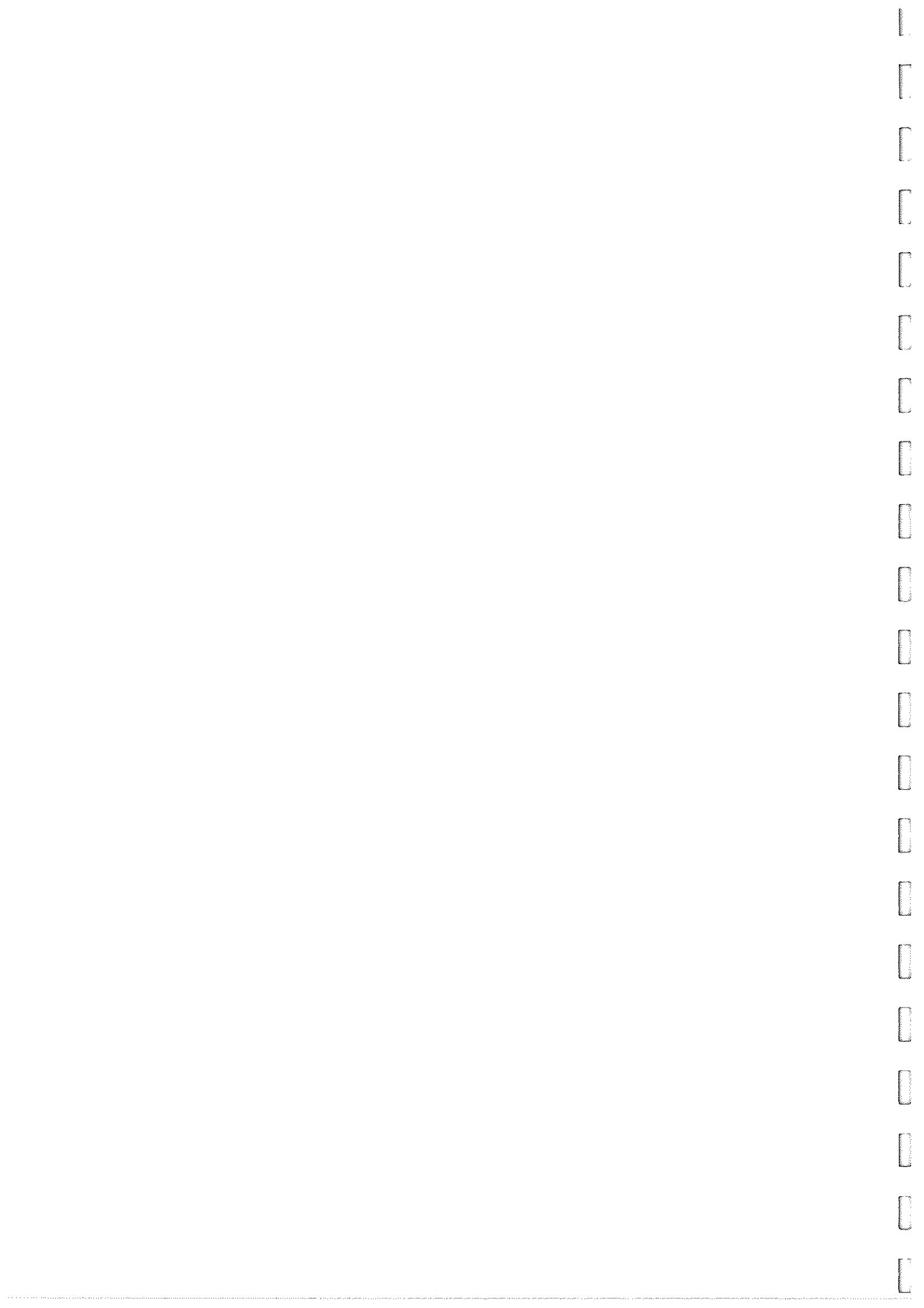


**SEYCHELLES FISHING AUTHORITY**

**Directors' Report & Audited Financial Statements  
for the year ended December 31, 2020**



**SEYCHELLES FISHING AUTHORITY**

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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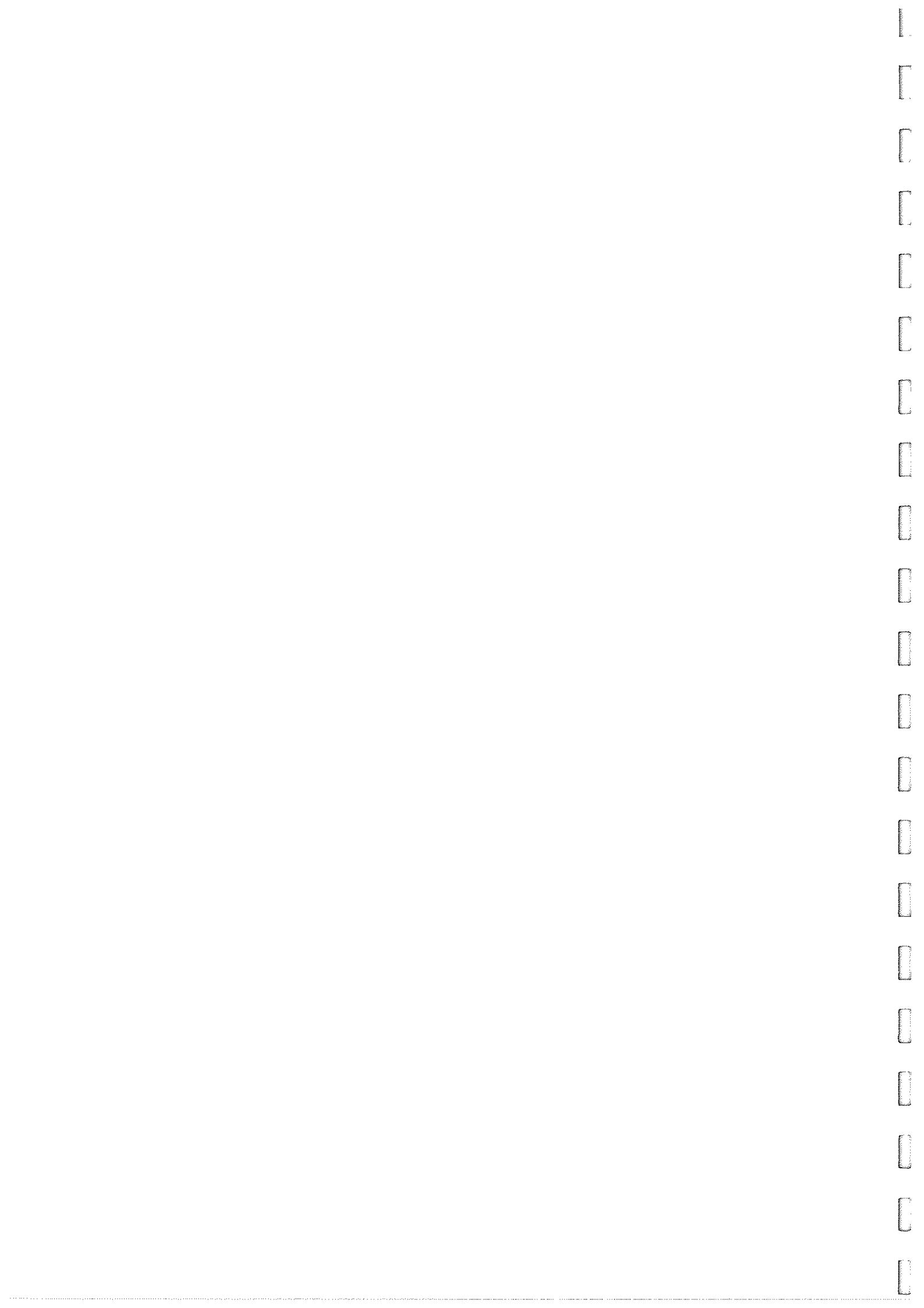
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## CORPORATE INFORMATION

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DIRECTORS	: <i>Directors of the Authority during the financial year 2020:</i> Nirmal Jivan Shah (Chairperson) - (Resigned effective February 4, 2020) Cyril Bonnelame (Chairperson) - (February 15 to December 31, 2020) Eugene Vidot Keith Andre Roy Clarisse Rebecca Loustau-Lalanne
DIRECTORS	: <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
CHIEF EXECUTIVE OFFICER	: Cyril Bonnelame (Interim CEO - March 24 to October 31, 2020) Nichol John Elizabeth (September 1, 2020 onwards)
SECRETARY	: Ms. Nan Constant
REGISTERED OFFICE	: P.O. Box 449, Fishing Port, Mahé, Seychelles
PRINCIPAL PLACE OF BUSINESS	: Fishing Port, Mahé, Seychelles
AUDITOR	: Baker Tilly Chartered Accountants Seychelles
BANKERS	: Absa Bank (Seychelles) Limited (accounts closed in November 2020) Seychelles International Mercantile Banking Corporation Limited



**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, 2020.

**PRINCIPAL ACTIVITIES**

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

**RESULTS**

	2020	2019
	SR	SR
Surplus for the year	<u>127,249,340</u>	<u>130,324,352</u>

**DIVIDENDS**

An Interim dividend of SR. 50 million was declared and paid during the year (2019: SR. 25 million). The Directors did not propose any final dividend for the financial year under review (2019: SR. nil).

**PROPERTY, PLANT AND EQUIPMENT**

Additions of SR. 28,363,301 to property, plant and equipment during the year comprised buildings, office and research equipment, motor vehicles and ice plants (2019: SR. 53,964,613). Proceeds from disposal of assets during the financial year under review were credited to Other Income. However, in the absence of complete details of disposals, their cost and accumulated depreciation were not removed from the Property, Plant and Equipment schedule (2019: 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 as stated in the corporate information.

**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, Public Finance Management Act 2012 and the Public Enterprise Monitoring Commission ('PEMC') Act, 2013.



**DIRECTORS' REPORT *Continued*****STATEMENT OF DIRECTORS' RESPONSIBILITIES *Continued***

The PEMC Act, 2013 requires the Authority to state whether its financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The Board of Directors recognizes the lapses in the management and of the financial affairs of SFA during the year under review, attributed to changes in key personnel. Consequently, the financial statements have been prepared in accordance with 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, 2020 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 2020.

The new Board of Directors undertakes to explore appropriate structural improvement options within the Finance Department. This will also include recruitment and training for key financial personnel, to further improve the financial reporting standards of the Authority so as to meet the financial requirements of the PEMC Act 2013. The new Board recognizes that these procedures will take time to achieve the required objectives and proposes a time scale of 3 years to completion.

**EVENTS AFTER REPORTING DATE**

The delay in finalisation of the 2020 Audited Financial Statements was due to Treasury balances, which were being held by the Treasury Department on behalf of SFA, were taking too long to be confirmed for audit purposes, by the Treasury Department.

Management received an initial letter dated February 9, 2022, which was subsequently retracted on the February 13, 2022 due to wrong information given. The replacement letter dated February 18, 2022, was received by SFA on February 21, 2022. In their letter dated February 18, 2022, the Treasury Department confirmed that a number of balances, held on behalf of SFA, had been written off as at December 31, 2020. Consequently, the Accounts Committee, after reviewing the correspondence from the Treasury Department made a recommendation to the Board of Directors to write off these balances in the books of SFA. The books of SFA were showing these balances as outstanding, but the audit confirmation received from the Treasury Department confirmed that these had been written off in their books as at December 31, 2019 and these funds were not transferred to SFA and thus no longer in existence. This course of action, to write off these balances, was required to enable the external auditors of SFA to proceed with the finalisation of the 2020 Audited Financial Statements.



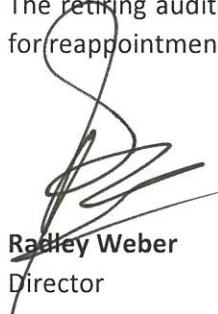
DIRECTORS' REPORT *Continued*EVENTS AFTER REPORTING DATE *Continued*

As the Audited Financial Statements for the year 2019, had already been signed by the Board of Directors and distributed in accordance with the legislation, the Board of Directors, on the recommendations of the Accounts Committee, resolved by a Board Resolution, to write off the balances of these accounts in the books of SFA and that the adjustments be reflected in the audited accounts for the year 2020, as it was not possible to change the Audited Financial Statements for the year ended December 31, 2019.

The Board had further resolved to pursue the Treasury Department for the reimbursement of these funds as they were project related.

## 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

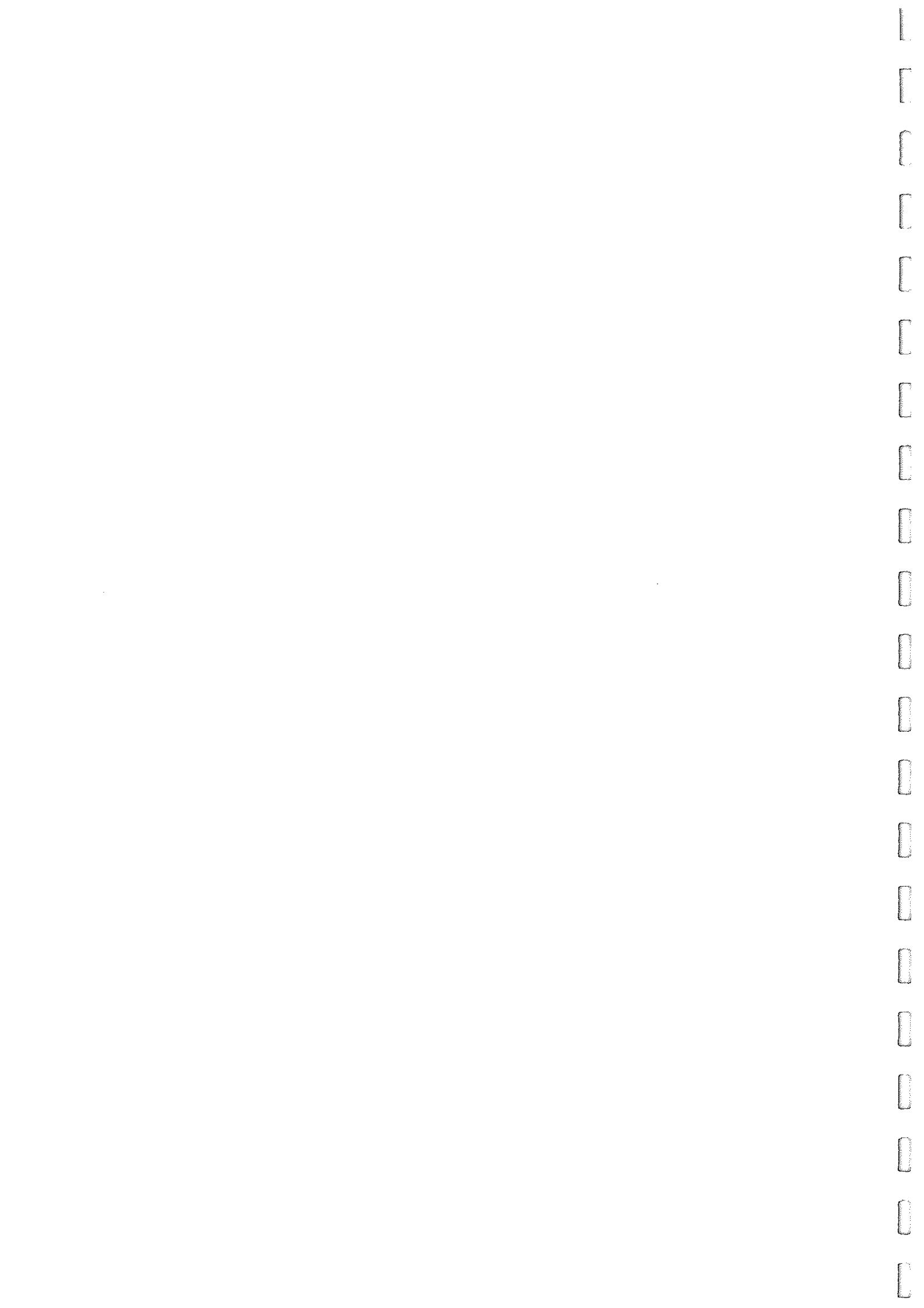


Audrina Dine  
Director



Franky Laporte  
Director

Dated: April 29, 2022  
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](mailto:info@bakertillyjfc.com)  
URL: [www.bakertillyjfc.com](http://www.bakertillyjfc.com)

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

We have been engaged to audit the accompanying financial statements of Seychelles Fishing Authority set out on pages 6 to 30, which comprise the statement of financial position as at December 31, 2020, 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 and express an independent opinion on these financial statements.

