



**Audited Financial Statements as at 31<sup>st</sup> December, 2020**



**FINANCIAL SERVICES AUTHORITY**

**TABLE OF CONTENTS - DECEMBER 31, 2020**

---

	Page
Corporate Information	1
Directors' Report	2 - 2(a)
Auditors' Report	3 - 3(a)
Statement of Financial Position	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 26

## CORPORATE INFORMATION

<b>DIRECTOR</b>	: Mr. Patrick Payet Mr. Damien Thesee Ms. Samanta Espanon Mr. Phillip Moustache Mr. David Espanon Mrs. Wendy Pierre Mr. Richard Rampal Mr. Robert Stravens Ms. Seylina Verghese	Chairman CEO - Director Director Director Director Director Director Director Director
<b>SECRETARY</b>	: Ms. Zenabe Daman	Secretary
<b>REGISTERED OFFICE</b>	: Bois de Rose Avenue Roche Caiman Victoria, Mahé Seychelles	
<b>PRINCIPAL PLACE OF BUSINESS</b>	: Bois de Rose Avenue Roche Caiman Victoria, Mahé Seychelles	
<b>AUDITORS</b>	: Auditor General P O Box 49 Block C, Third Floor Unity House Victoria, Mahé Seychelles	

**DIRECTORS' REPORT**


---

The Directors are pleased to submit their report together with the audited financial statements of the Authority for the year ended December 31, 2020.

**PRINCIPAL ACTIVITY**

The Seychelles Financial Services Authority (FSA) is the Regulator for non-bank financial services in the Seychelles. Established under the Financial Services Authority Act, 2013, the Authority is responsible for the licensing, supervision and development of the non-bank financial services industry of the Seychelles, which includes the insurance and the gambling sector. The Authority is also responsible for the registration of International Business Companies, Foundations, Limited Partnerships and International Trusts in the Seychelles.

**VISION**

The vision of the FSA is to safeguard the interest of the Seychelles non-bank financial services sector, through the establishment of a sound and ethical regulatory environment.

**MISSION**

- To uphold the good repute of the Seychelles through good governance and sound regulatory systems.
- To promote capacity building, innovation and efficiency of services within the non-bank financial services sector.
- Ensuring compliance with international regulatory norms and best practices.

**CURRENT YEAR EVENT**

A revaluation of the FSA's infrastructure was undertaken in December, 2020 with the report being issued in January 2021 by a professional independent assessor. In the current year, the Financial Services Authority (FSA), for the first time FSA has elected to use the fair value model to account for owner occupied building and applied IAS 40 "Investment Property", that is, to use the fair value model to account for its investment properties .

A new FSA board was appointed in July, 2020, with the Chairman and 5 other board directors being appointees from the previous board and the remaining 4 being new appointments. Subsequently, a new board was appointed on the 21st of January, 2021. The 2020 audited accounts have been signed by the new FSA board appointed in January, 2021

**RESULTS**

	2020
	SR'000
Profit for the year	239,302
Retained earnings brought forward	<u>178,464</u>
Profit available for distribution	<u>417,766</u>
Transfer to Government of Seychelles (GOS)	(85,269)
 Retained earnings carried forward	 <u>332,497</u>

**DIRECTORS AND DIRECTORS' INTEREST**

None of the directors has any direct or indirect interest in the Authority.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for 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 International Financial Reporting Standards (IFRS) and in compliance with Financial Services Authority Act, 2013. This responsibility includes: designing, implementing and maintaining internal controls 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 and making accounting estimates that are reasonable in the circumstances. The Directors have the general responsibility of safeguarding the assets, both owned by the Authority and those that are held in trust and used by the Authority.

The Directors consider that they have met their aforesaid responsibilities.

## AUDITORS

The Authority is audited by the Auditor General.

## BOARD OF DIRECTORS APPROVAL



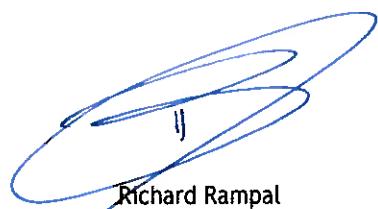
Patrick Payet  
Chairman



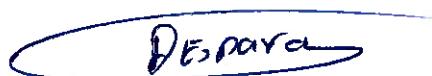
Damien Theseé  
Director & CEO



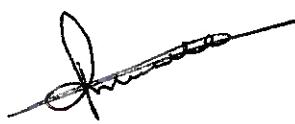
Samanta Espanon  
Director



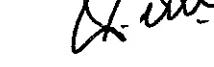
Richard Rampal  
Director



David Espanon  
Director



Phillip Moustache  
Director



Wendy Pierre  
Director



Seylina Verghese  
Director



Robert Stravens  
Director

Dated:

Mahé, Republic of Seychelles



## Office of the Auditor General

3<sup>rd</sup> Floor, Block C, Unity House  
Victoria, Republic of Seychelles

Telephone: 248-4672500  
Website: [www.oag.sc](http://www.oag.sc)

Email: [auditgen@oag.sc](mailto:auditgen@oag.sc)  
Facebook: OAG Seychelles

---

Please address all correspondence to the Auditor General

3

### OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE FINANCIAL SERVICES AUTHORITY FOR 2020

#### Opinion

The accompanying financial statements of the Financial Services Authority (Authority), set out on pages 4 to 26 which comprise the statement of financial position, profit or loss and other comprehensive income, changes in equity, cash flows as at 31 December 2020 and the notes to financial statements including a summary of significant accounting policies for the year then ended have been audited as required by Section 13 (4) of the Financial Services Authority Act, 2013.

Accordingly, in my opinion:

1. proper accounting records have been kept by the Authority as far as appears from my examination of those records relating to material transactions;
2. the financial statements on pages 4 to 26 give a true and fair view of the financial position of the Authority as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Financial Services Authority Act, 2013.

#### Basis for Opinion

The audit was conducted in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor General's Responsibilities for the audit of the Financial Statements section of my report.

I am independent of the Authority in accordance with INTOSAI Code of Ethics applicable to its members, together with other ethical requirements that are relevant to the audit of the financial statements in Seychelles. I am satisfied that all information and explanations which, to the best of my knowledge and belief, where necessary for the purpose of audit have been obtained. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of Matter**

Despite the ongoing COVID-19 pandemic and its effects on the economy in general, the Authority's Board and Management are confident and of the opinion that the going concern basis of preparation of these financial statements remains appropriate in the foreseeable future.

My opinion is not qualified in respect of the above matter.

### **Responsibilities of the Management and those charged with Governance**

The management is responsible for the preparation of financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Financial Services Authority Act, 2013 and the Public Enterprise Monitoring Commission Act, 2013, 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.

In preparing the financial statements, the Board is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

### **Responsibilities of the Auditor General for the audit of financial statements**

The audit objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and issue an auditor's report in accordance the Financial Services Authority Act, 2013.

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 these financial statements.

As part of the audit in accordance with ISAs, the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- identifies and assesses the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the opinion. The risk of not detecting material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission or misrepresentation, or the override of internal control;
- obtains an understanding of the 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 Board's internal control;



3 (b)

- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board;
- concludes on the appropriateness of the Board's use of going concern basis of accounting and, based on the audit evidence obtained, concludes whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify the opinion. My conclusions are based on audit evidence obtained to the date of my auditor's report. However, future unforeseeable events or conditions may cause the Authority to cease to continue as a going concern;
- evaluates 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; and
- communicates with the Board, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that he identifies during the audit.



**Gamini Herath**  
**Auditor General**

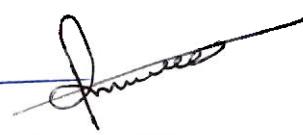
**18 August 2021**  
**Victoria, Seychelles**



## STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2020

	Notes	December 31, 2020 SR	December 31, 2019 SR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	54,871,375	27,497,990
Investment property	6	240,314,059	140,548,290
Intangible asset	7	-	3,450
Long term receivables	8(f)	10,241,148	11,386,138
		<u>305,426,582</u>	<u>179,435,868</u>
<b>Current assets</b>			
Trade and other receivables	8	16,283,599	11,604,033
Cash and cash equivalents	9	126,172,388	62,362,506
		<u>142,455,987</u>	<u>73,966,539</u>
<b>Total assets</b>		<b><u>447,882,569</u></b>	<b><u>253,402,407</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	10	8,715,700	8,715,700
Capital grant	11	2,562,190	3,416,253
Revaluation Reserve	5 (c)	21,690,601	-
Retained earnings		<u>332,496,725</u>	<u>178,464,181</u>
		<u>365,465,216</u>	<u>190,596,134</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	12	-	6,629,320
Accrued Interest on Borrowings		-	104,693
Retirement benefit obligations	13	11,909,719	10,447,626
		<u>11,909,719</u>	<u>17,181,639</u>
<b>Current liabilities</b>			
Borrowings	12	10,612,046	23,212,997
Other payables	14	59,895,588	22,411,637
		<u>70,507,634</u>	<u>45,624,634</u>
<b>Total liabilities</b>		<b><u>82,417,353</u></b>	<b><u>62,806,273</u></b>
<b>Total equity and liabilities</b>		<b><u>447,882,569</u></b>	<b><u>253,402,407</u></b>

These financial statements have been approved for issue by the Board of Directors on:

Patrick Rayet  
ChairmanDamien Thesee  
Director & CEOSamanta Espanon  
DirectorRichard Rampal  
DirectorDavid Espanon  
DirectorPhillip Moustache  
DirectorWendy Pierre  
DirectorSeylina Verghese  
DirectorRobert Stravens  
DirectorThe notes on pages 8 to 26 form an integral part of these financial statements.  
Auditors' report on page 3.

