



OFFICE OF THE AUDITOR GENERAL

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OPINION OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE SEYCHELLES INTERNATIONAL BUSINESS AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2011

Scope

I have audited the financial statements of the Seychelles International Business Authority for the year ended 31 December 2011, as set out on pages 1-8, prepared under the historical cost convention.

The Board is responsible for keeping proper books of accounts, preparation of the financial statements and the information they contain. In accordance with Section 11 of the Seychelles International Business Authority Act, 1994, it is my responsibility to form an independent opinion, based on my audit, on those statements and to report to the Board.

The audit was conducted in accordance with the International Organisation of the Supreme Audit Institutions (INTOSAI) auditing standards. The audit procedures included examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements as well as an assessment of accounting policies and significant estimates.

The audit was planned and conducted so as to obtain all information and explanations considered necessary to provide me with sufficient evidence to give a reasonable assurance that the financial statements are free of material misstatement, whether caused by fraud or other irregularity or error. The overall adequacy of the presentation of information in the financial statements was also evaluated in forming my opinion.

The audit opinion has been formed on the above basis.

Audit Opinion

In my opinion, the financial statements fairly present the financial position of the Authority as at 31 December 2011 and the results of its operations and cash flows for the year then ended.

Marc Benstrong
Auditor General

03 December 2013
Victoria

Seychelles International Business Authority

Balance Sheet

As at 31st December 2011

| | Notes | SR | 2011 SR | SR | 2010 | |
|---------------------------------|-------|-------------------|--------------------|---------------------------|-------------------|--------------------------|
| Assets | | | | | | |
| Fixed Assets | | | | | | |
| Freehold Property | 2 | | 8,737,550 | | 8,737,550 | |
| Buildings and Others | 2 | | <u>30,541,827</u> | 39,279,377 | <u>30,364,196</u> | 39,101,746 |
| Current Assets | | | | | | |
| Cash on Hand | | 41,796 | | 169,152 | | |
| Cash at Bank | 3 | 106,332,904 | | 54,977,928 | | |
| Accounts Receivable | 4 | 6,438,624 | | 5,886,805 | | |
| Staff Loans | | <u>3,800,730</u> | 116,614,054 | <u>2,898,421</u> | 63,932,306 | |
| Less: | | | | | | |
| Current Liabilities | | | | | | |
| Accounts Payable | 5 | 9,773,539 | | 8,305,078 | | |
| Dividends Payable to GOS | 6 | <u>19,254,341</u> | | | | |
| | | | 29,027,880 | | 8,305,078 | |
| Net Current Assets | | | | <u>87,586,174</u> | | <u>55,627,228</u> |
| Total Assets | | | | <u>126,865,551</u> | | <u>94,728,974</u> |
| Represented By | | | | | | |
| GOS Capital Fund | 7 | | 10,248,757 | | 11,102,820 | |
| Retained Earnings/(Loss) | 8 | | <u>106,036,346</u> | 116,285,103 | <u>73,840,873</u> | 84,943,693 |
| Government Contributed Assets | 9 | | | <u>8,715,700</u> | | <u>8,715,700</u> |
| | | | | 125,000,803 | | 93,659,393 |
| Gratuity & Compensation Reserve | 10 | | | <u>1,864,748</u> | | <u>1,069,581</u> |
| | | | | <u>126,865,551</u> | | <u>94,728,974</u> |


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Managing Director

Date: 29/11/2013


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Finance Manager

Date: 29/11/2013

Accompanying Notes 1 - 19 form part of these accounts

Seychelles International Business Authority

Income and Expenditure Statement

For the Year Ended 31st December 2011

| | | 2011 | | 2010 | |
|-------------------------------|----|-------------|--------------------|-------------|-------------------|
| Income | | (SR) | (SR) | (SR) | (SR) |
| Corporate and SITZ Fees | 12 | 92,787,150 | | 77,818,549 | |
| Rental Income | 13 | 6,374,782 | | 5,774,978 | |
| Other Income | | 245,238 | | 241,894 | |
| Profit on sale of assets | | 102,000 | | 13,300 | |
| Amortisation of Capital Grant | | 854,063 | | 854,063 | |
| Exchange Gain | | 11,714,421 | | 2,698,727 | |
| | | | 112,077,654 | | 87,401,511 |
| Operating Expenses | | | | | |
| Personal Emoluments | 14 | 12,851,335 | | 9,128,568 | |
| Office Running Costs | 15 | 9,756,519 | | 12,285,353 | |
| Marketing and Promotion | 16 | 8,043,798 | | 5,184,923 | |
| Finance Charges | 17 | 59,724 | | 56,513 | |
| Consultancy | 18 | 1,163,187 | | 1,703,019 | |
| Depreciation | | 3,174,279 | | 2,546,107 | |
| Provision For Doubtful Debts | | (166,661) | 34,882,181 | 2,913,054 | 33,817,538 |
| Profit/(Loss) | | | 77,195,473 | | 53,583,974 |
| Dividends Proposed/Paid | | | (45,000,000) | | (26,603,931) |
| Net Profit/ (Loss) | | | 32,195,473 | | 26,980,043 |