**Responsibilities of the Directors and those charged with governance for the Financial Statements**

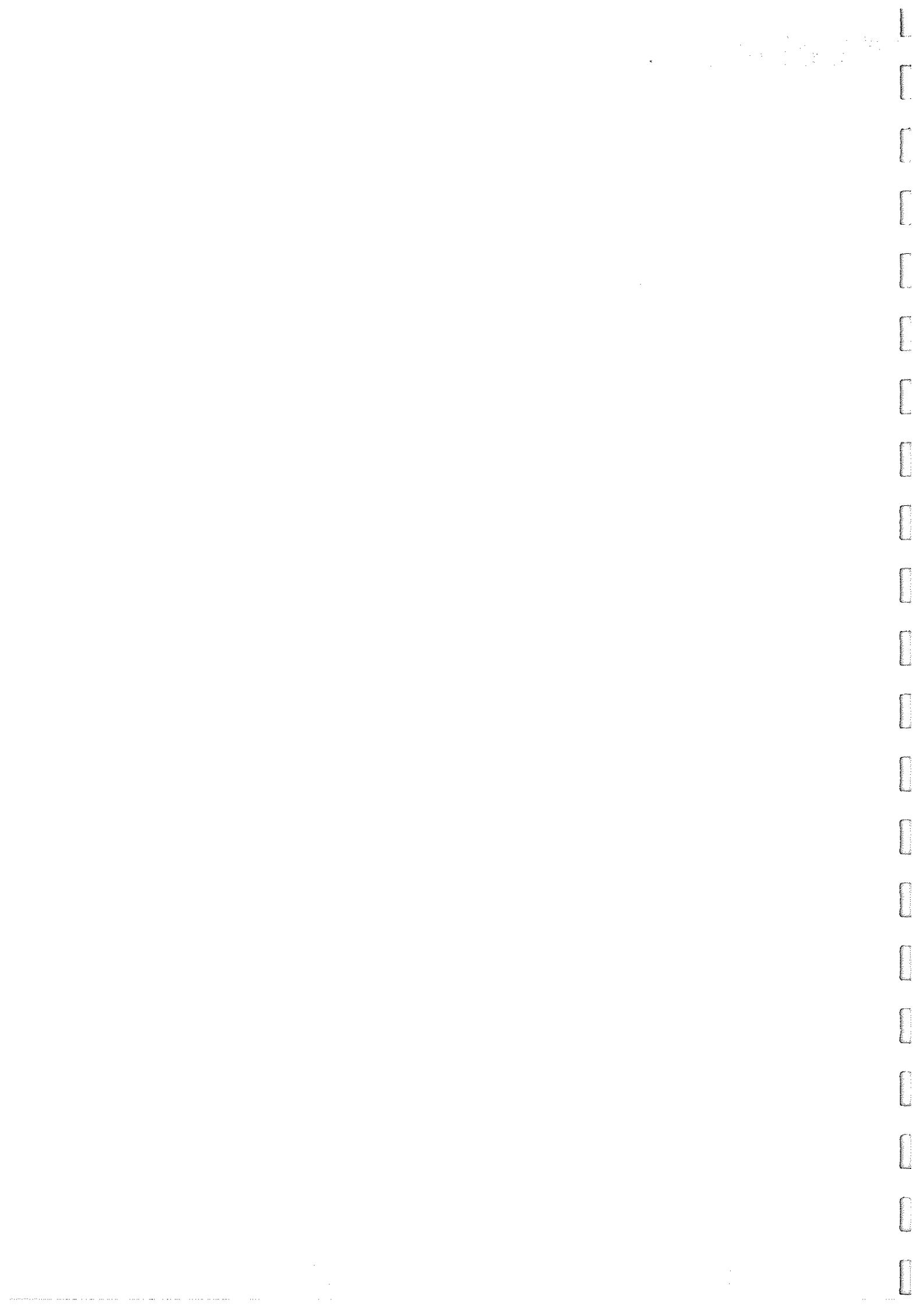
The Board of Directors is responsible for keeping proper accounting records and for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Seychelles Fishing Authority (Establishment) Act, 1984, Public Finance Management Act 2012 and the Public Enterprise Monitoring Commission ('PEMC') Act, 2013 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 affairs. In preparing the financial statements, the Board is also 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. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

**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.

**Directors' disclaimer**

Reference is made to the second paragraph under Statement of Directors Responsibilities on Page 3 of the Directors' Report. The Current 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 2020. This is one of the reasons for our disclaimer opinion of these financial statements.



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

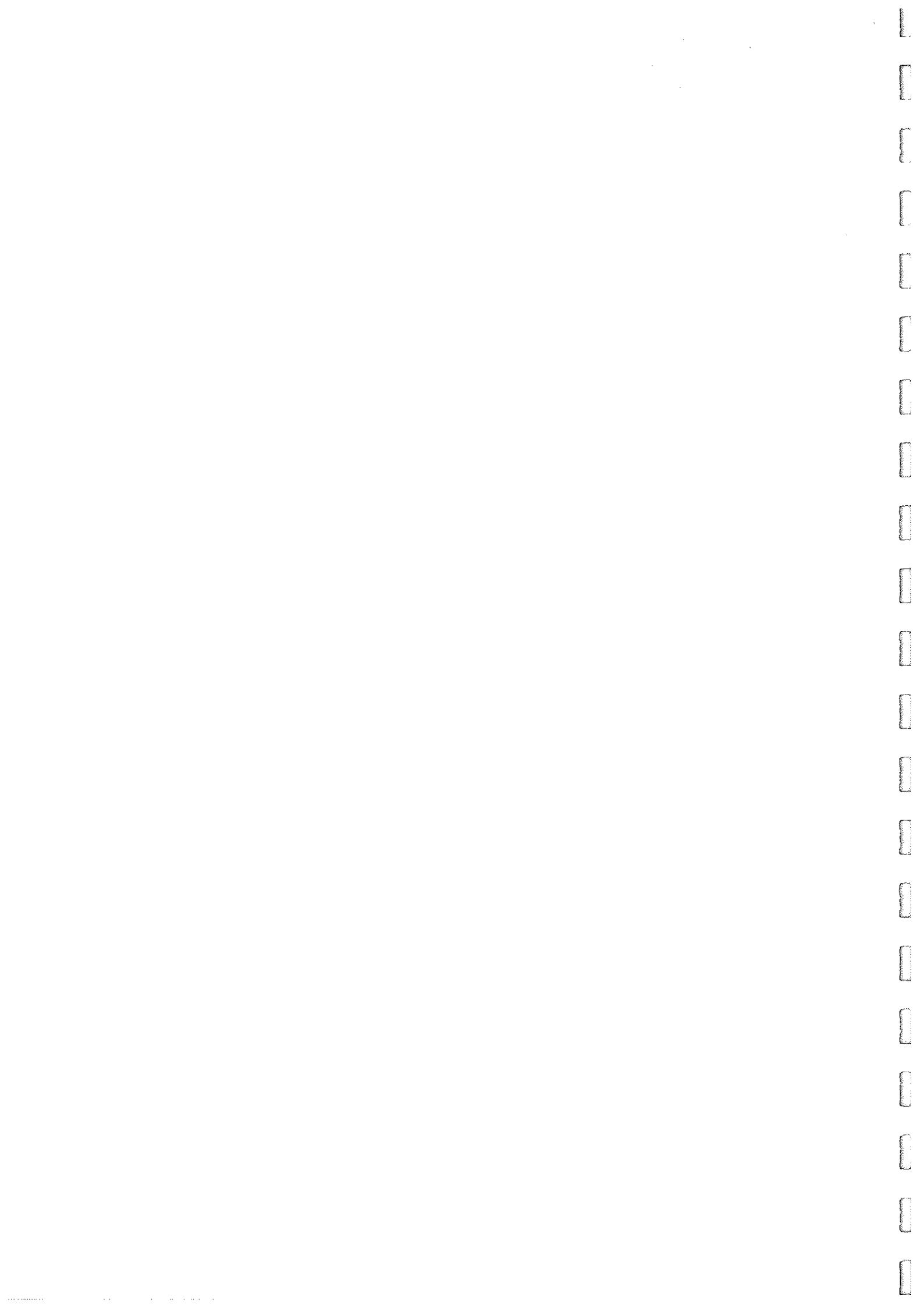
**Auditor's Responsibilities for the Audit of the Financial Statements**

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*****Reason for Disclaimer Opinion and Long Form Audit Report****Unavoidable Scope Limitation due to Inadequacies in the Authority's Accounting records**

There have been significant and continued changes to key personnel particularly in the finance personnel upon whom the Authority's system of control was dependent. Due to changes in personnel, incomplete operational and accounting information, lack of adequate external records and complete information with respect to capital work in progress; their timely capitalisation and Disclaimer of responsibility of financial statements by the current Board of Directors stated under third paragraph on page 3 of the Directors' Report, we have preferred to express a disclaimer opinion and to provide a long form audit report covering major line items of the Statement of Financial Position (A) and Statement of Profit or Loss (B).

**(A) Statement of Financial Position****Property, Plant and Equipment - SR. 264,888,604**

Asset Register and Asset listing of Property, Plant and Equipment and depreciation contain certain fully depreciated assets that date back to the year 1998 which may no longer be 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 assets reported in the register did not reconcile back to the Treasury asset Public Sector Investment Programme ("PSIP") accounts. Therefore, the register was not used for the purpose of accounting of additions to the Property, Plant and Equipment in the Authority's accounting records. The Authority is still in the process of completing the asset register.

Due to discrepancies in the balances brought forward from the prior years, an accurate up-to-date fixed assets register is not available, therefore we cannot conclude on whether the balance of Property, Plant and Equipment reported in these financial statements is free from material misstatements.

During the financial year, the Authority disposed certain fixed assets for SR 398,900, however due to the lack of up-to-date fixed assets registrar, the Authority is unable to remove their cost and accumulated depreciation from the fixed assets schedule and the entire sale proceeds were reported as Other Income.

Furthermore, the Authority is not the legal owner of certain properties on which certain Property, Plant and Equipment are situated. However, these were authorised by the Government of Seychelles.

**Capital work in progress - SR. 2,614,492**

We are satisfied that capital work in progress is reasonably stated in the annual financial statements with regards to the ongoing projects. The Authority does not have a detailed breakdown of the individual assets generated from these projects. The Ile du Port project of SR. 25,952,446 comprised construction of roads and other facilities for the Government of Seychelles. Since this project was not to create a fixed asset for the Authority, this amount was reclassified from Capital Work in Progress and the contra was derecognised from Deferred Grants during the financial year under review.



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

**(A) Statement of Financial Position *Continued***

**Fisheries Development Fund - SR. 56,035,664**

The loan portfolio of this Fund is administered by the Development Bank of Seychelles. The Fund was audited for the first time by the Auditor of the Development Bank of Seychelles as at December 31, 2020 who provided an unmodified opinion. The Authority updated the results and the financial position of the Fund in their books as at December 31, 2020 and the net deficit of SR. 11,713,400 was treated as a Prior Year Adjustment in order not to distort the books for the financial year under review. We placed reliance on the audit opinion by that auditor. In addition to normal audit tests, we also obtained independent confirmation of bank balance of Fisheries Development Fund for the year 2020 and are satisfied that the balances are appropriately stated in the financial statements.

**Fuel inventories - SR. 537,234**

We were unable to carry out a physical count and perform alternate audit procedures as we were appointed at the end of financial year ended December 31, 2020.

**Trade and other receivables - SR. 58,298,815**

In addition to the normal audit tests, we circulated confirmations to major debtors at the end of the financial year but the response was poor. We also test checked subsequent receipt of major outstanding debtors pertaining to the financial year under review and noted that SR. 8,532,891 was still outstanding as at October 31, 2021. Provision for credit impairment at the balance sheet date was only SR. 865,988. We relied on the Management representation that the balance of overdue trade debtors amounting to SR. 7,666,903 is fully recoverable.

We also relied on the Management representation that SR. 1,944,387 due from Government of Seychelles and SR. 30,071 included in other receivables brought forward from prior years are fully recoverable. We could not extend audit checks whether these balances still exist and are required to be carried forward in the balance sheet.

The Board decided to write off SR. 432,000 included in other receivables during the financial year under review due to confirmation received from treasury as per the letter dated February 18, 2022 that this amount had been written off in their books as at December 31, 2019 and these funds were not transferred to SFA.

**Cash and bank balances - SR. 197,205,751**

We have obtained external confirmation to satisfy ourselves of the existence of this account balance, with the exception of certain accounts amounting to SR. 2,582,749.90 held previously with Treasury. The Board decided to write off these balances during the financial year under review and received confirmation from treasury as per the letter dated February 18, 2022.



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

**(A) Statement of Financial Position *Continued***

**Deferred Grants - SR. 232,643,149**

Deferred grants represent unamortised balance of corresponding Property, Plant and Equipment acquired by the Authority and we are satisfied that the deferred grants are fairly stated in the financial statements. 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. 73,403,827**

This represents 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. 65,130,966 from European Union for fisheries development. Expenditure incurred during the year under this project amounted to SR. 43,034,797.

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. Although a complete listing of grants for which these are held was not available, the balance appears to be fairly stated in total.

**Funds held under Fisheries Development Fund - SR. 56,035,664**

This balance has been fairly stated and reported in the draft audit report of the Fund audited independently by the Auditor of Development Bank of Seychelles (Administrator of the Fund). We relied on the opinion of the independent auditor of Development Bank of Seychelles.

**Employee benefit obligations - SR. 11,888,039**

We have checked that the Authority has made adequate provisions for gratuity and length of service compensation in these financial statements and the closing balance is fairly stated.

**Other payables and accruals - SR. 63,310,002**

License fees are received in advance for one year which is not necessarily a calendar year, and the total amount is recognised to License fees income, instead of apportioning prepaid license fees received for the part of next financial year as liability in the statement of financial position. Prepaid license fees of SR. 41,667,309 (2019: 26,275,048) was calculated at the end of the financial year through a scrutiny of invoices by manually calculating the number of days falling in the next financial year.



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

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

**Rental income - SR. 9,879,537**

Rental income from properties owned by the Authority at the Fishing Port forms a significant part of the income of the Authority. We have test checked that the rental income is fairly stated in the financial statements.

**Other revenues**

Since most of the other revenue streams are also recorded on receipt basis as in the case of license fees, certain other incomes could remain unaccrued for the financial year.

**Employees costs - SR. 61,712,267**

Staff costs incurred during the year were accounted based on actual payments and the management reconciled and justified the reasons for their increase during the year. We have test checked that the Authority complied with the provisions of Income and Non-Monetary Benefits Tax Act and Seychelles Pension Fund. However, we had to rely on the management authorisations with respect to allowances, staff welfare and leave salary.

