



OFFICE OF THE AUDITOR GENERAL

P.O. Box 49 - Victoria,
Mahe, Republic of Seychelles
Telephone: (248) 4672500 Fax: (248) 4610365
E-mail: auditgen@oag.sc Website: www.oag.sc

Please address all correspondence to the Auditor General

OPINION OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE SEYCHELLES INTERNATIONAL BUSINESS AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2013

Scope

I have audited the financial statements of the Seychelles International Business Authority for the year ended 31 December 2013, as set out on pages 1-9, 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 it to the Board.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAI) 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 2013 and the results of its operations and cash flows for the year then ended.

Marc Benstrong
Auditor General

06 June 2014
Victoria

Seychelles International Business Authority

Balance Sheet
As at 31st December 2013

| | | | 2013 | | 2012 |
|---------------------------------|-------|-------------------|--------------------------|-------------------|---------------------------|
| | Notes | (SR) | (SR) | (SR) | (SR) |
| Assets | | | | | |
| Fixed Assets | | | | | |
| Freehold Property | 2 | | 8,737,550 | | 8,737,550 |
| Buildings and Others | 2 | | 26,238,972 | | 29,047,850 |
| Work in Progress | 3 | | <u>1,947,895</u> | <u>36,924,417</u> | <u>989,525</u> |
| | | | | | 38,774,925 |
| Current Assets | | | | | |
| Cash on Hand | | | 1,013,775 | | |
| Cash at Bank | 4 | 35,569,380 | | 107,385,427 | |
| Accounts Receivable | 5 | <u>6,278,024</u> | | <u>9,208,470</u> | |
| | | | 42,861,179 | | 116,593,897 |
| Less: | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | 6 | <u>14,455,594</u> | | <u>13,238,975</u> | |
| | | | 14,455,594 | | 13,238,975 |
| Net Current Assets | | | 28,405,585 | | 103,354,922 |
| Total Assets | | | <u>65,330,002</u> | | <u>142,129,847</u> |
| Represented By | | | | | |
| GOS Capital Fund | 8 | | 8,540,631 | | 9,394,694 |
| Retained Earnings | 9 | | <u>45,189,702</u> | <u>53,730,333</u> | <u>121,804,652</u> |
| Government Contributed Assets | 10 | | <u>8,715,700</u> | | <u>8,715,700</u> |
| | | | 62,446,033 | | 139,915,046 |
| Gratuity & Compensation Reserve | 11 | | <u>2,883,969</u> | | <u>2,214,801</u> |
| | | | <u>65,330,002</u> | | <u>142,129,847</u> |



Managing Director

Date: 03/06/2014



Finance Manager

Date: 03/06/2014

Accompanying Notes 1 - 21 form part of these accounts



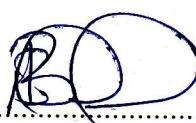
Seychelles International Business Authority

Income and Expenditure Statement
For the Period Ending 31st December 2013

| Income | | 2013 | 2012 |
|--|----|---------------------------|---------------------------|
| | | (SR) | (SR) |
| Corporate and SITZ Fees | 13 | 106,076,386 | 105,622,915 |
| Rental Income | 14 | 7,159,755 | 7,932,820 |
| Other Income | | 587,147 | 359,043 |
| Amortisation of Capital Grant | | 854,063 | 854,063 |
| | | <u>114,677,351</u> | <u>114,768,841</u> |
| Operating Expenses | | | |
| Personal Emoluments | 15 | 17,562,316 | 15,836,712 |
| Office Running Costs | 16 | 7,800,161 | 10,571,568 |
| Marketing and Promotion | 17 | 2,637,164 | 6,218,915 |
| Finance Charges | 18 | 53,895 | 88,058 |
| Consultancy | 19 | 1,238,015 | 1,828,100 |
| Depreciation | | 3,363,867 | 3,432,256 |
| Provision for Doubtful Debt written back | | (226,859) | (245,562) |
| Loss on Disposal of Assets | | 18,342 | - |
| Exchange Loss | | 7,903,353 | 5,524,808 |
| | | <u>40,350,254</u> | <u>43,254,855</u> |
| Surplus for the year | | | |
| | | <u>74,327,097</u> | <u>71,513,986</u> |