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Managing Director

Date: 29/11/2013


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Finance Manager

Date: 29/11/2013

Accompanying Notes 1 - 19 form part of these accounts

Statement of Cash Flows
For The Year Ended 31st December 2011

| | 2011 SR | 2010 SR |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Operating Profit/(Loss) | 77,195,473 | 53,583,974 |
| Depreciation Expenses | 3,174,279 | 2,546,107 |
| Amortisation of Capital Grant | (854,063) | (854,063) |
| Profit on sale of assets | (102,000) | (13,300) |
| (Increase) /Decrease in Accounts Receivable (including staff loans) | (1,454,127) | 2,093,492 |
| Increase/(Decrease) in Accounts Payable | 1,468,462 | 374,159 |
| Increase /(Decrease) in Gratuity and Compensation Reserve | 795,168 | (36,156) |
| Work - In Progress Written Off | - | 274,287 |
| Net Cash Provided/(Used) by Operating Activities | 80,223,191 | 57,968,500 |
| Cash Flows from Investing Activities | | |
| Purchase of Assets | (2,767,232) | (2,695,445) |
| Addition to Buildings | (584,680) | (4,356,913) |
| SITZ work In Progress | - | (163,202) |
| Sale of Vehicle | 102,000 | 86,100 |
| Net Cash Used by Investing Activities | (3,249,912) | (7,129,460) |
| Cash Flows from Financing Activities | | |
| Cash Surplus transferred to GOS as dividends | (25,745,659) | (30,000,031) |
| Net Cash Provided/(Used) by Financing Activities | (25,745,659) | (30,000,031) |
| Net Increase/(Decrease) in Cash | 51,227,620 | 20,839,009 |
| Cash as at 01 st January 2011 | 55,147,080 | 34,308,071 |
| Cash as at 31 st December 2011 | 106,374,700 | 55,147,080 |

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Managing Director

Date: 29/11/2013

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Finance Manager

Date: 29/11/2013

Seychelles International Business Authority

Fixed Assets and Depreciation Schedule - 2011

| Fixed Assets | Cost | | | | Depreciation | | | | Net book Value |
|------------------------|------------|-----------|-----------|------------|--------------|--------------|-------------|------------|----------------|
| | 01.01.11 | Additions | Disposal | 31.12.2011 | 01.01.11 | For the Year | On Disposal | 31.12.2011 | |
| Warehouses | 36,083,586 | 584,680 | - | 36,668,266 | 11,566,640 | 1,450,758 | - | 13,017,398 | 23,650,869 |
| Office Block | 2,550,000 | - | - | 2,550,000 | 1,224,000 | 102,000 | - | 1,326,000 | 1,224,000 |
| Utility Block | 660,462 | - | - | 660,462 | 317,016 | 26,418 | - | 343,434 | 317,028 |
| Fencing | 637,788 | - | - | 637,788 | 599,717 | 7,279 | - | 606,996 | 30,792 |
| Plant and Machinery | 373,309 | - | - | 373,309 | 350,650 | 3,620 | - | 354,270 | 19,039 |
| Office Equipment | 3,273,779 | 703,843 | - | 3,977,622 | 1,839,017 | 383,714 | - | 2,222,731 | 1,754,892 |
| Computers | 2,259,647 | 28,664 | - | 2,288,311 | 1,420,703 | 338,739 | - | 1,759,441 | 528,870 |
| Software | 517,317 | - | - | 517,317 | 422,625 | 50,331 | - | 472,957 | 44,360 |
| Furniture and Fittings | 2,729,161 | 1,262,257 | - | 3,991,418 | 1,829,995 | 470,866 | - | 2,300,862 | 1,690,556 |
| Vehicles | 1,624,611 | 763,517 | (241,141) | 2,146,987 | 935,909 | 289,419 | (241,141) | 984,187 | 1,162,799 |
| Other Assets | 729,720 | 8,951 | - | 738,670 | 568,912 | 51,136 | - | 620,048 | 118,622 |
| Total | 51,439,380 | 3,351,912 | (241,141) | 54,550,150 | 21,075,184 | 3,174,279 | (241,141) | 24,008,325 | 30,541,827 |

Seychelles International Business Authority

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2011

1. Accounting Policies

Seychelles International Business Authority was established as a Statutory Body under the Seychelles International Business Authority Act 1994 (Act 27 of 1994). Unless mentioned otherwise below, the Seychelles International Business Authority has been following the historical cost method of accounting.