**Operating and other expenses - SR. 27,181,229**

We test checked expenses incurred during the year together with their authorisations. However, in the absence of approved policies and procedures, we had to rely solely on their authorisation by the management on the dates of those expenses. Not all expenses have not been recorded on an accrual basis. Therefore, we cannot safely conclude that the account balance is free from material misstatement. The Management has represented to us that policies and procedures framework is being worked in the year 2022.

**Indian Ocean Tuna Commission expenses - SR. 1,627,104**

We based our test checks on management authorisations and are satisfied that the rental and housing allowance paid for the Indian Ocean Tuna Commission has been fairly stated in the financial statements.

**Research and development costs - SR. 15,716,795**

We test checked expenses incurred during the year together with their authorisations. However, in the absence of approved policies and procedures, we had to rely solely on their authorisations on the dates of those expenses.



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

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

**Monitoring control, surveillance, and enforcement costs - SR. 10,363,942**

We test checked expenses incurred during the year together with their authorisations. However, in the absence of approved policies and procedures, we had to rely solely on their authorisations on the dates of those expenses.

**Depreciation charge of SR. 12,974,613 and amortisation from deferred grants of SR. 11,841,205**

We test checked that depreciation is charged in accordance with the current accounting policies adopted by the Authority and that they are consistently applied. We also test checked amortisation of deferred grants and ensured their compliance with existing accounting policies.

**Fisheries facilities development - SR. 66,826,709**

Our observations with respect to Fisheries Facilities Development are stated below:

***(i) Fuel expenses - SR. 25,101,020***

In the absence of adequate internal controls, we carried out an analytical review of purchase, sale, claims paid considering the opening and closing stock of fuel and found that there is no significant difference in recording sale and purchase of fuel.

***(ii) Other Fisheries Development expenditure from EU funding - SR. 41,725,689***

**Seamen salary adjustment - SR. 8,919,703**

In order to rectify the wages payable to the Seamen at par with the International Labour organisation standards, and as recommended and approved by the Ministry of Fisheries and Agriculture in July 2020 to pay SR. 14 million, the Authority paid the Seamen SR. 8,919,703 during the financial under review which is mainly for prior years. No provision exists for the balance payable.

**Utilities - SR. 9,543,524**

We test checked utility payments based on authorisation of the management and satisfied that cost of utilities has been fairly stated in the financial statements.

**Support provided to Seychelles Maritime Academy - SR. 8,000,000**

The Authority entered into an agreement with the Seychelles Maritime Academy under which SR 8,000,000 was disbursed during the financial year 2020. However, the management does not have proper records with respect to management and utilization of these funds.



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

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

**(ii) *Other Fisheries Development expenditure from EU funding - SR. 41,725,689* *Continued***

**Other expenses**

We test checked all other expenses together with their authorisations. However, in the absence of approved policies and procedures, we had to rely on their authorisation by the management on the dates of those expenses.

**VAT and Business Tax liability**

The Seychelles Revenue Commission vide their email dated February 21, 2022 provided the Authority a list of revenues that would attract Business Tax effective the financial year ended December 31, 2019 and registered the Authority for VAT effective October 1, 2020. The Authority made an estimated provision for Business Tax liability for the financial years 2019 and 2020 including estimated penalties (refer to Note. 17) and accrued estimated VAT liability of SR. 800,000 in these financial statements based on Vatable and taxable revenue streams and corresponding allowability of corresponding expenses.

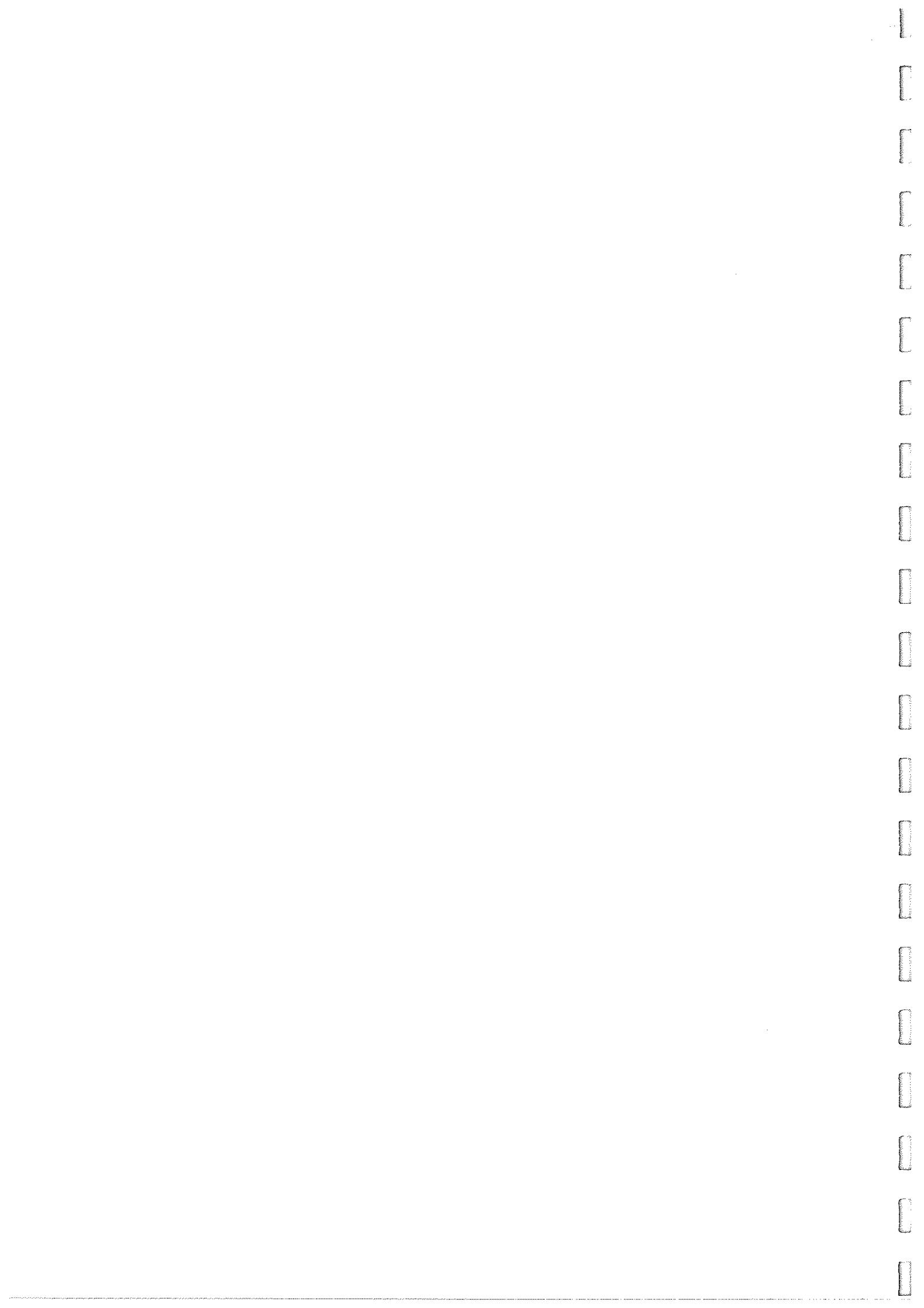
**Operational controls**

- 1 Controls over invoicing and debtor management are limited and do not adequately ensure timely and accurate collection of outstanding receivables.
- 2 Internal controls for accounting of fixed assets are inadequate. Proper record of fixed asset additions is not kept and the maintenance of asset register is incomplete.
- 3 Cyril Bonnelame held the positions of Chairman of Board from February 15, 2020 until the December 31, 2020 and also as Interim CEO for the period March 24 to October 31, 2020. This is not in accordance with Section 13 (1) Division 4 of Seychelles Fishing Authority (Establishment) Act, 1984 and PEMC Act, 2013.

Nichol John Elizabeth was appointed as CEO from September 1, 2020.

**Disclaimer 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 6 to 30 give a true and fair view of the financial position of the Authority as at December 31, 2020, and of its financial performance for the year then ended.



5 (h)

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

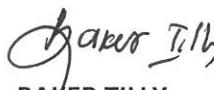
**Report on Other Legal Regulatory Requirements**

**Public Enterprise Monitoring Commission Act, 2013**

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

We have obtained all information and explanations we have required.

Except for the matters discussed in our audit opinion with respect to the reasons for issue of Disclaimer opinion and long form audit report on pages 5 (b) to 5 (h), in our opinion, proper accounting records have been kept by the Authority as far as it appears from our examination of those records.

  
**BAKER TILLY**  
Chartered Accountants

Dated: April 29, 2022  
Victoria, Seychelles





## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

	Notes	2020 SR	Restated 2019 SR
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	5	<b>264,888,604</b>	249,499,916
Capital work in progress	6	<b>2,614,492</b>	25,431,877
Investments	7	<b>54,986</b>	54,986
Fisheries Development Fund	8	<b>56,035,664</b>	59,010,674
		<b><u>323,593,746</u></b>	<u>333,997,453</u>
<b>Current assets:</b>			
Inventories	9	<b>537,234</b>	173,837
Trade and other receivables	10	<b>58,298,815</b>	28,474,093
Cash and cash equivalents	11	<b>197,205,751</b>	102,785,083
		<b><u>256,041,800</u></b>	<u>131,433,013</u>
<b>Total assets</b>		<b><u>579,635,546</u></b>	<u>465,430,466</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Assigned capital	12	<b>1,122,800</b>	1,122,800
Retained surplus		<b>116,432,065</b>	39,182,725
<b>Total equity</b>		<b><u>117,554,865</u></b>	<u>40,305,525</u>
<b>Non-current liabilities:</b>			
Deferred grants	13	<b>232,643,149</b>	263,980,693
Credits held for future projects	14	<b>73,403,827</b>	49,229,664
Funds held under Fisheries Development Fund	8	<b>56,035,664</b>	59,010,674
Employee benefit obligations provision	15	<b>11,888,039</b>	9,842,046
		<b><u>373,970,679</u></b>	<u>382,063,077</u>
<b>Current liabilities:</b>			
Other payables and accruals	16	<b>64,110,002</b>	43,061,864
Tax provision	17	<b>24,000,000</b>	-
		<b><u>88,110,002</u></b>	<u>43,061,864</u>
<b>Total liabilities</b>		<b><u>462,080,681</u></b>	<u>425,124,941</u>
<b>Total equity and liabilities</b>		<b><u>579,635,546</u></b>	<u>465,430,466</u>

These financial statements were approved for issue by the Board of Directors on April 29, 2022

  
 Bradley Weber  
 Director

  
 Roy Clarisse  
 Director

  
 Eugene Vidot  
 Director

  
 Aubrey Harris  
 Director

  
 Beatty Hoarau  
 Director

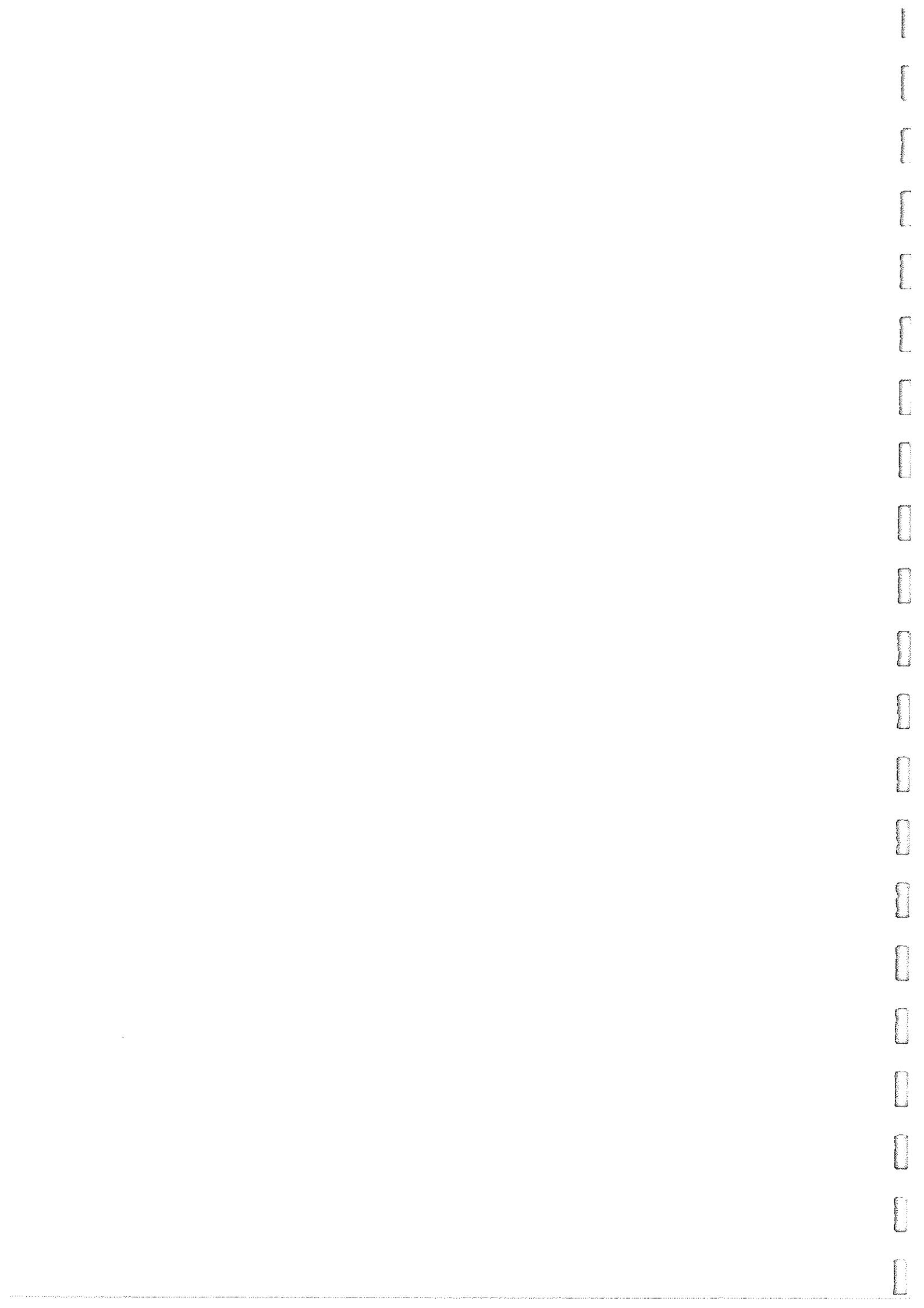
  
 Marc Gonthier  
 Director

  
 Joseph Tirant  
 Director

  
 Audrina Dine  
 Director

  
 Franky Laporte  
 Director

The notes on pages 10 to 30 form an integral part of these financial statements  
 Independent Auditor's report on pages 5 to 5 (h)



## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	2020 SR	2019 SR
Revenue	18	<b>263,829,583</b>	225,188,571
Other income	19	<b>2,192,315</b>	1,275,513
Grant utilised	14	<b>43,034,797</b>	42,241,604
		<b>309,056,695</b>	268,705,688
Employee costs	20	(61,712,267)	(45,444,839)
Operating and other expenses	21	(27,181,229)	(21,246,289)
Research and development costs	22	(15,716,795)	(17,236,277)
Monitoring control, surveillance, and enforcement costs	23	(10,363,942)	(5,521,860)
Fisheries facilities development	24	(66,826,709)	(48,205,936)
Foreign exchange gain/(loss)		<b>25,126,995</b>	(1,020,310)
		<b>152,382,748</b>	130,030,177
Surplus before depreciation and amortisations		<b>11,841,205</b>	11,540,161
Amortisation of deferred grants	13	<b>(12,974,613)</b>	(11,245,986)
Depreciation	5		
Surplus before taxation		<b>151,249,340</b>	130,324,352
Tax expense		(24,000,000)	-
		<b>127,249,340</b>	130,324,352
Surplus for the year			

