



Our Ref: ACC-SP024

Date: 27th April, 2016

Ms. Sitna Cesar
Chief Executive Officer
Public Enterprise Monitoring Commission
Room 213/214
Orion Mall
P. O Box 593
Victoria
Mahe
SEYCHELLES

Dear Ms. Cesar,

SUBJECT: 2015 AUDITED ACCOUNTS

Please find enclosed the 2015 audited accounts in respect of the Financial Services Authority, duly certified by the Auditor General for your records.

Thanking you

Yours sincerely,

Ms. Elizabeth Bodwell
Finance Manager
For: Chief Executive Officer

Encl....



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 FINANCIAL SERVICES AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2015

Scope

Pursuant to the powers conferred on me by Section 13(4) of the Financial Services Authority Act, 2013, I have audited the accompanying financial statements of the Financial Services Authority (the Authority), which comprise the Statement of Financial Position as at 31 December 2015, the Statement of Comprehensive Income, Statement of changes in equity, Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements


The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Practice, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on our audit and to report it to the Minister of Finance. The audit was conducted in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Financial Services Authority

Statement of Financial Position as at 31 st December 2015				
		31.12.2015		31.12.2014
	Note	(SR)	(SR)	(SR) (SR)
Non - Current Assets				
Fixed Assets				
Freehold Property	2	8,737,550		8,737,550
Buildings and Others	2	6,683,461		8,274,625
Investment Property	2	14,756,145		15,590,758
Work in Progress	3	87,759,932		62,935,838
Accounts Receivable	4	4,690,056		
Total Non-Current Assets			122,627,144	95,538,771
Current Assets				
Cash on Hand		528,970		1,304,217
Cash at Bank	5	66,137,892		65,340,481
Accounts Receivable	6	4,340,212		7,737,754
Total Current Assets			71,007,074	74,382,452
TOTAL ASSETS			193,634,218	169,921,223
Net Assets/Equity				
Retained Earnings/(Loss)	7	54,481,858		53,054,330
Government Contributed Assets	8	8,715,700		8,715,700
Total Net Assets/Equity			63,197,558	61,770,030
Non-Current Liabilities				
GOS Capital Fund	9	6,832,505		7,686,568
Loan due after 12 months	10	69,540,371		60,333,712
Gratuity & Compensation Reserve	11	4,134,331		3,477,866
Retention monies	12	2,980,891		-
Total Non-Current Liabilities			83,488,098	71,498,146
Current Liabilities				
Accounts Payable	13	12,084,052		15,495,637
Surplus Funds payable to GOS	14	20,226,396		21,157,410
Loan due within the next 12 months		14,638,114		-
Total Current Liabilities			46,948,562	36,653,047
TOTAL LIABILITIES			130,436,660	108,151,193
TOTAL NET ASSETS/ EQUITY & LIABILITIES			193,634,218	169,921,223



 Chief Executive officer
 Date: 8th April 2016




 Finance Manager
 Date: 08th April 2016

Accompanying Notes 1 - 24 form part of these accounts

Financial Services Authority

Statement of Comprehensive Income for the Year Ended 31st December 2015				
		Year to		10 months to 31 December
		31.12.2015		2014
		(SR)	(SR)	(SR) (SR)
Corporate and SITZ Fees	16	140,167,581		100,554,638
Rental Income	17	11,282,535		6,948,877
Insurance compensation	18	6,347,620		-
Other Income		34,818		240,432
Total income		157,832,554		107,743,947
Finance charges				
Interest Income		203,564		137,415
Interest Expense		(3,887,184)		(1,727,318)
Net Interest Expense		-3,683,620		(1,589,903)
Commission Expense		-		(682,488)
Personnel Emoluments	19	(26,431,102)		(18,927,630)
Office Running Costs	20	(14,484,598)		(8,698,542)
Educational Dissemination Programs	21	(1,775,410)		(1,021,329)
Bank Charges	22	(45,592)		(35,579)
Consultancy and Professional Costs	23	(1,576,330)		(1,249,144)
Amortisation of Capital Grant		854,063		711,719
Depreciation		(3,248,671)		(2,719,622)
Provision for Doubtful Debt		245,117		(168,716)
Impairment of assets		(251,939)	(46,714,462)	267,167
				(31,841,676)
PROFIT FROM OPERATING ACTIVITIES		107,434,472		73,629,880
PROFIT FOR THE YEAR		107,434,472		73,629,880
Other Comprehensive Income				
Foreign Currency Translation	15	(6,759,337)		6,197,081
Other Comprehensive Income for the Year -Net of tax		(6,759,337)		6,197,081
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		100,675,135		79,826,961