2. Fixed Assets

2.1 Freehold Property

No depreciation has been charged on the value of the freehold property.

2.2 Other fixed Assets and Depreciation

The assets have been stated at cost less depreciation. The movement in fixed assets and depreciation are given in the SCHEDULE (P4/8) attached. Assets are depreciated on a straight-line basis with reference to the expected useful life of the assets concerned.

Depreciation is computed from the month after receipt of goods using the following principal annual rates. No depreciation is provided for in the month of disposal.

| | |
|---------------------------------|-----|
| Building | 4% |
| Office Structures / Improvement | 10% |
| Plant and Machinery | 10% |
| Fencing | 10% |
| Office Equipment / Appliances | 20% |
| Computers | 25% |
| Furniture / Fixtures | 20% |
| Vehicles | 20% |
| Software | 25% |
| Other Assets | 25% |

2.3 Investment Property

Investment property has been included in the accounts at cost and apportioned on the basis of the total floor area leased out in proportion to the total floor area of all SIBA buildings. As at 31.12.2011, the net book value of Investment property is at SR19,174,318 which represents approximately 80% of the total net book value of cost of buildings.

3. Cash at Bank

| | 2011 (SR) | 2010 (SR) |
|----------------------------------|---------------------------|--------------------------|
| Seychelles Rupee Account Balance | 367,764 | 2,515,444 |
| US Dollar Account Balance | 105,052,545 | 51,327,460 |
| Euro Account Balance | 912,595 | 1,135,024 |
| Total | <u>106,332,904</u> | <u>54,977,928</u> |

4. Accounts Receivable

| | 2011 (SR) | 2010 (SR) |
|------------------------------|-------------------------|-------------------------|
| Advance to Supplier | 217,454 | 207,161 |
| IBC & SITZ Fees Receivable | 5,717,973 | 3,837,046 |
| Other Receivables | 1,217,288 | 4,755,652 |
| Provision for Doubtful Debts | (714,091) | (2,913,054) |
| Total | <u>6,438,624</u> | <u>5,886,805</u> |

5. Accounts Payable

These represent liabilities incurred during the course of the year for purchases, services and other obligations which are payable within a year.

| | | |
|----------------------------------|-------------------------|-------------------------|
| IBC & SITZ Fees paid in advance: | | |
| Advance from Customers | 4,667,330 | 4,209,187 |
| ITZ Rent Deposit | 1,306,265 | 825,317 |
| Corporate Tax | 742,469 | 1,152,907 |
| Provision for Audit Fee | 70,000 | - |
| Others | 2,987,475 | 2,117,667 |
| Total | <u>9,773,539</u> | <u>8,305,078</u> |

6. Dividends Paid to Government of Seychelles

In accordance with Section 9 (4) of the Seychelles International Business Authority Act, 1994, the Board approved for payment of **SR45,000,000** as dividend to the Government of Seychelles, out of which **SR25,745,659** was disbursed during 2011 and the remaining payable in the following year.

7. Capital Fund

Capital Funds received from Government was treated as capital grant and transferred to income over the expected useful life of the asset to which they relate. As at 31.12.2011, a sum of **SR854,063** was provided as amortisation of grant.

8. Retained Earnings

The movement in Retained Earnings is shown below:

| | | |
|---|---------------------------|--------------------------|
| Retained earnings as at 1.1.2011 | 73,840,873 | 46,860,830 |
| Profit for the year | 77,195,473 | 53,583,974 |
| Dividend | (45,000,000) | (26,603,931) |
| Net (Loss)/Profit for the Year | 32,195,473 | 26,980,043 |
| Retained earnings as at 31.12.2011 | <u>106,036,346</u> | <u>73,840,873</u> |

9. Government Contributed Assets

This represents the value of the land transferred to the Seychelles International Business Authority by the Government of Seychelles.