The notes on pages 10 to 30 form an integral part of these financial statements  
 Independent Auditor's report on pages 5 to 5 (h)



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020

	Assigned capital SR	Retained surplus SR	Total SR
Balance at January 1, 2020 - <i>As Restated</i>	1,122,800	39,182,725	40,305,525
Surplus for the year	-	127,249,340	127,249,340
Dividends	-	(50,000,000)	(50,000,000)
<b>Balance at December 31, 2020</b>	<b>1,122,800</b>	<b>116,432,065</b>	<b>117,554,865</b>
Balance at January 1, 2019 - <i>As previously stated</i>	1,122,800	(54,428,227)	(53,305,427)
Prior year adjustment (note 8 (c))	-	(11,713,400)	(11,713,400)
<b>Balance at January 1, 2019 - <i>As restated</i></b>	<b>1,122,800</b>	<b>(66,141,627)</b>	<b>(65,018,827)</b>
Surplus for the year	-	130,324,352	130,324,352
Dividends	-	(25,000,000)	(25,000,000)
<b>Balance at December 31, 2019 - <i>As restated</i></b>	<b>1,122,800</b>	<b>39,182,725</b>	<b>40,305,525</b>

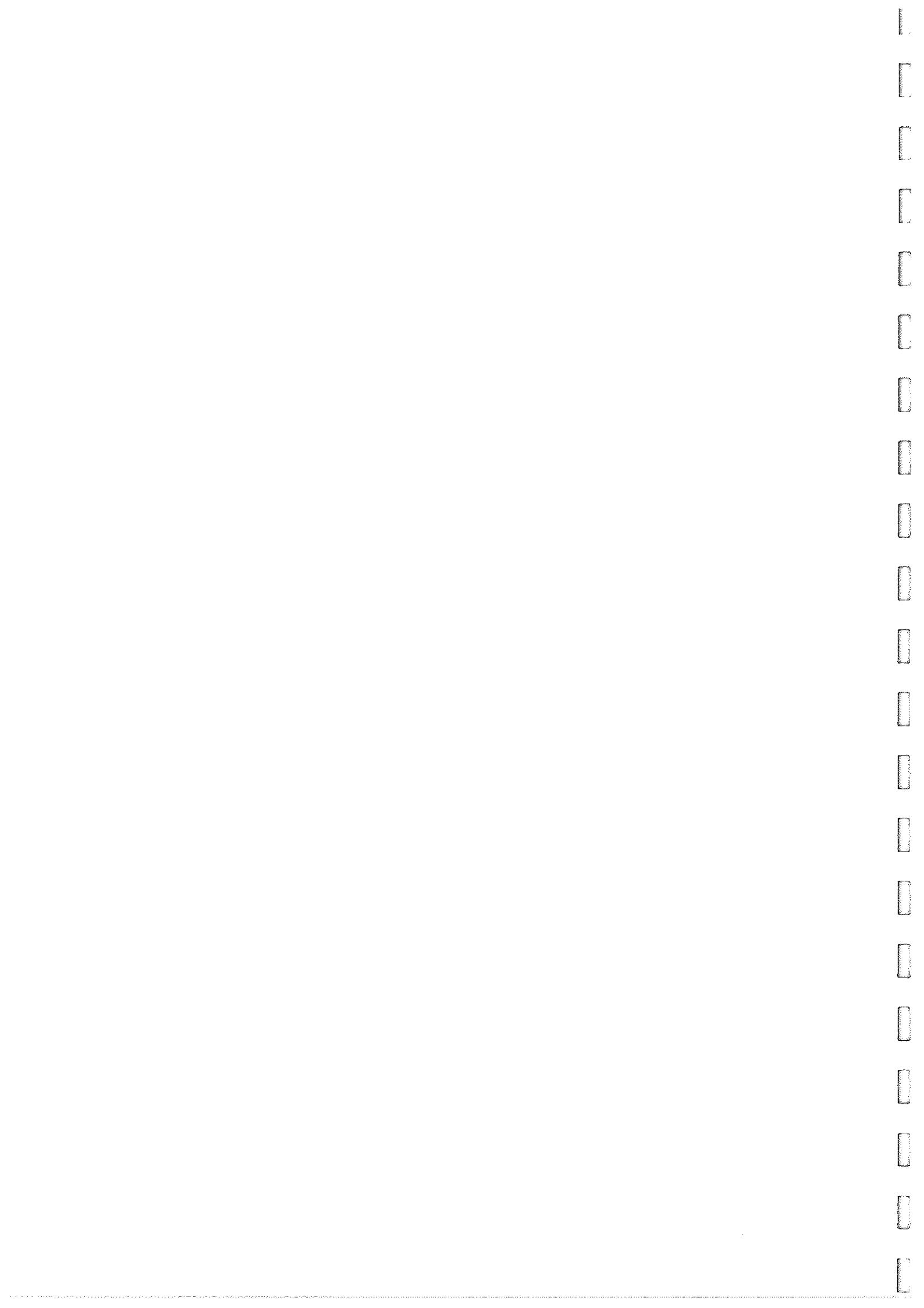
The notes on pages 10 to 30 form an integral part of these financial statements  
 Independent Auditor's report on pages 5 to 5 (h)



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	2020 SR	Restated 2019 SR
<b>OPERATING ACTIVITIES</b>			
Surplus for the year		<b>151,249,340</b>	130,324,352
Adjustments for:			
Depreciation of property, plant and equipment	5	<b>12,974,613</b>	11,245,986
Amortisation	13	<b>(11,841,205)</b>	(11,540,161)
Movement in credit impairment provision	10	<b>17,508</b>	-
Movement in employee benefit obligations provision	15	<b>2,883,266</b>	2,252,834
Operating profit before working capital changes		<b>155,283,522</b>	132,283,011
<i>Changes in working capital:</i>			
Inventories	9	<b>(363,397)</b>	554,818
Trade and other receivables	10	<b>(29,842,230)</b>	(21,966,221)
Other payables and accruals	16	<b>21,048,138</b>	(9,300,498)
<b>Net cash inflow from operating activities</b>		<b>146,126,033</b>	101,571,110
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	5	<b>(28,363,301)</b>	(53,964,613)
Movements in capital work in progress	6	<b>22,817,385</b>	25,633,889
<b>Net cash outflow from investing activities</b>		<b>(5,545,916)</b>	(28,330,724)
<b>FINANCING ACTIVITIES</b>			
Grants received	13	<b>6,456,107</b>	11,242,311
Derecognition of Ile du port from capital work in progress	6	<b>(25,952,446)</b>	-
Movement in credits held for future projects	14	<b>24,174,163</b>	316,357
Employee benefits paid during the year	15	<b>(837,273)</b>	(391,124)
Dividends paid		<b>(50,000,000)</b>	(25,000,000)
Movement in Fisheries Development Fund	8	<b>-</b>	(3,189,973)
<b>Net cash outflow from financing activities</b>		<b>(46,159,449)</b>	(17,022,429)
<b>Net change in cash and cash equivalents</b>		<b>94,420,668</b>	56,217,957
<b>Movements in cash and cash equivalents:</b>			
At January 1,		<b>102,785,083</b>	46,567,126
Increase		<b>94,420,668</b>	56,217,957
<b>At December 31,</b>	11	<b>197,205,751</b>	102,785,083

The notes on pages 10 to 30 form an integral part of these financial statements  
 Independent Auditor's report on pages 5 to 5 (h)



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020****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 Generally Accepted Accounting Standards in Seychelles and comply with the requirements of the Seychelles Fishing Authority (Establishment) Act, 1984, Public Financial Management Act, 2012 and Public Finance Management Regulations 2014. The PEMC Act 2013 requires that every public enterprise should prepare its financial statements in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Standards Interpretations Committee (the "Committee"). The Board of Directors recognizes the lapses in the management of the financial affairs of SFA during the year under review, attributed to changes in key personnel. Consequently, the financial statements have been prepared in accordance with Generally Accepted Accounting Standards in Seychelles.

The Board of Directors undertakes to explore appropriate structural improvement options within the Finance Department. This will also include recruitment and training for key financial personnel, to further improve the financial reporting standards of the Authority so as to meet the financial requirements of the PEMC Act 2013. The Board recognizes that these procedures will take time to achieve the required objectives and proposes a time scale of 3 years to completion.

**(b) Reporting and functional currency**

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

## (c) Off balance sheet transactions and activities

From time to time, transactions, 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 2020 (2019: nil).

## 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 includes the cost of replacing components of the property, plant and equipment. 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.

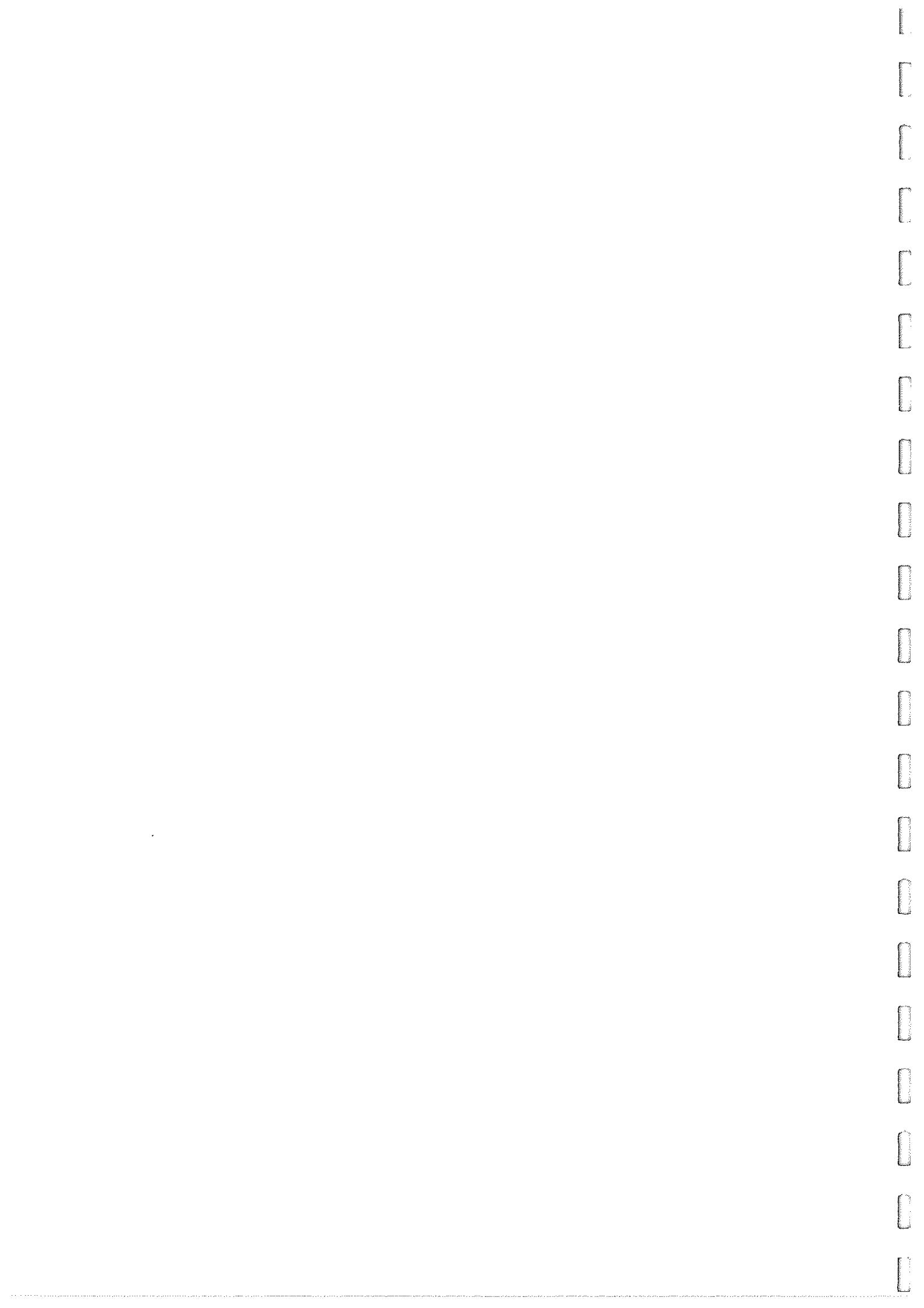
Properties in the course of construction for operation purposes are carried at cost less any recognised impairment loss. Cost includes professional fees for qualifying assets and capitalised only if the project is viable and the Authority would pursue it further. Depreciation of these assets, on the 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:

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

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.



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

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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

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

**2.5 Grants and credit for future projects**

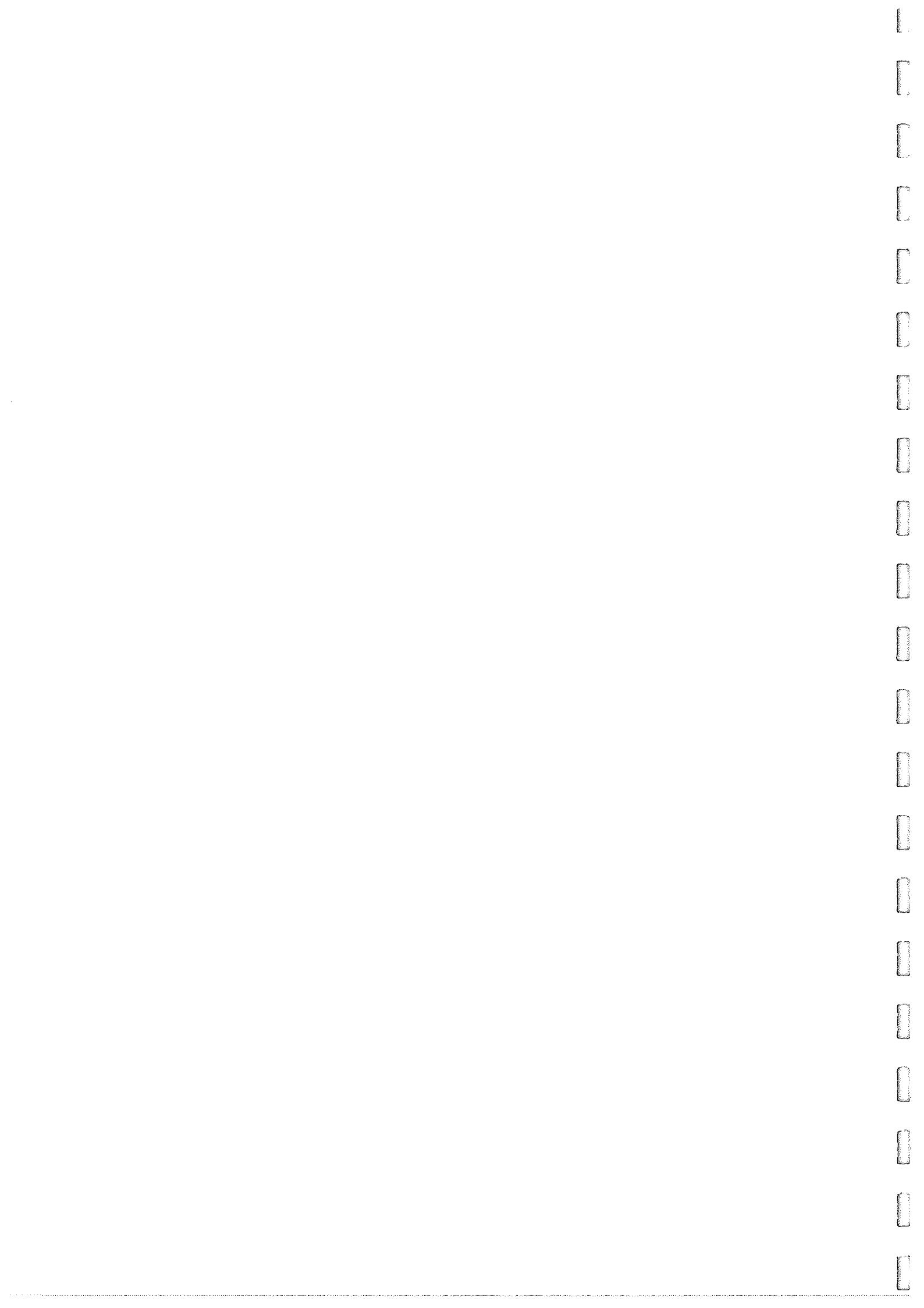
Grants are recognized at the fair value in statement of profit or loss where there is reasonable assurance that the grant will be received, and the Authority has complied with their attached conditions. Grants received where the authority has yet to comply with the attached conditions are recognized 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 comprise 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, 2020