Chief Executive officer

Date:

8th April 2016



Finance Manager

Date:

08th April 2016

Accompanying Notes 1 - 24 form part of these accounts

Financial Services Authority

Statement of Cash Flows for The Year Ended 31st December 2015

	2015		10 months to 31 December 2014	
	(SR)	(SR)	(SR)	(SR)
Cash Flows from Operating Activities				
Operating Profit/(Loss)	100,675,135		79,826,961	
Depreciation Expenses	3,248,671		2,719,622	
Amortisation of Capital Grant	(854,063)		(711,719)	
Assets written off	251,939		(267,167)	
(Increase) /Decrease in Accounts Receivable (including staff loans)	(1,292,514)		(1,705,687)	
Increase/(Decrease) in Accounts Payable	(430,694)		5,426,589	
Increase /(Decrease) in Gratuity and Compensation Reserve	656,466		356,628	
Net Cash Provided/(Used) by Operating Activities		102,254,941		85,645,227
Cash Flows from Investing Activities				
Proceeds from sale of Assets	-		625,000	
Purchase of Assets	(1,074,837)		(1,239,353)	
SITZ work In Progress	(24,824,094)		(299,762)	
Net Cash Used by Investing Activities		(25,898,931)		(914,115)
Cash Flows from Financing Activities				
Loan drawdown		23,844,775		
Cash Surplus transferred to GOS		(100,178,621)		(70,257,749)
Net Cash Provided/(Used) by Financing Activities		(76,333,846)		(70,257,749)
Net Increase/(Decrease) in Cash		22,164		14,473,363
Cash as at 01st January 2015		66,644,698		52,171,335
Cash as at 31st December 2015		66,666,862		66,644,698



Chief Executive officer

Date: 8th April 2016



Finance Manager

Date: 08th April 2016

Financial Services Authority

Fixed Assets and Depreciation Schedule - 2015

Fixed Assets	Cost			Depreciation			Net book Value
	01.01.2015	Additions	Disposal	31.12.2015	For the Year	On Disposal	
Warehouses	36,668,266	-		36,668,266	17,417,591	1,466,731	17,783,944
Office Block	2,550,000			2,550,000	1,632,000	102,000	816,000
Utility Block	660,462			660,462	422,689	26,418	211,355
Fencing	637,788			637,788	627,261	6,650	3,877
Plant and Machinery	373,309			373,309	362,728	2,419	8,161
Office Equipment	4,158,428	295,421	(686,467)	3,767,383	3,459,655	432,459	463,755
Computers	2,157,160	342,100	(86,921)	2,412,340	1,918,541	102,028	477,384
Software	569,067	-		569,067	527,020	12,938	29,110
Furniture and Fittings	4,764,046	311,500	(369,439)	4,706,106	3,740,228	579,176	603,489
Vehicles	2,492,650	-		2,492,650	1,499,483	369,700	623,467
Other Assets	1,320,428	125,816		1,446,244	879,024	148,152	419,068
Total	56,351,604	1,074,837	(1,142,827)	56,283,614	32,486,221	3,248,671	21,439,609
						(890,886)	34,844,004

Financial Services Authority

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 31st DECEMBER, 2015

1. Accounting Policies

Financial Services Authority (FSA) was established as a Statutory Body under the Financial Services Authority Act 2013 (Act 19 of 2013). Unless mentioned otherwise below, the Financial Services 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 (P4/10) 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 FSA buildings. As at December, 2015, the net book value of Investment property stood at **SR14,756,145** which represents approximately 82% of total net book value of the cost of the buildings leased out. Investment property is depreciated on a straight-line basis at 4% over economic useful life of 25 years.