10. Gratuity and Compensation

Gratuity and Compensation for past years service has been calculated in accordance with Ministry of Administration & Manpower, Circular 9A of 1993 and 15 % of gross salary in the case of PSC and internal contract employees. The provision as at 31.12.2011 in this respect amounted to **SCR.1, 864,748**.

11. Foreign Currency Transactions

The foreign currency payments/expenditure are accounted for at the rates of exchange prevalent on the date of the transactions. Receipts are recognised in the accounts at the CBS mid rates prevalent at the end of each previous month. End of period balances are recognised in the accounts at the CBS mid-rate of **R13.6366 to 1 US. Dollar** and **R17.7769 to 1 Euro**, as at end of 31st December 2011.

12. Income

| Revenue from IBC Registration and Allied Services consists of the following: | 2011 (SR) | 2010 (SR) |
|---|--------------------------|--------------------------|
| IBC Registration Fees | 20,116,980 | 17,658,970 |
| IBC Annual Licence Fees | 48,211,109 | 39,944,440 |
| Other Licence Fees | 4,737,832 | 4,923,350 |
| Funds and Securities Fees | 403,728 | 108,907 |
| Other Services Fees | <u>19,317,501</u> | <u>15,182,882</u> |
| Total | <u>92,787,150</u> | <u>77,818,549</u> |

13. Rental Income

| | | |
|--|-------------------------|-------------------------|
| Rental Income from Investment Property | 5,848,992 | 5,221,603 |
| Outdoor Space rental | <u>525,790</u> | <u>553,375</u> |
| Total | <u>6,374,782</u> | <u>5,774,978</u> |

14. Personnel Emoluments

| | | |
|---------------------------------------|--------------------------|-------------------------|
| Payroll expenses | 9,860,689 | 6,948,405 |
| Employer Pension contribution | 99,782 | 28,050 |
| Honorarium-Board Members | 252,000 | 252,873 |
| - SITZ Employment Council | 55,002 | 72,529 |
| Employer Social Security Contribution | - | 631,851 |
| Income & Non-Monetary Benefits tax | 1,585,293 | 651,492 |
| Gratuity Payment/compensation | <u>998,569</u> | <u>543,368</u> |
| Total | <u>12,851,335</u> | <u>9,128,568</u> |

15. Office Running Costs

| | | |
|------------------------------|-------------------------|--------------------------|
| Administration Costs | 2,037,256 | 3,802,568 |
| Communication Costs | 1,320,389 | 1,312,560 |
| Transport & Travelling Costs | 809,624 | 815,002 |
| Maintenance & Repairs | 1,224,134 | 2,091,646 |
| Staff Training | 2,870,108 | 2,769,926 |
| General Expenses | <u>1,495,008</u> | <u>1,493,651</u> |
| Total | <u>9,756,519</u> | <u>12,285,353</u> |

16. Marketing and Promotion Costs

| | 2011 (SR) | 2010 (SR) |
|-----------------------|-------------------------|-------------------------|
| Promotional Materials | 47,442 | 31,006 |
| Educational Promotion | 2,913,925 | 3,075,577 |
| Advertisement | 3,855,955 | 1,646,522 |
| DTA Negotiation Costs | <u>1,226,476</u> | <u>431,818</u> |
| Total | <u>8,043,798</u> | <u>5,184,923</u> |

17. Finance Charges

| | | |
|--------------|----------------------|----------------------|
| Bank Charges | <u>59,724</u> | <u>56,513</u> |
| Total | <u>59,724</u> | <u>56,513</u> |

18. Consultancy and Professional Costs

The consultancy cost comprises the following:

| | | |
|-------------------|-------------------------|-------------------------|
| Local Legal Fee | 181,750 | 112,315 |
| Audit Fee | 70,000 | - |
| Professional Fees | 870,975 | 746,292 |
| Others | <u>40,462</u> | <u>844,412</u> |
| Total | <u>1,163,187</u> | <u>1,703,019</u> |

19. Members' Honorarium

The Members of the Board were paid honorarium amounting to a total of **SR252, 000** during the year in accordance with Section 9(2) of the Seychelles International Business Authority Act, 1994.

The SIBA Chairman who is also a contracted consultant was paid a gross sum of **SR43,200** as honorarium and a gross total of **SR841,689** as consultancy fee, for the year 2011.

The Managing Director was paid a gross salary of **SR456,108 per annum**. In addition, the gross sum of **SR43,200** was paid as Board Member's honorarium to the Managing Director.