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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, 2020

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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**

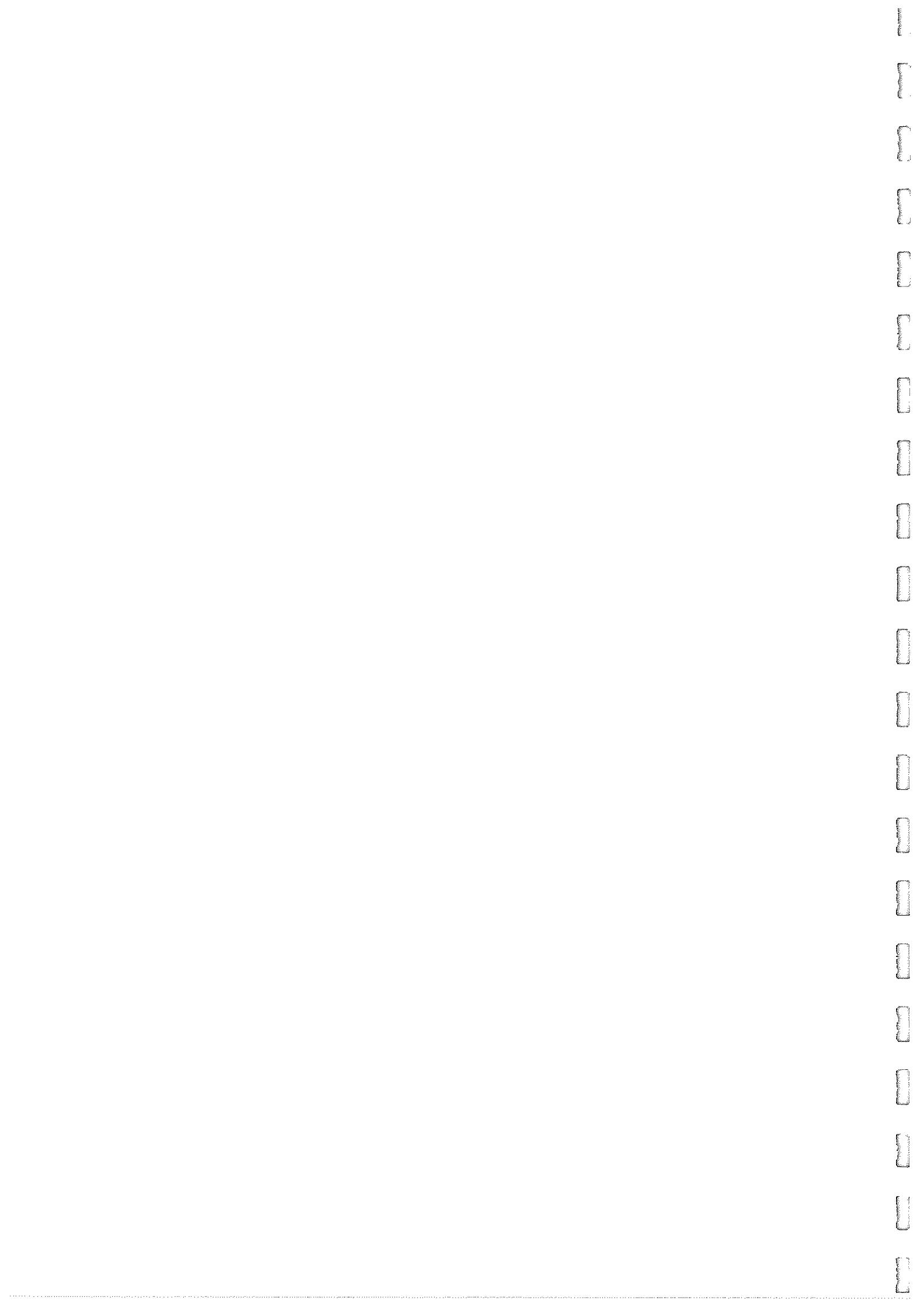
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether claimed by the supplier or not.

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, 2020

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.

The Authority is of the opinion that as per the current tax regime, the Authority is not liable to payment of Business tax. Hence no provision is made 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 legally 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.

Due to Corona Virus Pandemic, there has been substantial devaluation of Seychelles Rupees as compared to the major foreign currencies. As at year end, the main exchange rates against the Seychelles Rupees were as follows:

Currencies	Exchange rates		Changes in % ge	
	2020	2019	2020	2019
United States Dollar	21.58	14.10	-53.05%	-0.71%
Euro	26.43	15.99	-65.29%	0.12%



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

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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, 2020

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**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

**(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, 2020

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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.

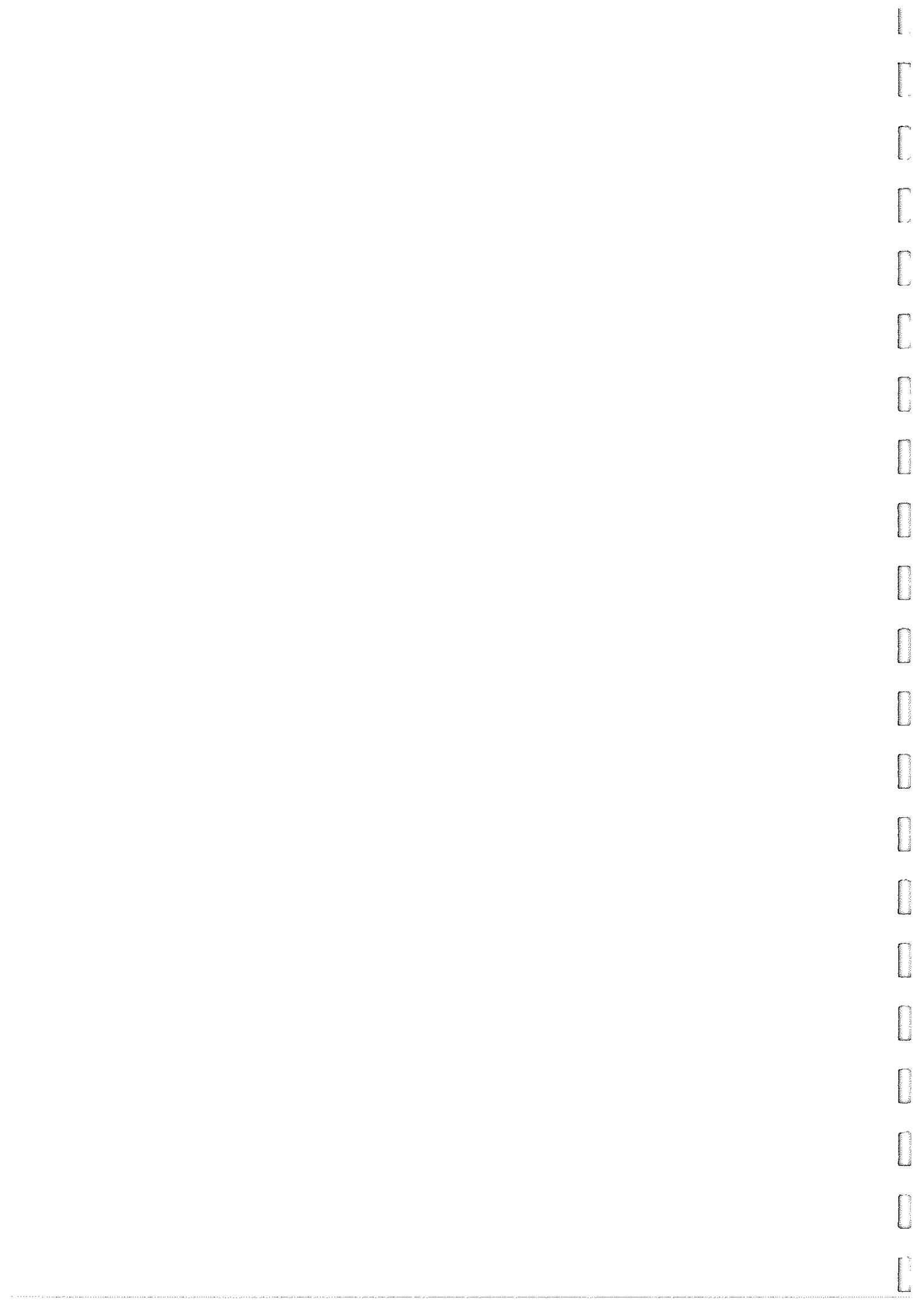
**4.2 *Impairment of assets***

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 normal use.
- (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, 2020

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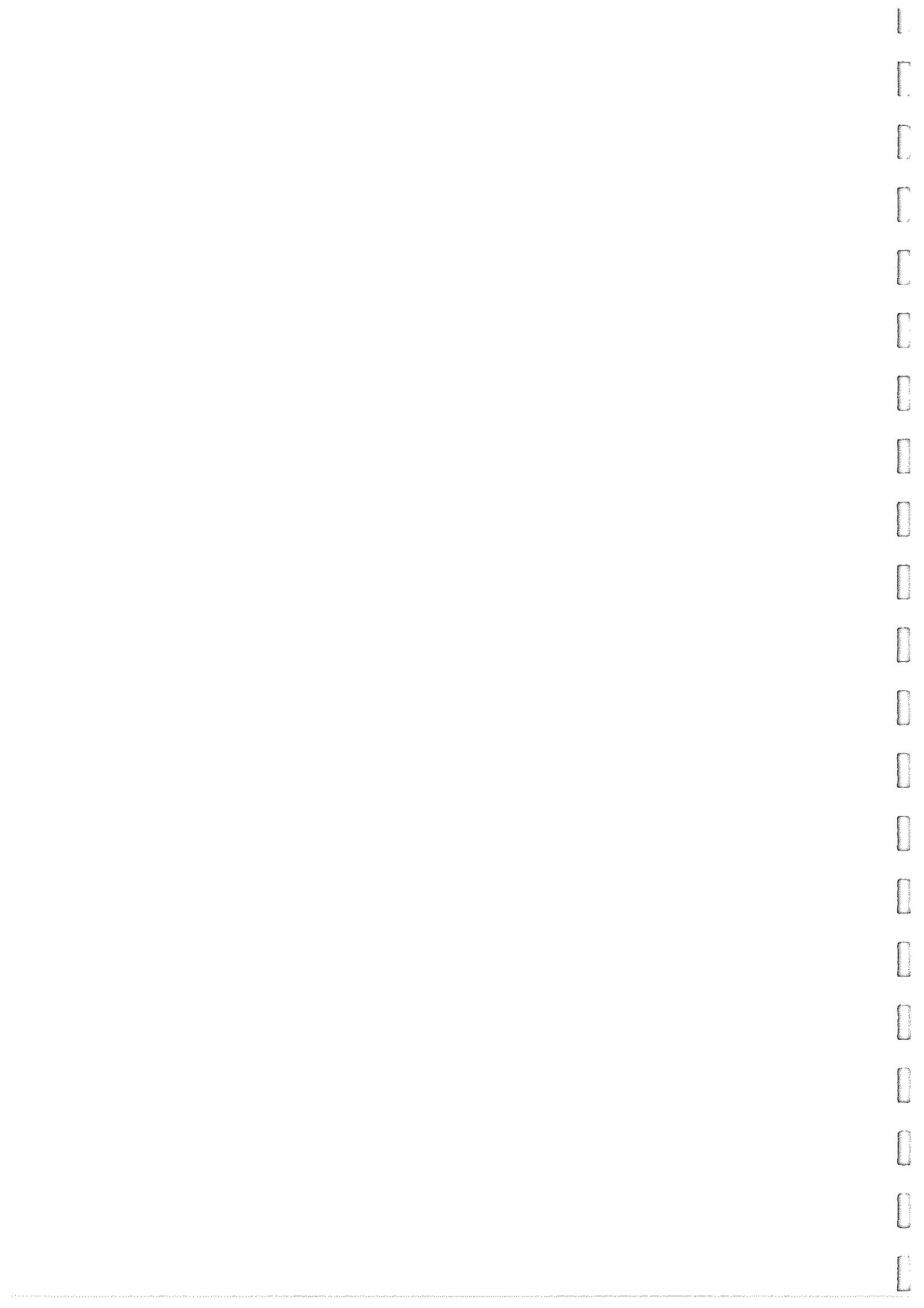
**4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS *Continued*****4.4 Estimated useful lives of property, plant and equipment**

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.

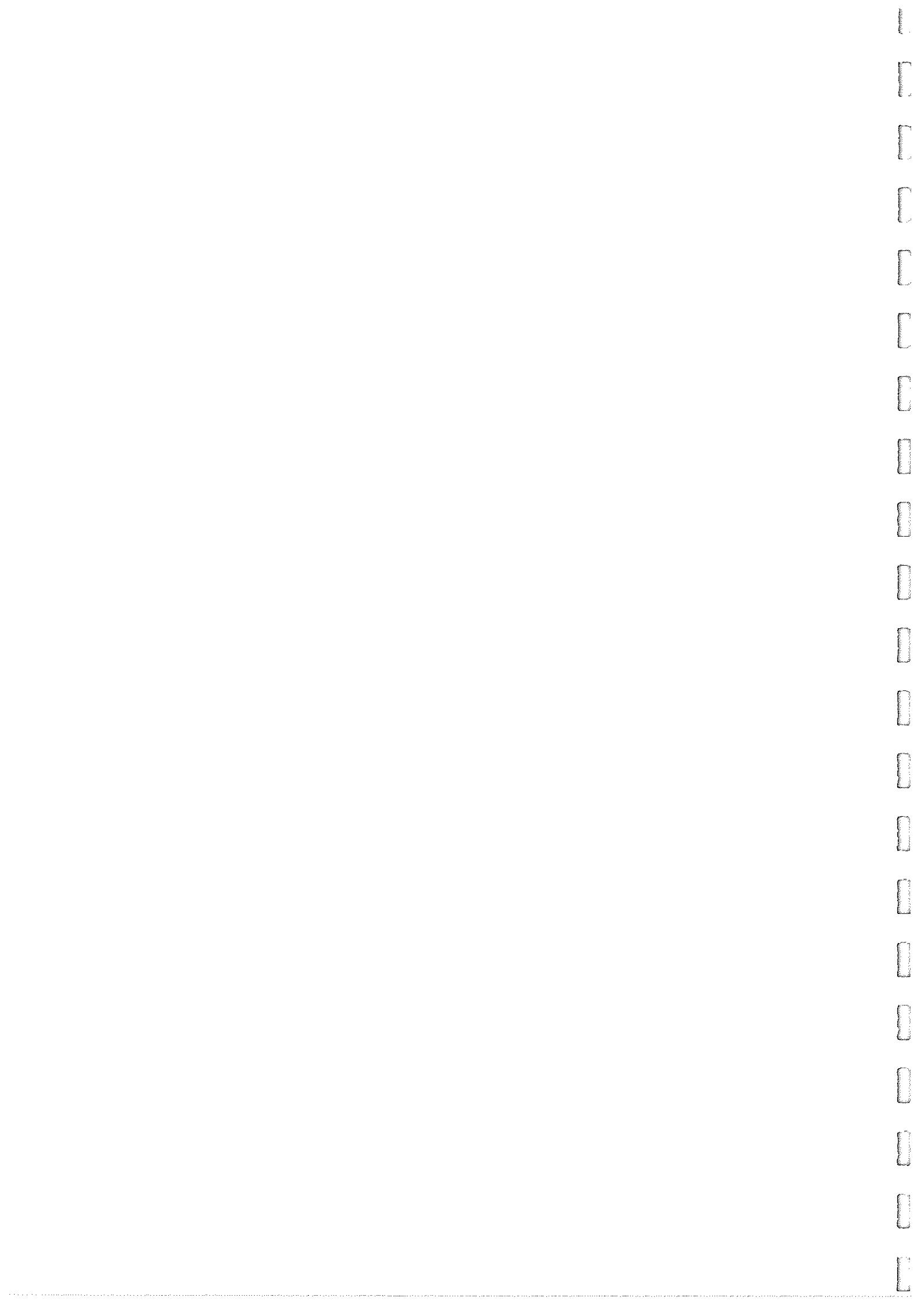
Sensitivity analysis does not take into consideration that the Authority's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Authority's views of possible near-term market changes that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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