## FINANCIAL SERVICES AUTHORITY

5

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2020

	Notes	2020 SR	2019 SR
Revenue	2(l)/15	<b>199,381,537</b>	<b>157,065,812</b>
Staff costs	16	(50,522,796)	(45,908,252)
Administrative expenses	17	(27,309,502)	(27,417,125)
Educational dissemination	18	(3,319,627)	(4,434,262)
Other operating costs	19	(1,238,602)	(7,438,572)
Finance income - Interest on staff loans		794,871	713,428
Finance costs - borrowing costs		(57,044)	(185,494)
Marketing Grant to SIB		(198,404)	(4,452,989)
Other income	20	6,308	103,277
Foreign exchange (losses)/gains		24,949,692	666,592
Other comprehensive income - Surplus on Revaluation of Investment property	6(a)	<b>96,815,103</b>	
<b>Profit and total comprehensive income for the year</b>		<b>239,301,535</b>	<b>68,712,415</b>

	Note	Stated capital	Capital grant	Revaluation reserve	Retained earnings	Total	SR
At January 1, 2020		8,715,700	3,416,253		178,464,181	190,596,134	
Total comprehensive income for the year		-	-	-	239,301,535	239,301,535	
Amortisation of grant	19	-	(854,063)	-	-	(854,063)	
Transfer to the GOS		-	-	-	(85,268,991)	(85,268,991)	
Revaluation of property				21,690,601	21,690,601	21,690,601	
At December 31, 2020	5(c)	<u>8,715,700</u>	<u>2,562,190</u>	<u>21,690,601</u>	<u>332,496,725</u>	<u>365,465,217</u>	
		Stated capital	Capital Grants	Revaluation reserve	Retained earnings	Total	SR
At January 1, 2019		8,715,700	4,270,316		138,754,203	151,740,219	
Total comprehensive income for the year		-	-	-	68,712,415	68,712,415	
Amortisation of grant	19	-	(854,063)	-	-	(854,063)	
Transfer to the GOS		-	-	-	(29,002,437)	(29,002,438)	
At December 31, 2019		<u>8,715,700</u>	<u>3,416,253</u>	<u>-</u>	<u>178,464,181</u>	<u>190,596,134</u>	

The notes on pages 8 to 27 form an integral part of these financial statements.  
 Auditors' report on page 3.

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

	Notes	2020 SR	2019 SR
<b>Cash generated from operations</b>			
Profit for the year		239,301,535	68,712,415
<i>Adjustments for</i>			
Depreciation on plant and equipment	5	2,089,215	2,213,731
Depreciation of investment property	6		6,074,304
Reversal of demolition costs		688,929	173,224
Amortisation of intangible asset	7	3,450	4,600
Amortisation of capital grant	19	(854,063)	(854,063)
Profit on disposal of asset	20	-	(80,000)
Gain on revaluation of Investment Property		(96,815,103)	-
Retirement benefit obligations charge	13	5,125,411	4,259,475
Impairment of trade receivables		(120,027)	102,318
Interest payable		57,044	-
Interest receivable		(794,871)	(713,428)
		148,681,520	79,892,576
<i>Changes in working capital</i>			
Increase in trade and other receivables		(3,414,550)	(4,528,801)
- (Decrease)/Increase in trade and other payables		26,012,597	(1,766,711)
Cash generated from operations		171,279,567	73,597,064
Retirement obligations paid	13	(3,663,318)	(2,473,981)
Interest received		794,871	713,428
<b>Net cash inflow from operating activities</b>		<b>168,411,120</b>	<b>71,836,511</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(7,772,000)	(12,877,875)
Payment - Investment Properties		(3,639,595)	(19,433,507)
Proceeds from sale of asset		80,000	
<b>Net cash outflow from investing activities</b>		<b>(11,411,595)</b>	<b>(32,231,382)</b>
<b>Cash flows from financing activities</b>			
Loan Repayment		(19,230,270)	(20,795,058)
Interest paid		(1,359,258)	(3,179,840)
Amount transferred to the Government of Seychelles		(72,600,115)	(35,402,700)
<b>Net cash outflow from financing activities</b>		<b>(93,189,643)</b>	<b>(59,377,597)</b>
<b>Net increase in cash and cash equivalents</b>		<b>63,809,882</b>	<b>(19,772,468)</b>
<b>Movement in cash and cash equivalents</b>			
At January 1,		62,362,506	82,134,974
Increase		63,809,882	(19,772,468)
<b>At December 31,</b>	<b>9</b>	<b>126,172,388</b>	<b>62,362,506</b>

The notes on pages 8 to 27 form an integral part of these financial statements.  
 Auditors' report on page 3.