Description	(SR)
Carrying amount as at 01 st January 2015	15,590,758
Additions during the year	-
Increase in fair value during the year	-
Disposals during the year	-
Depreciation for the year	834,613
Carrying amount as at 31 st December 2015	<u>14,756,145</u>

3. Work in Progress

Work in Progress comprises of the following:

- Disbursements to the contractor as at 31.12.2015 – SR80,945,832.
- Consultancy Fee/ Structural Engineer Fees relating to the construction of new warehouses. Total paid as at 31.12.2015 – SR2,499,303
- Planning Fee and others. Total paid as at 31.12.2015 – SR466,820
- Improvement to SITZ Infrastructure. Total Paid as at 31.12.2015 – SR867,086.
- 5% Retention on contract sum in respect of construction of warehouse – SR2,980,891

The contract for construction of three warehouses is for a total sum of US\$7,217,524. The sum of US\$ US\$6,413,208 has been disbursed to the Contractor at the year end, leaving a balance of US\$804,316.

4. Staff loan

The balance of staff loans, repayable over more than 12 months comprises of **SR4,589,507** and **SR100,549** in respect of vehicle loans and General Purpose Loans respectively.

5. Cash at Bank

	As at 31.12.2015 (SR)	As at 31.12.2014 (SR)
Seychelles Rupee Account Balance	5,393,756	8,175,162
US Dollar Account Balance	60,587,538	56,823,526
Euro Account Balance	156,598	341,793
Total	<u>66,137,892</u>	<u>65,340,481</u>

6. Accounts Receivable

Advance to Supplier	847,233	800,729
IBC & SITZ Fees Receivable	2,986,362	2,824,317
Loans to staff	113,699	4,219,201
Other Receivables	546,786	292,492
Provision for Doubtful Debts	(153,868)	(398,985)
Total	<u>4,340,212</u>	<u>7,737,754</u>

7. Retained Earnings

The movement in Retained Earnings is shown below:

Retained earnings as at 1.1.2015	53,054,330	64,642,528
Surplus for the year	100,675,135	79,826,961
Surplus Transferred to the Government	(99,247,607)	(91,415,159)
Retained earnings as at 31.12.2015	<u>54,481,858</u>	<u>53,054,330</u>

8. Government Contributed Assets

This represents the value of the land transferred to the Financial Services Authority, formerly the Seychelles International Business Authority by the Government of Seychelles.

9. Capital Fund

Capital Funds received from Government was treated as a capital grant and transferred to income over the expected useful life of the assets to which they relate. As at 31.12.2015, the sum of SR854,063 has been provided as amortisation of the grant.

10. Loan

Loan outstanding as at 31.12.2015 relates to an overdraft facility of **US\$7,500,000** from Nouvobanq (SIMBC) Seychelles Ltd to finance the construction of warehouses, and the first disbursement was effected in March 2014. The sum disbursed and outstanding as at 31.12.2015 is **US\$6,413,208**. The current portion of the loan repayable over the next twelve months i.e. the 10 months repayment effective March 2016, amounts to **US\$1,115,217**. Repayment will commence in March 2016 and expected to be completed in December 2020. Included in the accounts are the principal repayments due. Interest on the total drawdown amounts to **US\$ 1,046,819**.

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 other employees on contract. The provision as at 31.12.2015, in this respect amounted to **SR4, 134,331**.

12. Retention monies

In accordance with the contract for the construction of new warehouses, 5% of the contract sum retained is payable after the defect liability period of twelve months from the practical completion date. Total retention as at 31 December 2015 was **US\$227,102**.

13. Accounts Payable

These represent liabilities incurred for purchases, services and other obligations which are payable within a year and deferred income.

	As at 31.12.2015 (SR)	As at 31.12.2014 (SR)
IBC & SITZ Fees paid in advance:		
Advance from Customers	5,562,794	9,697,171
ITZ Rent Deposit	1,623,272	1,600,761
Corporate Tax	951,778	1,003,950
Accrued Salaries		-
	686,354	
Provision for audit fee	88,000	90,000
Others	3,171,854	3,103,755
Total	<u>12,084,052</u>	<u>15,495,637</u>

14. Surplus Funds Paid to Government of Seychelles

In accordance with Section 12(3) of the Financial Services Authority Act, 2013, the FSA transferred on a quarterly basis, a total of **SR99,247,607** as excess income to the Government of Seychelles. The sum of **SR79,021,211** was paid in 2015 with the remaining balance of **SR20,226,396** pertaining to the 04th quarter of the year payable in January 2016.