## 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, 2019	209,973,878	32,548,669	57,615,045	18,460,766	318,598,358
Additions	27,071,249	24,876,327	731,972	1,285,065	53,964,613
<b>At December 31, 2019</b>	<b>237,045,127</b>	<b>57,424,996</b>	<b>58,347,017</b>	<b>19,745,831</b>	<b>372,562,971</b>
Additions	9,427,202	10,864,916	5,882,517	2,188,666	28,363,301
<b>At December 31, 2020</b>	<b>246,472,329</b>	<b>68,289,912</b>	<b>64,229,534</b>	<b>21,934,497</b>	<b>400,926,272</b>
<b>ACCUMULATED DEPRECIATION</b>					
At January 1, 2019	29,190,268	30,197,822	34,855,871	17,573,108	111,817,069
Charge for the year	4,199,721	1,302,833	4,936,366	807,066	11,245,986
<b>At December 31, 2019</b>	<b>33,389,989</b>	<b>31,500,655</b>	<b>39,792,237</b>	<b>18,380,174</b>	<b>123,063,055</b>
Charge for the year	4,829,973	2,497,412	5,006,050	641,178	12,974,613
<b>At December 31, 2020</b>	<b>38,219,962</b>	<b>33,998,067</b>	<b>44,798,287</b>	<b>19,021,352</b>	<b>136,037,668</b>
<b>NET BOOK VALUE</b>					
<b>At December 31, 2020</b>	<b>208,252,367</b>	<b>34,291,845</b>	<b>19,431,247</b>	<b>2,913,145</b>	<b>264,888,604</b>
<b>At December 31, 2019</b>	<b>203,655,138</b>	<b>25,924,341</b>	<b>18,554,780</b>	<b>1,365,657</b>	<b>249,499,916</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

## 6. CAPITAL WORK IN PROGRESS

	2020	2019
	SR	SR
<b>At January 1,</b>	<b>25,431,877</b>	51,065,766
Expenditure during the period	3,135,061	1,934,792
Transfer to property, plant and equipment during the year	-	(27,568,681)
Derecognition of Ile du port project to Deferred Grants (note (b))	<b>(25,952,446)</b>	-
<b>At December 31,</b>	<b>2,614,492</b>	<b>25,431,877</b>

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

Ile du Port Road & Utilities construction	-	25,348,696
La Retraite development	1,333,792	-
SFA Headquarters	654,868	-
Aquaculture facilities	179,088	-
Other projects	446,744	83,181
	<b>2,614,492</b>	<b>25,431,877</b>

- (b) The Authority derecognised SR. 25,952,446 being the total cost of completed project of Ile du Port infrastructure development carried out for the Government of Seychelles from grant received from the European Union. Since there is no asset created for the Authority from the completed project, the amount has been derecognised to Deferred Grants (also refer Note 13 (a)).

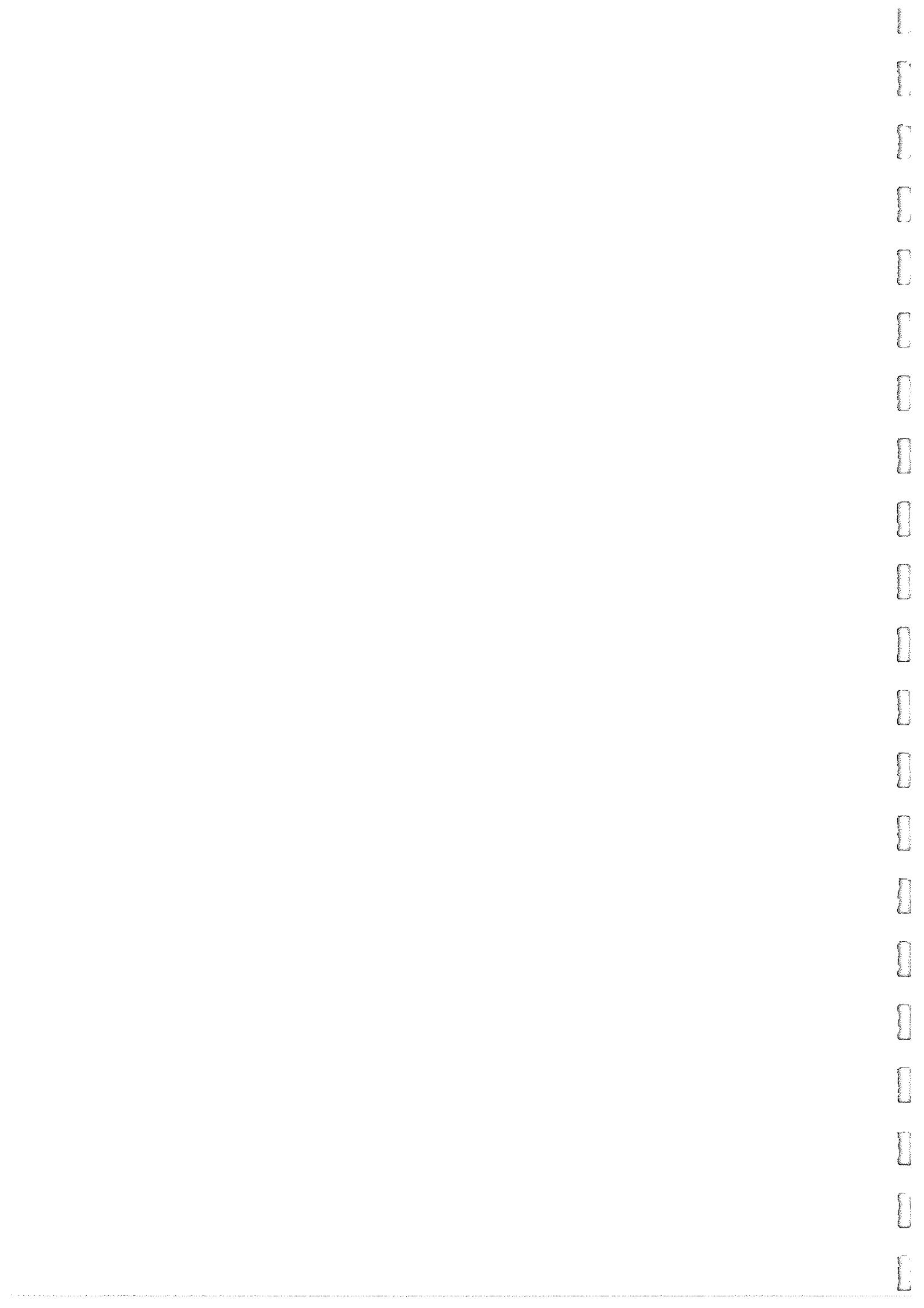
## 7. INVESTMENTS

	2020	2019
	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
	<b>54,986</b>	<b>54,986</b>

## 8. FISHERIES DEVELOPMENT FUND

The Fisheries Development Fund is a revolving fund, and its purpose is to finance the development of the economy of local fishing industry in Seychelles. It is funded by the Seychelles Fishing Authority and is being managed by the Development Bank of Seychelles. The loans are granted over 1 to 10 years and bear interest at rate of 3% per annum.

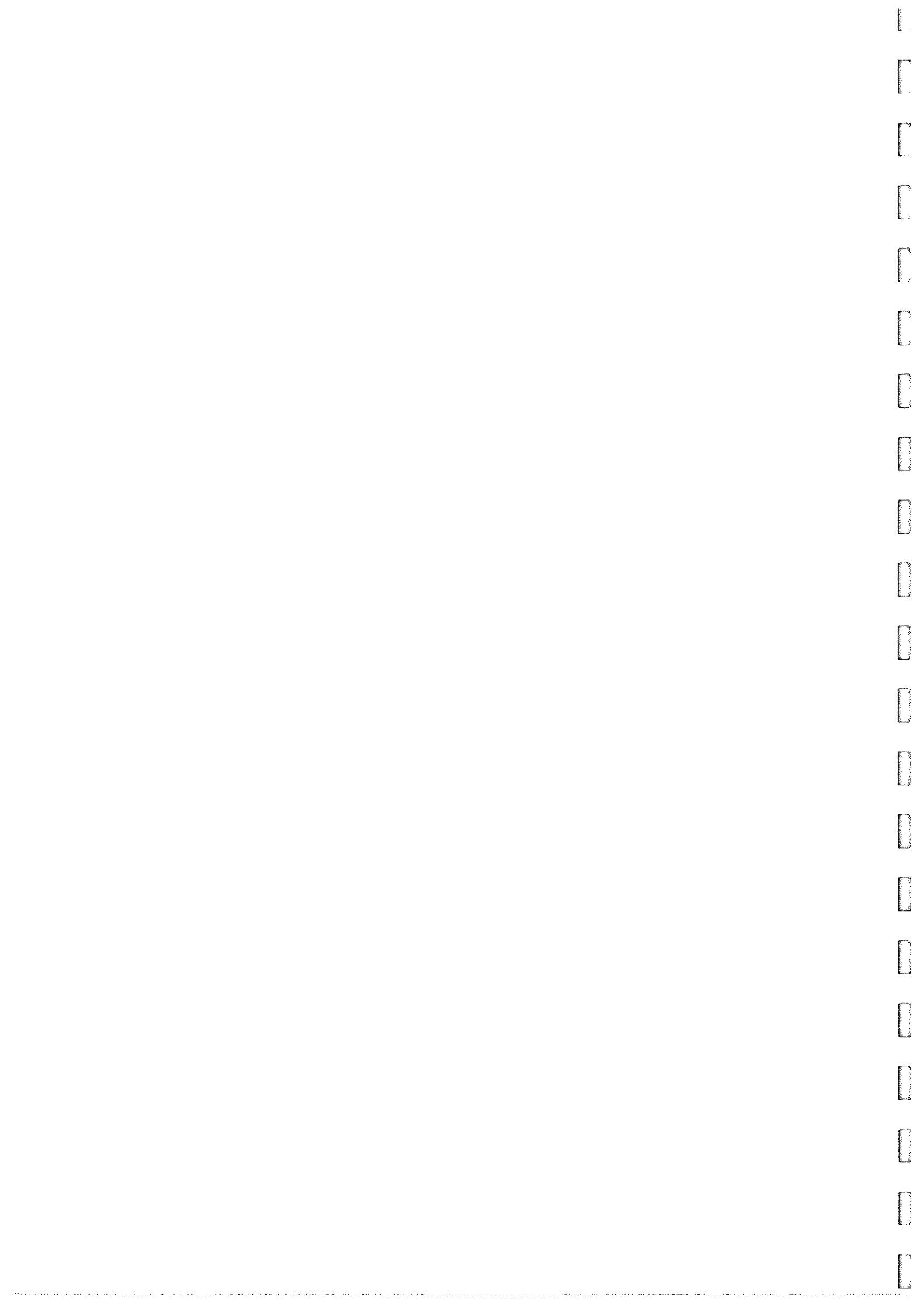
The Fund was audited by BDO Associates, Chartered Accountants for the financial year 2020, the financial statements are yet to be signed by the Fund Administrator Development Bank of Seychelles. Based on draft audited financial statements of the Fund, the Authority's financial statements were adjusted to align with the draft audited financial statements resulting in a prior year adjustment as detailed in note (c) below.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

8. FISHERIES DEVELOPMENT FUND *Continued*

	2020	2019
	SR	SR
<b><i>Movements in the Fund reported under non-current assets:</i></b>		
Balance held with Development Bank of Seychelles	19,713,818	25,859,598
Loans and receivables (note (a))	36,237,993	33,161,637
Receivable from Development Bank of Seychelles	413,051	156,897
Payables and accruals	(315,998)	(155,258)
EU retention fee payable	(13,200)	(12,200)
	<b>56,035,664</b>	<b>59,010,674</b>
<b><i>Analysed as under:</i></b>		
Funds under management	66,213,891	66,213,891
Revenue deficit (note (d))	(10,178,227)	(7,203,217)
	<b>56,035,664</b>	<b>59,010,674</b>
(a) Loans and receivables		
	2020	2019
	SR	SR
Gross loans and receivables	54,337,223	47,212,605
Less: interest in suspense	(3,587,778)	(2,410,188)
Less: provision for credit impairment (note (b))	(14,511,452)	(11,640,780)
	<b>36,237,993</b>	<b>33,161,637</b>
(b) Provision for credit impairment		
	2020	2019
	SR	SR
At January 1,	(11,640,780)	(8,666,848)
Increase in provision for credit impairment	(2,870,672)	(2,973,932)
<b>At December 31,</b>	<b>(14,511,452)</b>	<b>(11,640,780)</b>
(c) Prior adjustment		
	<i>As previously stated</i>	<i>As restated</i>
Fisheries Development Fund - Liability	69,403,864	59,010,674
Funds held under Fisheries Development Fund - Asset	(57,690,464)	(59,010,674)
	<b>11,713,400</b>	-
Difference charged to retained surplus as prior year adjustment		<b>(11,713,400)</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

8. FISHERIES DEVELOPMENT FUND *Continued*

## (d) Movements in fund

	2020	2019
	SR	SR
<b>Income</b>		
Interest income	470,639	897,084
Application fees received	3,000	10,000
	<b>473,639</b>	<b>907,084</b>
<b>Expenses</b>		
Management fees	549,227	523,292
Audit fees	28,750	23,000
Charge for credit impairment	2,870,672	2,973,932
	<b>3,448,649</b>	<b>3,520,224</b>
<b>Loss of the year</b>		
	<b>(2,975,010)</b>	<b>(2,613,140)</b>
Revenue deficit brought forward	<b>(7,203,217)</b>	<b>(4,590,077)</b>
<b>Revenue deficit carried forward</b>	<b>(10,178,227)</b>	<b>(7,203,217)</b>

