	23,718,359	30,987,991
Fishing boat owner association - coastal fishery development	475,826	364,566
Publication and awareness	64,240	206,400
Surplus on fisheries development loans (note 8)	(2,510,070)	(2,958,271)
Training and university costs	3,111,979	4,917,050
Workshop and conferences	2,625,951	2,969,344
Infrastructure development	16,157,092	11,212,021
Transfer to Fisheries Development	-	6,000,000
Salaries and wages	638,885	441,652
Consultancy expenses	955,586	1,041,966
Renovation and maintenance of fishing facilities	3,250,205	2,964,971
Utilities	8,525,405	1,623,650
Other expenses	49,395	192,672
	<u>57,062,853</u>	<u>59,964,012</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, 2018

25. CAPITAL COMMITMENTS

	2018	2017
	SR	SR
Capital Commitments		
Approved and contracted regarding work in progress	10,222,760	5,848,831
Approved but not contracted	-	-
	<hr/>	<hr/>

26. CONTINGENT LIABILITIES

There were no other contingent liabilities as at December 31, 2018 (2017 : 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.