15. Foreign Currency Transactions

Foreign currency receipts and payments/expenditure are accounted for at the market mid rates as published by the CBS at the end of each previous month. End of period balances are recognised in the accounts at the CBS mid-rate of **SR13.1258 to 1 US. Dollar** and **SR14.2756 to 1 Euro**, as at 31st December, 2015.

16. Income

Revenue from IBC Registration and Allied Services consists of the following:

	As at 31.12.2015 (SR)	As at 31.12.2014 (SR)
IBC Registration Fees	24,069,491	22,007,227
IBC Annual Licence Fees	79,478,932	56,687,632
Other Licence Fees	6,887,565	2,200,348
Funds and Securities Fees	1,227,852	779,984
Insurance Fees	942,098	800,667
Other Services	<u>27,561,643</u>	<u>18,078,780</u>
Total	<u>140,167,581</u>	<u>100,554,638</u>

17. Rental Income

Rental Income from Investment Property	10,537,805	6,196,295
Outdoor Space rental	<u>744,730</u>	<u>752,582</u>
Total	<u>11,282,535</u>	<u>6,948,877</u>

18. Compensation for impairment of property, plant and equipment

Insurance proceeds received from impairment of furniture and equipment and partial damage of the warehouse, arising from a fire in 2014 as follows:

	(SR)
Warehouse	5,265,288
Furniture and Equipment	<u>1,082,332</u>
Total	<u>6,347,620</u>

The net book value of furniture and equipment were written off from the accounts.

19. Personnel Emoluments

	As at 31.12.2015 (SR)	As at 31.12.2014 (SR)
Payroll expenses	20,072,272	14,195,181
Employer's Pension contribution	412,789	300,071
Honorarium-Board Members	487,020	389,864
- SITZ Employment Council	221,158	150,000
Income & Non-Monetary Benefits tax	3,252,018	2,360,546
Gratuity & compensation paid	<u>1,985,845</u>	<u>1,531,968</u>
Total	<u>26,431,102</u>	<u>18,927,630</u>

20. Office Running Costs

Administration Costs	6,905,811	4,221,989
Communication Costs	1,760,950	1,209,892
Transport & Travelling Costs	541,751	318,971
Maintenance & Repairs	1,791,451	1,372,225
Training	2,031,614	867,060
General Expenses	<u>1,453,021</u>	<u>708,405</u>
Total	<u>14,484,598</u>	<u>8,698,542</u>

21. Educational Dissemination

Information Dissemination	1,729,762	954,920
Advertisement	<u>45,648</u>	<u>66,409</u>
	<u>1,775,410</u>	<u>1,021,329</u>

22. Bank Charges

Bank Charges	<u>45,592</u>	<u>35,579</u>
Total	<u>45,592</u>	<u>35,579</u>

23. Consultancy and Professional Costs

The consultancy cost comprises of the following:		
Local Legal Fees	229,500	181,500
Audit Fee	88,000	75,000
Professional Fees	1,114,830	967,406
Others	<u>144,000</u>	<u>25,238</u>
Total	<u>1,576,330</u>	<u>1,249,144</u>

24. Related Parties

Directors	2015 (SR)	2014 (10 months) (SR)
Steve Fanny (appointed March '14)	43,200	36,000
Rupert Simeon (appointed March '14)	43,200	36,000
Jennifer Morel (CEO) (appointed March '14)	43,200	36,000
Georgette Capricieuse (appointed March '14)	43,200	18,000
Irene Croisee (appointed March '14)	43,200	36,000
Ronny Govinden (appointed March '14)	43,200	36,000
Basil Soundy (appointed March '14)	43,200	36,000
Jennifer Sullivan (appointed March '14)	43,200	36,000
Angelique Antat (appointed March '14)	43,200	36,000
James Kinyany (appointed May, resigned Oct '15)	14,400	-
Wendy-Pierre (CEO) (appointed March till July '14)	-	14,400
Jocelyn Ah-Yu (appointed March '14)	-	36,000
Estelle Peron (Secretary)	<u>36,000</u>	<u>30,000</u>
Total	<u>439,200</u>	<u>386,400</u>

In addition, all Board members, except for the Board Secretary were paid bonuses of R.5,400, in December 2015.

Senior Management

Chief Executive Officer

	(SR)	(SR)
Salary	687,012	258,255*
Bonus	75,928	30,913

**01 August to 31 December 2014*