## 9. INVENTORIES

	2020	2019
	SR	SR
Fuel	<b>537,234</b>	<b>173,837</b>

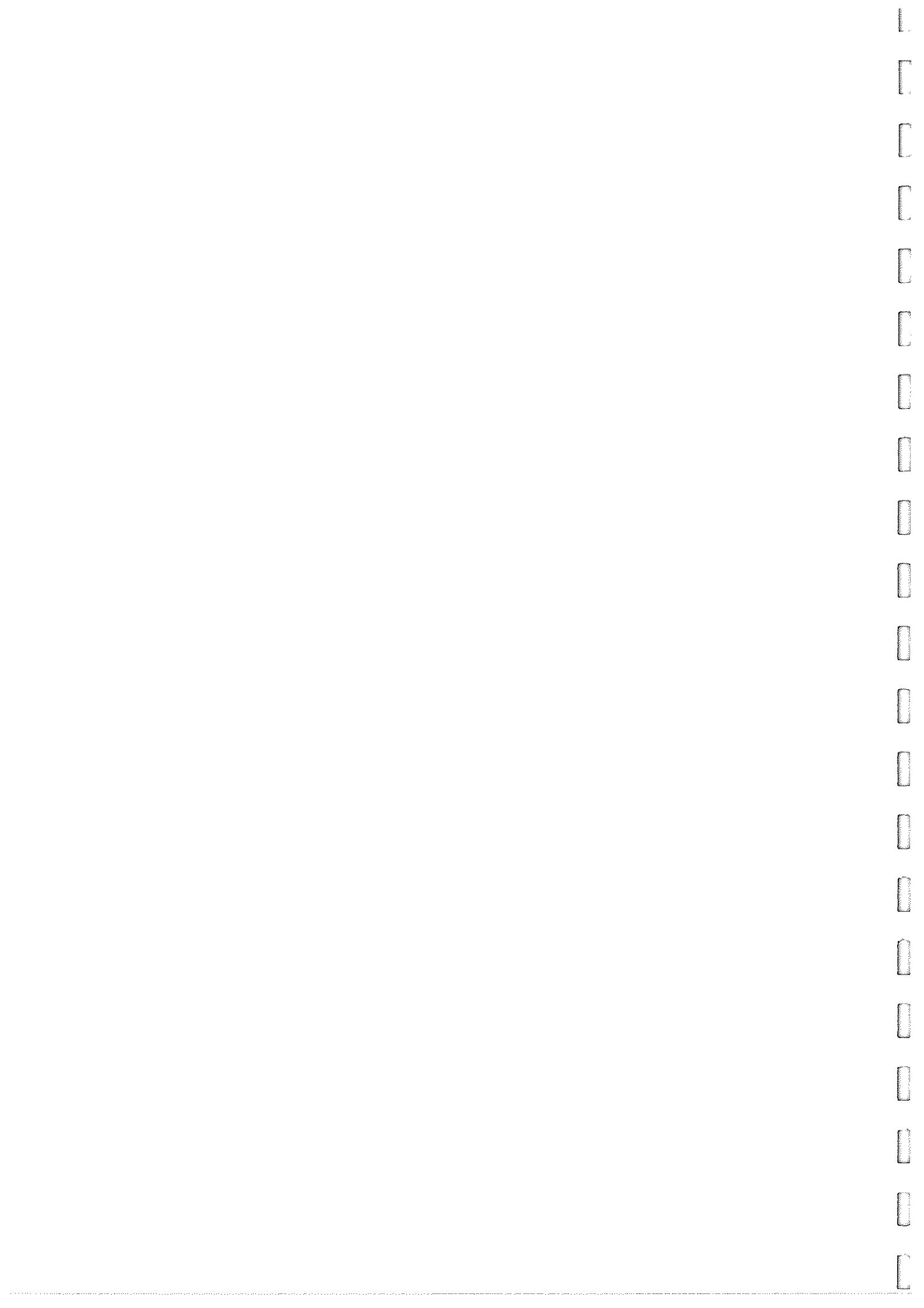
## 10. TRADE AND OTHER RECEIVABLES

	2020	2019
	SR	SR
Gross trade receivables	52,908,249	22,572,108
Less: provision for credit impairment (note (a))	(865,988)	(848,480)
Net trade receivables	<b>52,042,261</b>	<b>21,723,628</b>
Prepayments	-	4,169,715
Due from Government of Seychelles	1,944,387	1,944,387
Other receivables	4,312,167	636,363
	<b>58,298,815</b>	<b>28,474,093</b>

*Movements in provision for credit impairment:*

At January 1,	(848,480)	(836,480)
Increase in provision for credit impairment	(17,508)	(12,000)
<b>At December 31,</b>	<b>(865,988)</b>	<b>(848,480)</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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

## 11. CASH AND CASH EQUIVALENTS

	2020	2019
	SR	SR
Cash on hand	708,629	293,278
Bank balances	126,115,180	55,609,510
Bank balances with CBS	<u>70,381,942</u>	<u>46,882,295</u>
	<u>197,205,751</u>	<u>102,785,083</u>

Certain trading and operating account balances held with the Treasury Department totaling to SR. 2,582,749.90 were written off during the year. This was based on the confirmation from Treasury Department dated February 18, 2022 that stated that those balances were written off in their books since the Authority became financially autonomous body from December 31, 2019 from its budget dependent status earlier.

## 12. ASSIGNED CAPITAL

	2020	2019
	SR	SR
Assets from government on inception	<u>1,122,800</u>	<u>1,122,800</u>

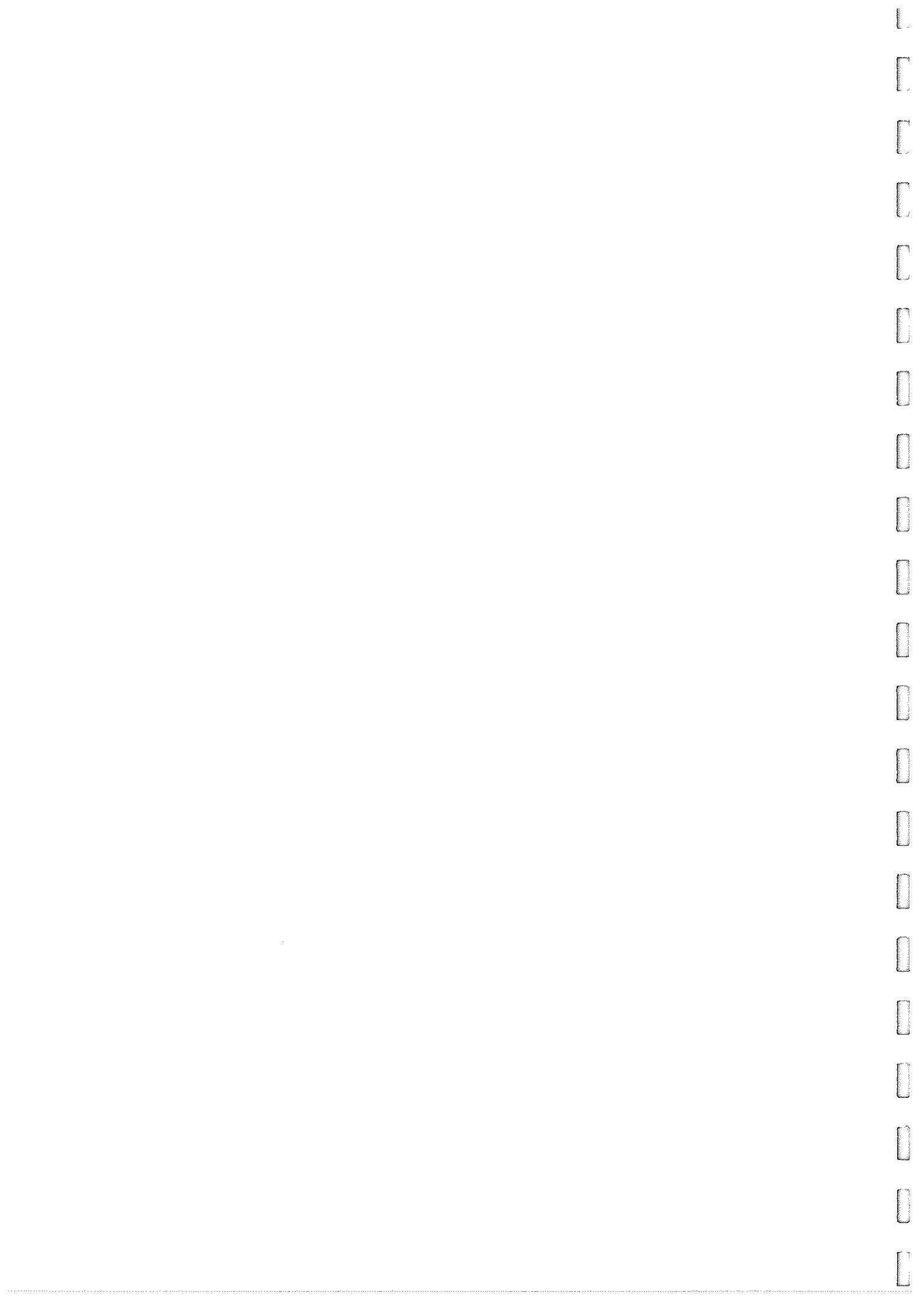
The Authority received contributions from the Government of Seychelles for certain assets at its inception to which there were no further movements to this which was classified as Assigned Capital representing contribution other than cash from the owner of the Authority.

## 13. DEFERRED GRANTS

	2020	2019
	SR	SR
<i>Deferred Grants for Property, plant and equipment</i>		
At the beginning of the year	263,980,693	264,278,543
Received from other projects	389,841	1,207,519
Received from European Union	<u>6,066,266</u>	<u>10,034,792</u>
	<u>270,436,800</u>	<u>275,520,854</u>
Less: Amortisation for the year	<u>(11,841,205)</u>	<u>(11,540,161)</u>
Derecognition of Ile du port infrastructure for Government (note a)	<u>(25,952,446)</u>	-
	<u>232,643,149</u>	<u>263,980,693</u>

*Analysed as:*

European Union	127,029,896	153,263,864
Japanese Corporation	99,029,612	103,331,707
African Development Bank	1,713,344	1,807,429
Government and other projects	<u>4,870,297</u>	<u>5,577,693</u>
	<u>232,643,149</u>	<u>263,980,693</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

13. DEFERRED GRANTS *Continued*

- (a) The Authority carried out infrastructure development for the Government of Seychelles at the Ile du Port from grant received from the European Union that was previously recognised under Deferred Grants. During the financial year under review, the completed project was reclassified from Capital work in progress. Since no asset was created from the grant for the Authority, cost of completed project of SR. 25,952,446 was derecognised from Deferred Grants.

## 14. CREDITS HELD FOR FUTURE PROJECTS

	2020	2019
	SR	SR
<i>Movements in balances during the year:</i>		
At January 1,	49,229,664	48,913,307
Received during the year	<u>67,208,960</u>	<u>42,557,961</u>
<b>Available for utilisation</b>	<b>116,438,624</b>	<b>91,471,268</b>
<i>Utilised during the year:</i>		
Fisheries facilities development	(12,529,231)	(9,176,346)
Research and development costs	(15,716,795)	(17,236,277)
Monitoring control, surveillance, and enforcement costs	(10,363,942)	(5,521,860)
Other expenditure	-	(302,455)
Transfer to deferred grants for capital assets	(6,066,266)	(10,034,792)
Exchange rate fluctuation	1,641,437	30,126
	<b>73,403,827</b>	<b>49,229,664</b>
<i>Source of funding for the above projects:</i>		
European Union	65,130,966	40,874,000
Japanese Corporation	4,414,175	4,414,175
Other projects	<u>3,858,686</u>	<u>3,941,489</u>
	<b>73,403,827</b>	<b>49,229,664</b>

*European Union*

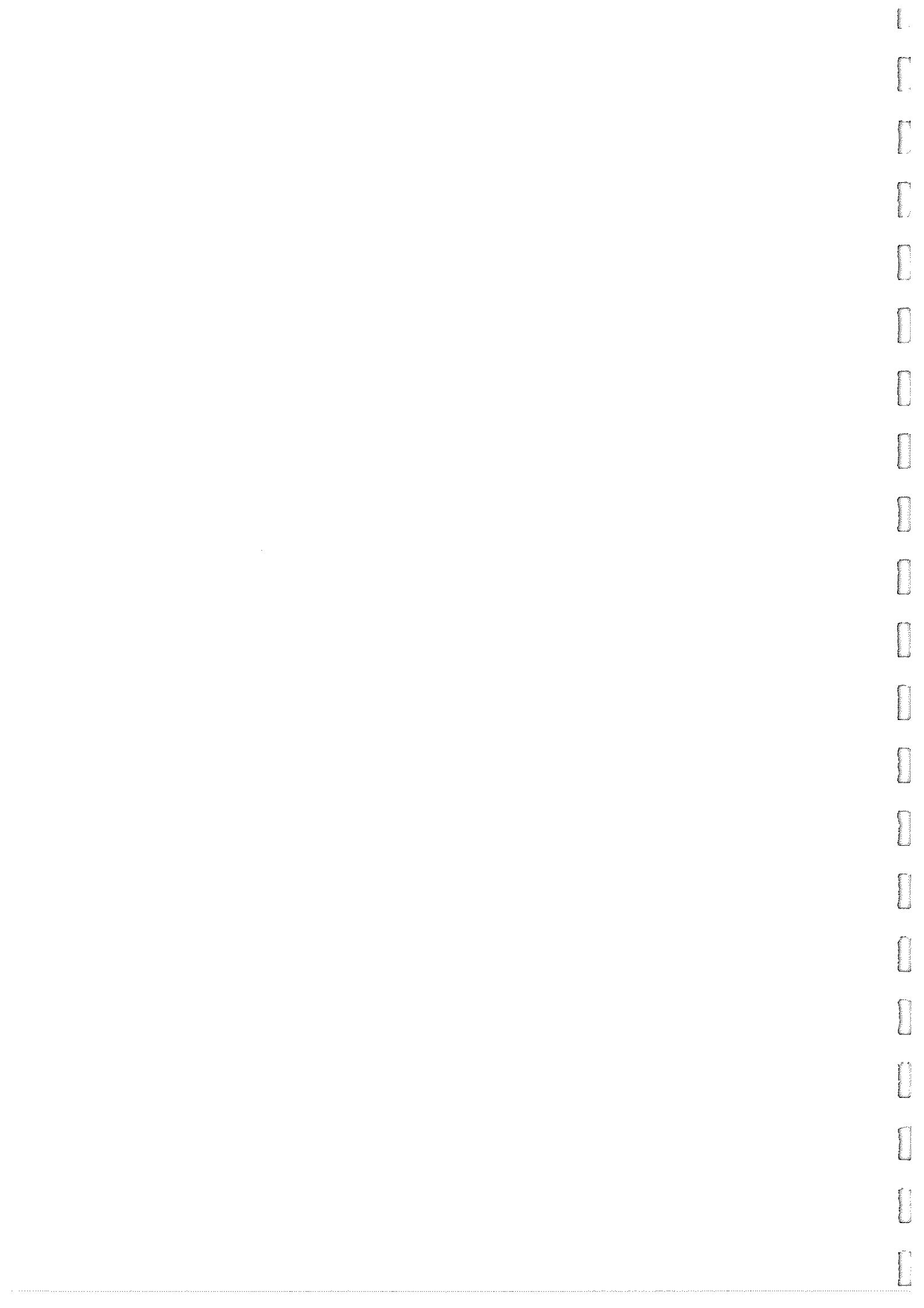
The Authority is responsible for managing the fishing licenses agreement between the European Union and the Government of Seychelles and overseeing the compliance of conditions stipulated in the agreement. Funds received were utilized to support the development of sustainable fisheries policy and fisheries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

*Japanese Corporation*

The Japanese Government awarded a grant to the Government of Seychelles consisting mainly of main Providence fishing quay, 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 unutilized 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, 2020

## 15. EMPLOYEE BENEFIT OBLIGATION PROVISION

	2020	2019
	SR	SR
<i>Movements during the year:</i>		
At January 1,	9,842,046	7,980,336
Provision made for the year (note 20)	2,883,266	2,252,834
Paid during the year	(837,273)	(391,124)
<b>At December 31,</b>	<b>11,888,039</b>	<b>9,842,046</b>

- (b) This represents provision 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).