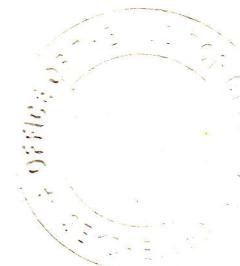

Managing Director

Date: 03/06/2014


Finance Manager

Date: 03/06/2014

Accompanying Notes 1 - 21 form part of these accounts



Statement of Cash Flows
For The Period Ending 31st December 2013

| | 2013 | 2012 |
|---|----------------------|---------------------|
| | (SR) | (SR) |
| Cash Flows from Operating Activities | | |
| Operating Profit/(Loss) | 74,327,097 | 71,513,986 |
| Depreciation Expenses | 3,363,867 | 3,432,256 |
| Amortisation of Capital Grant | (854,063) | (854,063) |
| Loss on Disposal of Assets | 18,342 | |
| (Increase) /Decrease in Accounts Receivable (including staff loans) | 2,930,447 | 1,030,886 |
| Increase/(Decrease) in Accounts Payable | 1,216,619 | 3,465,436 |
| Increase /(Decrease) in Gratuity and Compensation Reserve | <u>669,168</u> | <u>350,052</u> |
| Net Cash Provided/(Used) by Operating Activities | 81,671,477 | 78,938,554 |
| Cash Flows from Investing Activities | | |
| Purchase of Assets | (573,331) | (1,938,279) |
| SITZ work In Progress | <u>(958,371)</u> | <u>(989,526)</u> |
| Net Cash Used by Investing Activities | (1,531,702) | (2,927,805) |
| Cash Flows from Financing Activities | | |
| Cash Surplus transferred to GOS as dividends | (150,942,047) | (75,000,022) |
| Net Cash Provided/(Used) by Financing Activities | (150,942,047) | (75,000,022) |
| Net Increase/(Decrease) in Cash | (70,802,272) | 1,010,727 |
| Cash as at 01st January 2013 | 107,385,427 | 106,374,700 |
| Cash as at 31st December 2013 | 36,583,155 | 107,385,427 |

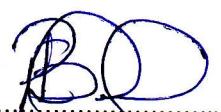
Managing Director

Date: 03/06/2014



Finance Manager

Date: 03/06/2014



Seychelles International Business Authority

Fixed Assets and Depreciation Schedule - 2013

| Fixed Assets | Cost | | | Depreciation | | | Net book Value | |
|------------------------|-------------------|------------------|-----------------|---------------------|-------------------|---------------------|-----------------------|--------------------|
| | 01.01.2013 | Additions | Disposal | 31.12.2013 | 01.01.2013 | For the Year | On Disposal | 31.12.2013 |
| Warehouses | 36,668,266 | | | 36,668,266 | 14,484,130 | 1,466,731 | | 15,950,861 |
| Office Block | 2,550,000 | | | 2,550,000 | 1,428,000 | 102,000 | | 1,530,000 |
| Utility Block | 660,462 | | | 660,462 | 369,852 | 26,418 | | 396,270 |
| Fencing | 637,788 | | | 637,788 | 613,961 | 6,650 | | 620,611 |
| Plant and Machinery | 373,309 | | | 373,309 | 357,890 | 2,419 | | 360,309 |
| Office Equipment | 4,242,840 | 14,950 | (237,377) | 4,020,413 | 2,701,808 | 500,794 | (237,377) | 2,965,225 |
| Computers | 2,416,293 | 144,369 | (539,268) | 2,021,395 | 2,024,113 | 224,214 | (536,861) | 1,711,466 |
| Software | 517,317 | | | 517,317 | 514,865 | 2,452 | | 517,317 |
| Furniture and Fittings | 4,331,134 | 123,693 | (92,329) | 4,362,498 | 2,846,221 | 483,023 | (76,472) | 3,252,772 |
| Vehicles | 3,286,987 | | (533,488) | 2,753,499 | 1,419,719 | 465,649 | (533,488) | 1,351,880 |
| Other Assets | 804,034 | | 290,319 | 1,092,453 | 680,021 | 83,516 | (1,821) | 761,716 |
| Total | 56,488,430 | | 573,331 | (1,404,362) | 55,657,399 | 27,440,580 | 3,363,867 | (1,386,019) |
| | | | | | | | | 29,418,427 |
| | | | | | | | | 26,238,972 |

Seychelles International Business Authority

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2013

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 31.12.2013, the net book value of Investment property is at **SR16,785,278** which represents approximately 80% of the total net book value of cost of buildings.

3. Work in Progress

Work in Progress comprises the following:

- Consultancy Fee/ Structural Engineer Fees relating to the construction of new warehouses.
Total paid as at 31.12.2013 – SR1,504,675
- Planning Fee and others. Total paid as at 31.12.2013 – SR443,220

4. Cash at Bank

| | 2013 (SR) | 2012 (SR) |
|----------------------------------|--------------------------|---------------------------|
| Seychelles Rupee Account Balance | 3,232,228 | 2,995,508 |
| US Dollar Account Balance | 31,920,882 | 103,907,050 |
| Euro Account Balance | <u>416,270</u> | <u>482,869</u> |
| Total | <u>35,569,380</u> | <u>107,385,427</u> |

5. Accounts Receivable

| | | |
|------------------------------|-------------------------|-------------------------|
| Advance to Supplier | 109,077 | 116,874 |
| IBC & SITZ Fees Receivable | 1,696,426 | 3,481,199 |
| Staff loans | 4,102,998 | 4,991,714 |
| Other Receivables | 611,193 | 1,087,212 |
| Provision for Doubtful Debts | <u>(241,670)</u> | <u>(468,529)</u> |
| Total | <u>6,278,024</u> | <u>9,208,470</u> |

6. 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 | 8,610,174 | 7,477,919 |
| ITZ Rent Deposit | 1,211,000 | 1,276,719 |
| Corporate Tax | 764,410 | 678,430 |
| Provision For Audit Fee | 75,000 | 140,000 |
| Others | <u>3,795,010</u> | <u>3,665,907</u> |
| Total | <u>14,455,594</u> | <u>13,238,975</u> |

7. Dividends Paid to Government of Seychelles

In accordance with Section 9. (4) of the Seychelles International Business Authority Act, 1994, SIBA made a payment of **SR150,942,047** as dividend to the Government of Seychelles, for the year .