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

**1. GENERAL INFORMATION**

The principal activities of the Financial Services Authority are detailed on page 2. Its registered office and principal place of activity is at Bois de Rose Avenue, Roche Caiman Victoria Mahe Republic of Seychelles.

These financial statements will be submitted for consideration and approval at the forthcoming meeting of Board of Directors of the Authority.

**2. PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Financial Service Authority Act, 2013.

The Authority adopted International Financial Reporting Standards for the first time for the year ended December 31, 2016 while previously the financial statements were prepared under Generally Accepted Accounting Practice (GAAP).

The financial statements are prepared under the historical cost convention, except that:

- (ii) relevant financial assets are stated at their fair values; and
- (iii) borrowings and relevant financial liabilities are stated at their amortised costs.

**Standards, Amendments to published Standards and Interpretations effective in the reporting period**

Amendments to IAS 7 require additional disclosures. IAS 7 Statement of Cash Flows has been amended to improve presentation and disclosure in financial statements. The Amendments require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgement when determining the exact form and content of the disclosures needed to satisfy this requirement. The amendment suggests a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: 1. changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and 2. a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified. *The amendment has no impact on the Authority's financial statements.*

Amendment to IAS 12 - recognition of deferred tax assets for unrealised losses. The amendment to IAS 12, will be applicable for companies preparing their accounts under IFRS. IAS 12 sets out the basis for the recognition and measurement of current or deferred tax liabilities or assets and this amendment clarifies the position regarding unrealised losses on debt instruments measured at fair value and in particular, the recognition of deferred tax assets on such items. Such deferred tax assets are likely to occur where there is a decrease in the fair value of the debt instrument, but no tax deduction is able to be taken for the fall in value until the asset is realised. Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type. *The amendment has no impact on the Authority's financial statements.*

## 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

## (a) Basis of preparation (Cont'd)

**Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)**

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41). IAS 41 now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. *The amendment has no impact on the Authority's financial statements.*

**Annual Improvements to IFRSs 2014-2016 cycle**

IFRS 1 is amended to delete the short-term exemptions in paragraphs E3-E7 of IFRS 1, because they have now served their intended purpose. *The amendment has no impact on the Authority's financial statements.*

IFRS 12 is amended to clarify that the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. *The amendment has no impact on the Authority's financial statements.*

IAS 28 is amended to clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. *The amendment has no impact on the Authority's financial statements.*

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2017 or later periods, but which the Authority has not early adopted.

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(a) Basis of preparation (Cont'd)****Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)**

At the reporting date of these financial statements, the following were in issue but not yet effective:

**IFRS 9 Financial Instruments****IFRS 15 Revenue from Contract with Customers****Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)****IFRS 16 Leases****IFRS 17 Insurance Contracts****Clarifications to IFRS 15 Revenue from Contracts with Customers****Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)****Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)****Annual Improvements to IFRSs 2015-2017 Cycle****IFRIC 22 Foreign Currency Transactions and Advance Consideration****Transfers of Investment Property (Amendments to IAS 40)**

Where relevant, the Authority is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

**(b) Property, plant and equipment**

Except for owner occupied buildings, all other property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Historical cost consists of purchase cost, together with any incidental expenses of acquisition and installation.

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 and the cost can be reliably measured. Repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

A revaluation of the FSA infrastructure was undertaken in December, 2020 with the report being issued in January 2021 by a professional independent assessor. In the current year, the Financial Services Authority (FSA), for the first time FSA has elected to use the fair value model to account for owner occupied building. The asset is carried at the revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment. The increase in value of owner occupied building has been credited to equity and is shown in the statement of accounts under "Revaluation Reserve".

## 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

### (b) Property, plant and equipment (Cont'd)

Depreciation is calculated on the straight line method with reference to the expected useful life of the assets concerned. Depreciation is computed from the month after receipt of goods/assets using the following principal annual rates.

	%
Buildings	4
Gate and fencing	10
Motor vehicles	20
Plant & equipment	10 - 25
Furniture and fittings	10 - 20
Other assets	25

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

Assets are currently being depreciated up to a NIL balance. No depreciation is provided for in the month of disposal.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss.

### (c) Investment property

Investment property, held to earn rentals or for capital appreciation or both and not occupied by the Authority are measured and accounted for at fair value.

There is a change in the accounting method for accounting of Investment properties. In the current year, the Financial Services Authority (FSA), for the first time, has applied IAS 40 "Investment Property". The FSA has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in income statement for the period in which they arise. As per IAS 40, the gain on the revaluation of investment property has been recognised in the P&L, Other Comprehensive Income ( OCI) . Transfers to or from investment property can be made only when there has been a change in the use of the property. The revaluation exercise will take place every 3 years' and therefore the next exercise will be in December, 2022.

Investment property is depreciated on a straight-line at 4% p.a. over the economic useful life of 25 years.