## 16. OTHER PAYABLES AND ACCRUALS

	2020	2019
	SR	SR
<i>License fees received in advance</i>		
Annual leave provision	41,667,309	26,275,048
Accrued expenses and other payables	4,421,098	2,282,540
VAT payable	17,221,595	14,504,276
	800,000	-
<b></b>	<b>64,110,002</b>	<b>43,061,864</b>

## 17. TAX PROVISION

This represents estimated Business Tax and CSR Tax liability together with estimated penalties for the years 2019 and 2020 computed and provided based on the recent confirmation received from the Revenue Authorities after the balance sheet date.

## 18. REVENUE

	2020	2019
	SR	SR
<i>Income for ice operations</i>		
Income from sea cucumber fishery	2,616,514	4,670,621
Net and container fees	1,604,776	1,335,109
Fees from non-embarking of seamen	6,071,848	5,167,558
Registration & license fee (local)	4,486,002	555,476
Registration & license fee (foreign)	523,950	543,408
VMS management and communication fee	133,768,745	108,042,493
Rental	1,845,963	2,846,529
Sale of fuel	9,644,537	7,576,616
Fuel incentive received	15,657,004	22,580,117
Excess catch surcharge	9,194,775	10,936,152
Environmental Fee	75,183,419	60,803,492
Compliance fee	3,100,550	-
Other revenue	71,500	66,000
	60,000	65,000
<b></b>	<b>263,829,583</b>	<b>225,188,571</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

## 19. OTHER INCOME

	2020	2019
	SR	SR
Sundry income	76,803	172,624
Dividend income	205,800	308,700
Divers, farmers and fishermen registration fee	584,952	-
Sales of oil and lubricants	359,966	360,968
Profit on disposal of assets	398,900	-
Auction sale income	18,525	-
EEZ application fees	547,369	433,221
	<u>2,192,315</u>	<u>1,275,513</u>

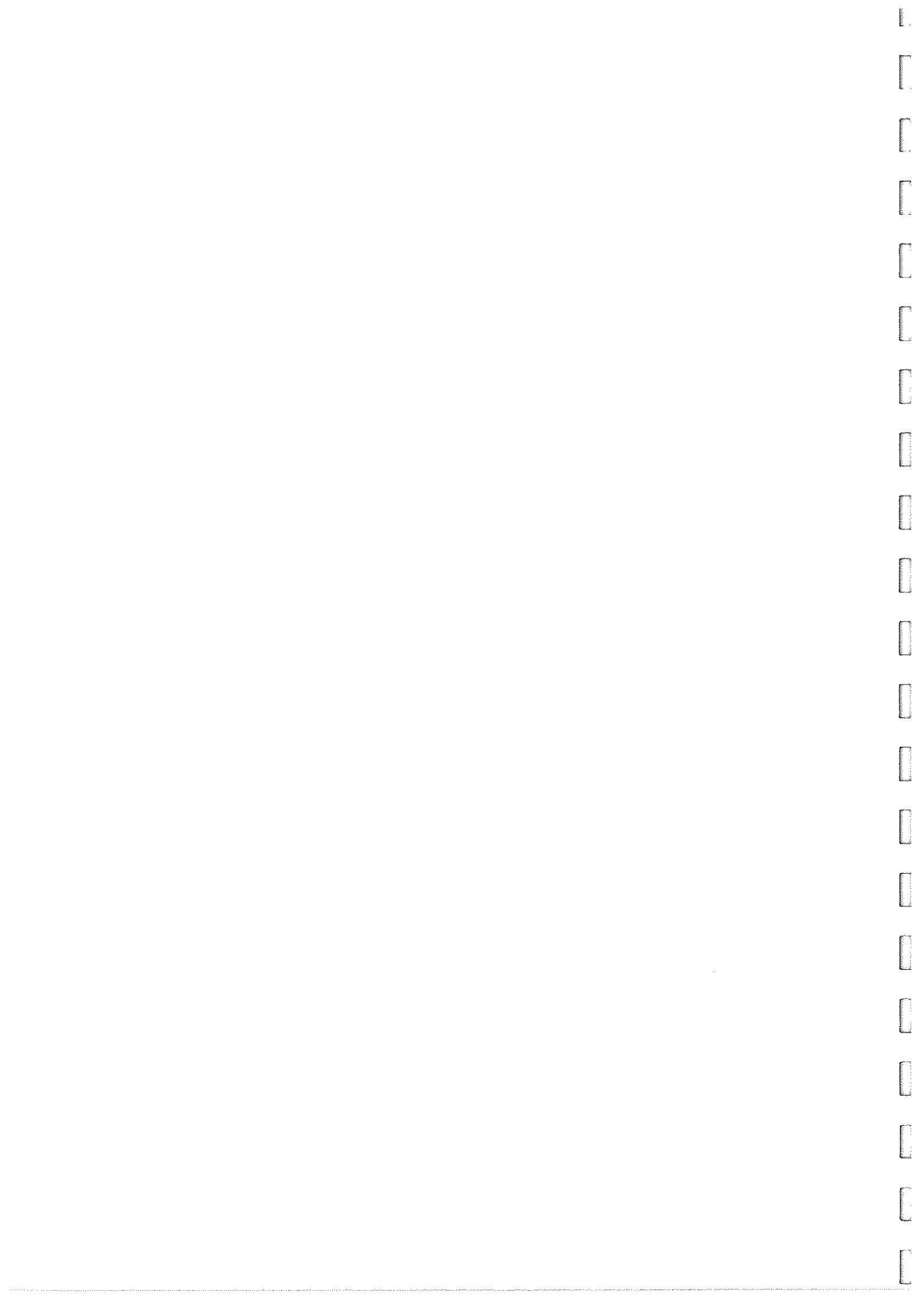
## 20. EMPLOYEE COSTS

	2020	2019
	SR	SR
Salaries and wages	58,313,030	42,658,853
Members' emoluments (note (a))	515,971	533,152
Provision for employee benefit obligation (note 15)	2,883,266	2,252,834
	<u>61,712,267</u>	<u>45,444,839</u>

(a) *Board Members' emoluments:*

Nirmal Shah	Chairperson (January 2020)	8,000	86,854
Cyril Bonnelame	Chairman (February to March 2020)	16,000	-
	Chairman & interim CEO (April to Oct 2020)	225,000	-
Eugene Vidot	Board member (January to December 2020)	45,200	64,400
Keith Andre	Board member (January to December 2020)	45,200	64,400
Roy Clarisse	Board member (January to December 2020)	83,278	129,757
Rebecca Loustau-Lalanne	Board member (January to December 2020)	82,493	129,757
Nan Constant	Board secretary (January to December 2020)	10,800	57,984
		<u>515,971</u>	<u>533,152</u>

- (a) Salaries and wages comprise of gross salaries, wages, allowances, leave salary, employer pension contribution, staff insurance and other staff welfare.
- (b) The Authority is required to deduct personal income tax from all emoluments paid to the employees at applicable rates and comply with the provisions of Income and Non-Monetary Benefit Act, 2010 (as amended).
- (c) Members' allowances comprise of yearly emoluments and certain increases pertaining to the prior years.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

## 21. OPERATING AND OTHER EXPENSES

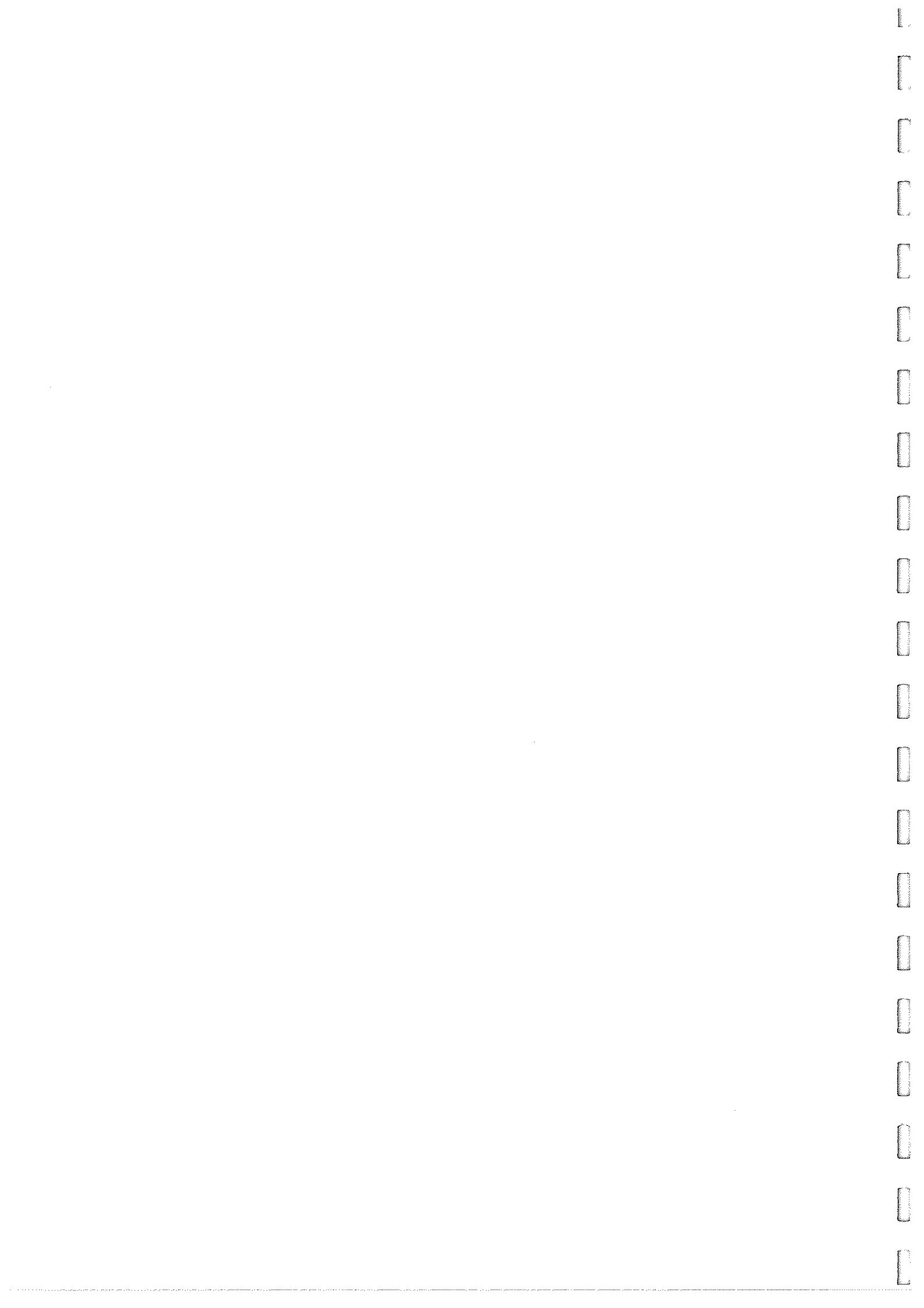
	2020	2019
	SR	SR
Auditor's remuneration	239,700	253,800
Advertising and sales promotion	422,467	364,246
Provision for credit impairment	17,508	12,000
Contracted services	1,862,527	1,523,240
Electricity and water charges	380,312	604,560
Fuel and local conveyance	1,315,140	914,307
Indian ocean tuna commission expenses	1,627,104	1,242,000
Insurance	408,228	202,253
IUU Vessel costs	879,379	749,384
Printing, stationery and postage	835,779	749,902
Rental expenses	2,731,017	189,750
Write off of old treasury balances/(reversal of prior year payables)	2,582,750	(241,954)
Repairs and maintenance	2,620,847	1,714,076
Security expenses	4,187,253	2,759,952
Training expenses	3,332,963	3,364,661
Travelling expenses	439,095	3,783,488
Telephone and internet	1,988,487	1,626,697
Vehicle expenses	274,948	536,456
Other expenses	1,035,725	897,471
	<u>27,181,229</u>	<u>21,246,289</u>

## 22. RESEARCH AND DEVELOPMENT COSTS

	2020	2019
	SR	SR
Aquaculture Master Plan project	12,540,002	12,564,748
Research boat expenses - repairs and maintenance	394,688	997,768
Utilities	1,513,165	-
Sundry research projects	1,268,940	3,673,761
	<u>15,716,795</u>	<u>17,236,277</u>

## 23. MONITORING CONTROL, SURVEILLANCE AND ENFORCEMENT COSTS

	2020	2019
	SR	SR
Satellite communication costs	7,589,393	3,029,318
Patrol expense	2,774,549	2,492,542
	<u>10,363,942</u>	<u>5,521,860</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

## 24. FISHERIES FACILITIES DEVELOPMENT

	2020	2019
	SR	SR
Fuel expenses (note (a))	25,101,020	33,366,918
Fishing boat owner association - coastal fishery development	241,842	233,318
Publication and awareness	115,720	29,392
Movements in fisheries development loans	-	(3,057,718)
Training and university costs	13,883	-
Workshop and conferences	61,250	158,498
Infrastructure development	6,066,266	10,034,792
Seamen expenses	218,100	-
Seamen salary adjustment	8,919,703	-
Renovation and maintenance of fishing facilities	4,864,656	2,835,819
Utilities	9,543,524	2,194,257
Other fisheries support expense (note (b))	3,680,745	2,410,518
Support provided to Seychelles Maritime Academy	8,000,000	-
Other expenses	-	142
	<b>66,826,709</b>	<b>48,205,936</b>

- (a) As part of promoting artisanal fishing, the Government of Seychelles, through the Authority, subsidizes this activity through refund of tax component from the cost of fuel utilized by the fisherman.
- (b) As part of Covid Support Program, The Government of Seychelles, through the Authority, purchased fish from artisanal and semi-industrial fishermen that the processors and exporters were refusing to purchase due to a lack of export. The Authority intended to resell this fish to general public and process the balance into finished products such as sausages and burgers for sale. However, since certain fish stock was spoiled and certain unsold finished stock expired, the Authority incurred a loss of SR. 1,776,622 from this venture that was charged to account head "Other Fisheries Support Expenses".

## 25. CAPITAL COMMITMENTS

	2020	2019
	SR	SR
<b>Capital Commitments</b>		
Approved and contracted regarding work in progress	15,754,678	596,672
Approved but not contracted	-	-

## 26. CONTINGENT LIABILITIES

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



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

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**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.

**28. CORONA VIRUS PANDEMIC**

A corona virus pandemic affecting the global and Seychelles economies has broken out at the end of March 2020. This has severely affected the financial, commercial, and economic transactions, retail, logistics and distribution and the production and supply chains worldwide. The liquidity, solvency and existence of business entities has come under severe stress. The COVID-19 pandemic has impacted and may continue to impact the business operations, including employees, customers, partners, and communities, and there is substantial uncertainty in the nature and degree of its continued effects over the financial year 2021. The extent to which the COVID-19 pandemic impacts the business going forward will depend on numerous evolving factors that cannot be reliably predicted, including the duration and scope of the pandemic; governmental, business and individuals' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or financial market instability. These factors may adversely impact consumer, business, and government spending in the economy and on the customers' ability to pay for products and services on an ongoing basis.

The main source of income of the Country is from tourism and fisheries sectors and the source of the country's consumption of food, beverage and consumables are imported. The Country is badly affected due to the closure of hotels and restaurants on one hand and depleted foreign currency resources with increase in exchange rates on the other hand due to the severe impact on the inflows of foreign exchange in the country.

The Country has taken measures to open up for tourism towards the end of March 2021 with certain restrictions to bring the economy back to normal. The Directors have considered the impact of the COVID-19 pandemic and ascertained that the going concern of the Authority shall not get affected although businesses have considerably reduced due to the impact of the pandemic.