8. 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 31.12.2013, the sum of **SR854,063** has been provided as amortisation of grant.

9. Retained Earnings

| The movement in Retained Earnings is shown below: | 2013 (SR) | 2012 (SR) |
|---|--------------------------|---------------------------|
| Retained earnings as at 1.1.2013 | 121,804,652 | 106,036,346 |
| Surplus for the year | 74,327,097 | 71,513,986 |
| Dividends paid | (150,942,047) | (55,745,680) |
| Retained earnings as at 31.12.2013 | <u>45,189,702</u> | <u>121,804,652</u> |

10. Government Contributed Assets

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

11. 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 31.12.2013, in this respect amounted to **SCR.2,883,969**.

12. 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 **SR12.0261 to 1 US. Dollar** and **SR16.5686 to 1 Euro**, as at end of 31st December 2013.

13. Income

| Revenue from IBC Registration and Allied Services consists of the following: | 2013 (SR) | 2012 (SR) |
|---|---------------------------|---------------------------|
| IBC Registration Fees | 25,005,701 | 22,112,134 |
| IBC Annual Licence Fees | 56,883,929 | 59,224,912 |
| Other Licence Fees | 5,521,188 | 4,279,077 |
| Funds and Securities Fees | 680,275 | 625,962 |
| Insurance Fees | 614,054 | - |
| Other Services | <u>17,371,239</u> | <u>19,380,830</u> |
| Total | <u>106,076,386</u> | <u>105,622,915</u> |

14. Rental Income

| | 2013 (SR) | 2012 (SR) |
|--|-------------------------|-------------------------|
| Rental Income from Investment Property | 6,363,766 | 6,833,620 |
| Outdoor Space rental | <u>795,989</u> | <u>1,099,200</u> |
| Total | <u>7,159,755</u> | <u>7,932,820</u> |

15. Personnel Emoluments

| | | |
|------------------------------------|--------------------------|--------------------------|
| Payroll expenses | 13,301,500 | 11,989,282 |
| Employer's Pension contribution | 211,087 | 187,702 |
| Honorarium-Board Members | 294,660 | 391,981 |
| - SITZ Employment Council | 219,000 | 68,214 |
| Income & Non-Monetary Benefits tax | 2,169,233 | 1,943,879 |
| Gratuity & compensation paid | <u>1,366,836</u> | <u>1,255,654</u> |
| Total | <u>17,562,316</u> | <u>15,836,712</u> |

16. Office Running Costs

| | | |
|------------------------------|-------------------------|--------------------------|
| Administration Costs | 2,850,132 | 3,303,562 |
| Communication Costs | 1,291,721 | 1,438,866 |
| Transport & Travelling Costs | 498,318 | 911,619 |
| Maintenance & Repairs | 484,553 | 1,252,031 |
| Training | 1,564,216 | 2,365,814 |
| General Expenses | <u>1,111,221</u> | <u>1,299,676</u> |
| Total | <u>7,800,161</u> | <u>10,571,568</u> |

17. Marketing and Promotion Costs

| | | |
|-----------------------|-------------------------|-------------------------|
| Educational Promotion | 1,502,330 | 3,532,908 |
| Advertisement | 974,130 | 2,029,387 |
| DTA Negotiation Costs | <u>160,704</u> | <u>656,620</u> |
| Total | <u>2,637,164</u> | <u>6,218,915</u> |

18. Finance Charges

| | | |
|--------------|----------------------|----------------------|
| Bank Charges | <u>53,895</u> | <u>88,058</u> |
| Total | <u>53,895</u> | <u>88,058</u> |

19. Consultancy and Professional Costs

The consultancy cost comprises the following:

| | | |
|-------------------|-------------------------|-------------------------|
| Local Legal Fees | 270,348 | 279, 250 |
| Audit Fee | 75,000 | 70,000 |
| Professional Fees | 799,212 | 918,119 |
| Others | <u>93,455</u> | <u>560,731</u> |
| Total | <u>1,238,015</u> | <u>1,828,100</u> |

20. Members' Honorarium

- The Members of the Board were paid honorarium fees amounting to a gross total of **SR296,068**, in accordance with Section 9(2) of the Seychelles International Business Authority Act, 1994.
- One of the members of the board, who is also a contracted consultant was paid a gross sum of **SR43,200** as honorarium and a total of **SR792,235** as consultancy fees for the year 2013.
- The Managing Director was paid a gross salary of **SR495,956** per annum. In addition, the gross sum of **SR43,200** was paid as Board Member's honorarium to the Managing Director.

21. Other payments on behalf of board members

The Authority, during the year incurred expenditure for a total sum of **SR413,460** in respect of training expenses on behalf of the Chairman.