### (d) Intangible assets - Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives of 4 years.

Costs associated with developing or maintaining computer software are recognised as an expense as incurred and are included in the statement of profit and loss.

### (e) Financial instruments

Financial assets and liabilities are recognised on the Authority's statement of financial position when the Authority has become a party to the contractual provisions of the instrument. The Authority's accounting policies in respect of the main financial instruments are set out below.

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

---

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(e) Financial instruments (Cont'd)****(i) *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.

**(ii) *Cash and cash equivalents***

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less.

**(iii) *Other payables***

Other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

**(iv) *Share capital***

Ordinary shares are classified as equity.

**(f) Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**(g) Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Authority has a legal enforceable right to set off the recognised amounts and the Authority intends either to settle on a net basis, or to realise the asset and liability simultaneously.

**(h) Capital Grants**

Grants related to assets from the Government of Seychelles for acquisition of property and equipment received in form of donations is treated as deferred income by crediting capital grant, classified under equity in the statement of financial position.

Depreciation calculated on such assets is released from grants and credited to depreciation charge in the statement of profit or loss until those assets are fully depreciated.

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

---

## 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

## (h) Capital Grants (Cont'd)

In the event that property and equipment acquired from grants are disposed of before they are fully depreciated, the carrying amount of such asset is reversed to the grant and gain or loss, if any, are recognised to the statement of profit or loss.

## (i) Retirement benefit obligations

The Authority provides for payments of compensation to permanent employees for continuous service. The amount provisioned every year is based on the number of years the employee has worked after the last payment date. This type of employee benefits has the characteristics of a defined benefit plan. The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined obligation at the reporting date less fair value of plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

The Authority does not carry out any actuarial valuation since the Authority's management have based themselves on the method as prescribed by the Ministry of Administrative & Power and Circular 9 A of 1993, 15% of gross salary in the case of PSC and on internal contracts of employees and they have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

## (j) Provisions

Provisions are recognised when the Authority has a present or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

## (k) Foreign currencies

*Functional and presentation currency*

Items included in the financial statements are measured in the currency of the primary economic environment in which the Authority operates. The financial statements are presented in Seychelles Rupees (SR) which is the Authority's functional and presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

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

---

## 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(l) **Revenue recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is recognised according to the following criteria:

(i) *Services revenue*

Revenue from services are recognised in the year in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

(ii) *Rental income*

Rental income is recognised on an accrual basis with the substance of the relevant rental agreements with the tenants.

(iii) *Interest income*

Interest income is recognised on an accrual basis with the substance of the relevant loan agreements with the staff.

(m) **Business tax**

The Authority is exempt from tax as per paragraph 1 of the Second Schedule to Business Tax Act, 2009.

## 3. FINANCIAL RISK MANAGEMENT

## 3.1 Financial Risk Factors

The Authority's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest risk), credit risk and liquidity risk.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect of its financial performance.

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) **Market risk**(i) *Currency risk*

The Authority is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollars. Foreign exchange risk arises from commercial transactions and assets denominated in currencies other than the functional currency.

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

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## 3.1 Financial Risk Factors (Cont'd)

## (a) Market risk (Cont'd)

(i) *Currency risk (Cont'd)*

At December 31, 2020, if the Seychelles Rupee had weakened/strengthened by 5% against US Dollar with all variables held constant, the impact on results for the year would have been SR2.63m (2019: SR1.01m) higher/lower, mainly as a result of foreign exchange losses/gains on translation of foreign currency monetary assets and liabilities as depicted in the table below:

	2020	2019
	SR	SR
Bank balances	114,570,415	61,784,798
Trade & other receivables	5,657,099	7,929,330
Borrowings	(10,612,046)	(29,842,316)
Other payables	(57,032,161)	(19,757,686)
	<u>52,583,307</u>	<u>20,114,126</u>

Management has proper policies in place to ensure that foreign exchange risk is minimised.

(ii) *Cash flow and fair value interest rate risk*

The Authority's income and operating cash flows are exposed to interest rate risk as it sometimes borrows at variable rates.

At December 31, 2020, if interest rates on floating rate borrowings had been ±1% higher/(lower) with all other variables held constant, results for the year would have been higher/(lower) by SR245.55k (2019: SR249.82k) due to impact on interest expense on borrowings.

## (b) Credit risk

The Authority's credit risk is primarily attributable to its trade receivables. The Authority does not have a significant concentration of credit risk, with exposure spread over a large number of customers. In addition, the Authority has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

The table below shows the concentration of trade receivables by number of counterparties at the end of the reporting period

	2020	2019
	%	%
5 major counterparties	59	36
Others (diversified risks)	41	64
	<u>100</u>	<u>100</u>

## (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Furthermore, management monitors rolling forecasts of the Authority's liquidity reserve on the basis of expected cash flows.

### 3. FINANCIAL RISK MANAGEMENT (CONT'D)

#### 3.1 Financial Risk Factors (Cont'd)

##### (c) Liquidity risk (Cont'd)

The table below analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than 1 year SR'000	Between 1 and 2 years SR'000	Between 2 and 5 years SR'000	Over 5 years SR'000	Total SR'000
<b>At December 31, 2020</b>					
Bank Borrowings	10,612	-	-	-	10,612
Other payables	59,896	-	-	-	59,896
<b>At December 31, 2019</b>					
Bank Borrowings	23,213	6,629	-	-	29,842
Other payables	22,411	105	-	-	22,516

#### 3.2 Fair Value Estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Authority for similar financial instruments.

#### 3.3 Capital Risk Management

The Authority's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Authority sets the amount of capital in proportion to risk. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Authority may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Authority monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt less cash and cash equivalents. Adjusted capital comprises all components of equity.

During 2020, the Authority's strategy, which was unchanged from 2019, was to maintain the debt-to-adjusted capital ratio at a reasonable level in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratio was as follows:

	2020 SR'000	2019 SR'000
Total debt	10,612	29,842
Less: Cash and cash equivalents	(126,172)	(62,362)
<b>Net debt</b>	<b>(115,560)</b>	<b>(32,520)</b>
 Total capital	 365,465	 190,596
Net debt	(115,560)	(32,520)
<b>Total capital plus debt</b>	<b>249,905</b>	<b>158,076</b>
 Gearing ratio	 (46.24)	 (20.57)

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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.

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Functional currency**

The choice of the functional currency of the Authority has been based on factors such as the primary economic environment in which the entity operates, the currency that mainly influences sales prices for goods and services, cost of providing goods and services and labour costs. The functional currency has been assumed by the Directors to be the Seychelles Rupee.

**(b) Retirement benefit obligations**

The cost of defined benefit pension plans has been determined using the method as per the Seychelles Employment Act and the Directors have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

**(c) Useful lives and residual values**

Determining the carrying amounts of property and equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The Directors have used historical information relating to the Authority and the relevant industry in which it operates in order to best determine the useful lives and residual values of property and equipment.

**(d) Depreciation policies**

Property 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 the disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

**(e) Impairment of other assets**

Property and equipment are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

## (f) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk 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 - YEAR ENDED DECEMBER 31, 2020

## 5. PROPERTY, PLANT AND EQUIPMENT

## (a) DECEMBER 31, 2020

	Land & Buildings	Gates & fences	Motor vehicles	Plant & equipment	Furniture & fixtures	Other assets	Work-in progress	Total
	SR	SR	SR	SR	SR	SR	SR	SR
<b>COST</b>								
At January 1, 2020	18,608,182	637,788	3,255,468	11,594,815	5,648,087	2,418,961	10,194,607	52,357,908
Additions	82,995	-	-	2,065,280	225,859	334,637	5,063,229	7,772,000
Disposal	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
Revaluation reserve	14,735,738							14,735,738
<b>At DECEMBER 31, 2020</b>	<b>33,426,914</b>	<b>637,788</b>	<b>3,255,468</b>	<b>13,660,096</b>	<b>5,873,946</b>	<b>2,753,598</b>	<b>15,257,836</b>	<b>74,865,645</b>

## ACCUMULATED DEPRECIATION

At January 1, 2020	6,954,864	637,788	2,203,498	8,400,139	4,817,058	1,846,571	-	24,859,918
Charge for the year	-	-	354,667	1,211,735	251,198	271,614	-	2,089,215
Disposal	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-
Revaluation reserve	(6,954,864)							(6,954,864)
<b>At DECEMBER 31, 2020</b>	<b>-</b>	<b>637,788</b>	<b>2,558,166</b>	<b>9,611,874</b>	<b>5,068,257</b>	<b>2,118,186</b>	<b>-</b>	<b>19,994,270</b>

<b>NET BOOK VALUE</b>								
<b>At DECEMBER 31, 2020</b>	<b>33,426,914</b>	<b>-</b>	<b>697,302</b>	<b>4,048,221</b>	<b>805,689</b>	<b>635,413</b>	<b>15,257,836</b>	<b>54,871,375</b>

(b)

In early 2017, Parcel Number: V17891 was cancelled and sub-divided into two parcels (V19847 and V19848) where parcel V19847 (with a total area of 2557 m<sup>2</sup>) was transferred to the Government for onward leasing to PUC at transfer price of SCR1. The sub division of the land commenced in 2016 and was finalised on 24.02.2017. No adjustment was effected for the reduction in cost in the accounts.

(c)

A revaluation of the FSA infrastructure was undertaken in December, 2020 with the report being issued in January 2021 by a professional independent assessor. In the current year, the Financial Services Authority (FSA), for the first time FSA has elected to use the fair value model to account for owner occupied building. The asset is carried at the revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment. The increase in value of owner occupied building has been credited to equity and is shown in the statement of accounts under "Revaluation Reserve".

## 5. PROPERTY, PLANT AND EQUIPMENT

## (d) JANUARY 31, 2019

	Land & Buildings	Gates & fences	Motor vehicles	Plant & equipment	Furniture & fixtures	Other assets	Work-in progress	Total
	SR	SR	SR	SR	SR	SR	SR	SR
<b>COST</b>								
At January 1, 2019	18,608,182	637,788	3,212,475	9,970,313	5,151,602	2,146,673	1,202,290	40,929,322
Additions	-	-	289,993	1,624,502	496,485	272,289	29,628,114	32,311,382
Disposal	-	-	(247,000)	-	-	-	-	(247,000)
Write offs	-	-	-	-	-	-	(173,224)	(173,224)
Transfers/Adjustments	-	-	-	-	-	-	(20,462,573)	(20,462,573)
<b>At DECEMBER 31, 2019</b>	<b>18,608,182</b>	<b>637,788</b>	<b>3,255,468</b>	<b>11,594,815</b>	<b>5,648,087</b>	<b>2,418,961</b>	<b>10,194,607</b>	<b>52,357,908</b>
<b>ACCUMULATED DEPRECIATION</b>								
At January 1, 2019	6,560,038	637,788	2,139,330	7,348,534	4,557,765	1,649,731	-	22,893,187
Charge for the year	394,825	-	311,168	1,051,605	259,293	196,840	-	2,213,731
Disposal	-	-	(247,000)	-	-	-	-	(247,000)
Write offs	-	-	-	-	-	-	-	-
<b>At DECEMBER 31, 2019</b>	<b>6,954,864</b>	<b>637,788</b>	<b>2,203,498</b>	<b>8,400,139</b>	<b>4,817,058</b>	<b>1,846,571</b>	<b>-</b>	<b>24,859,918</b>
<b>NET BOOK VALUE</b>								
At DECEMBER 31, 2019	<b>11,653,318</b>	<b>-</b>	<b>1,051,969</b>	<b>3,194,676</b>	<b>831,029</b>	<b>572,390</b>	<b>10,194,607</b>	<b>27,497,990</b>

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

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (f) Work in-progress comprised of the following:

	2020	2019
	SR	SR
Consultancy/ structural engineer fees for construction of New FSA Building	1,052,647	
IT Work In Progress	13,006,455	10,194,607
Improvement to infrastructure	1,198,734	-
	<u>15,257,836</u>	<u>10,194,607</u>

## 6. INVESTMENT PROPERTY

	2020	2019
	SR	SR
<b>Cost</b>		
At January 1,	175,690,697	155,228,124
Adjustment from previous year	(688,929)	-
Additions	3,639,595	20,462,573
Revaluation reserve	61,672,696	-
<b>At December 31,</b>	<u>240,314,059</u>	<u>175,690,697</u>
<b>Accumulated depreciation</b>		
At January 1,	35,142,407	29,068,103
Charge for the year	-	6,074,304
Revaluation reserve	(35,142,407)	-
<b>At December 31,</b>	<u>-</u>	<u>35,142,407</u>
<b>*Fair value/Net book value</b>	<u>240,314,059</u>	<u>140,548,290</u>

\*The revalued amount/fair value of investment property for the previous year (i.e 2019) was not restated.

- (a) A revaluation of the FSA infrastructure was undertaken in December, 2020 with the report being issued in January 2021 by a professional independent assessor. In the current year, the Financial Services Authority (FSA), for the first time, has applied IAS 40 "Investment Property". The FSA has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in income statement for the period in which they arise. As per IAS 40, the gain on the revaluation of investment property has been recognised in the P&L, Other Comprehensive Income ( OCI) The next revaluation exercise will be undertaken in December, 2022. Investment properties have been revalued at the following values:

	Value in current	
	Revaluation Value as at 31.12.2020	state as at 31.12.2019
	SR	SR
Ware house A on Parcel Number V17888	2,612,300	1,642,300
Ware house B on Parcel Number V17889	45,441,965	32,588,380
Ware house C on Parcel Number V17890	45,441,965	32,588,380
Ware house K on Parcel Number V17885	36,185,964	25,888,380
Ware house J on Parcel Number V17893	61,831,398	45,144,300
Utility Block on Parcel Number V17893	61,831,398	45,144,300
	<u>253,344,990</u>	<u>182,996,040</u>

- (b) The Financial Services Authority is currently occupying units A1 and A2 for a total area of 840sqm<sup>2</sup> within the Warehouse A

## 7. INTANGIBLE ASSETS

*Computer Software*

	2020	2019
	SR	SR
<b>Cost</b>		
At January 1,	587,468	587,468
Additions	-	-
<b>At December 31,</b>	<u>587,468</u>	<u>587,468</u>
<b>Amortisation</b>		
At January 1,	584,018	579,418
Charge for the year	3,450	4,600
<b>At December 31,</b>	<u>587,468</u>	<u>584,018</u>
<b>Net Book Value</b>	<u>-</u>	<u>3,450</u>

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

8. TRADE AND OTHER RECEIVABLES	2020	2019
	SR	SR
Trade receivables	7,466,687	6,756,887
Prepayments	1,334,390	1,649,738
Loans and receivables (note (f))	13,372,250	14,803,246
Other receivables	4,660,003	208,910
	<b>26,833,330</b>	<b>23,418,781</b>
Provision for credit impairment (note (c) and (d))	(308,583)	(428,610)
	<b>26,524,747</b>	<b>22,990,171</b>

Disclosed as follows:

	2020	2019
	SR	SR
Within one year	16,283,599	11,604,033
After more than one year (note (f))	10,241,148	11,386,138
	<b>26,524,747</b>	<b>22,990,171</b>

- (a) The carrying amount of trade and other receivables approximate their fair values.
- (b) As at December 31, 2020, trade receivables that were past due but not impaired amounted to SR5,027,420. (2019: SR2,445,955). These relate to a number of independent customers for whom there is no recent history of default. These receivables were aged above 90 days.
- (c) As at December 31, 2020, trade receivables amounting to SR 308,583 were impaired (2019: SR 428,610). These relate to a number of independent customers who are in unexpectedly difficult economic situations. These receivables were aged above 90 days.
- (d) The movement in the provision for credit impairment is as follows:

	2020	2019
	SR	SR
At January 1,	428,610	326,292
(Reversal)/ Charge to the statement of profit or loss (note 17)	(120,027)	102,318
<b>At December 31,</b>	<b>308,583</b>	<b>428,610</b>

- (e) The carrying amount of the Authority's trade and other receivables are denominated in the following currencies:

	2020	2019
	SR	SR
US Dollar	5,657,099	7,162,008
Seychelles rupee	20,867,649	15,828,163
	<b>26,524,748</b>	<b>22,990,171</b>

- (f) Loans and receivables comprise staff loans and are analysed as follows:

	2020	2019
	SR	SR
Within one year	4,058,651	3,417,108
After more than one year	9,313,599	11,386,138
	<b>-</b>	<b>14,803,246</b>

- (g) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Authority does not hold any other collaterals as securities, except for pledges on vehicles as security for Vehicle Loans
- (h) The other classes within trade and other receivables do not contain impaired assets and except for pledges in vehicles as security for staff loans, the Authority does not hold any other collateral as security.

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

9. CASH AND CASH EQUIVALENTS	2020	2019
	SR	SR
Cash in hand	-	177,970
Cash at banks	126,172,388	62,422,679
Overdrawn balance SR Current Account	-	(238,143)
	<b>126,172,388</b>	<b>62,362,506</b>

## 10. STATED CAPITAL

Government contributed assets (notes (a) & 5(d))

- (a) This represents the value of land transferred to the Authority by the Government of Seychelles in 1999.

## 11. CAPITAL GRANT

Capital grant was received from the Government of Seychelles for purchase of assets in 1999. Capital grant is amortised over the useful lives of the assets to which they relate.

## 12. BORROWINGS

	2020	2019
	SR	SR
Bank borrowing		
Non-current	-	6,629,320
Current	10,612,046	23,212,997
	<b>10,612,046</b>	<b>29,842,317</b>

The movement is as follows:

	2020	2019
	SR	SR
At January 1,	29,842,316	50,637,374
Paid during the year	(19,230,270)	(20,795,058)
At December 31,	<b>10,612,046</b>	<b>29,842,316</b>

- (a) Bank borrowing is from Nouvobang and amounted to USD 7.5 million to finance the construction of new warehouses of the Authority. The first disbursement was effected in March 2014 and repayment commenced in March 2016 by monthly instalments of USD 142,740 and is to be completed by March, 2021. The borrowing is secured by a first line fixed and floating charge over the Authority's assets and bears a variable interest rate starting as from 6.88% in January 2020 and decreasing to 5.23% as of October, 2020.
- (c) Borrowing is denominated in US Dollar and its maturity profile is detailed under note 3 (c) and the carrying amount of borrowing approximates its amortised cost. .

## 13. RETIREMENT BENEFIT OBLIGATIONS

	2020	2019
	SR	SR
At January 1,	10,447,626	8,662,132
Charge for the year (note 16)	5,125,411	4,259,475
Payments during the year	(3,663,318)	(2,473,981)
At December 31,	<b>11,909,719</b>	<b>10,447,626</b>

- (a) Retirement benefit obligations have not been computed in compliance with the requirements of IAS 19 since the Directors have estimated the provisions as above, which have been based on the Ministry of Administration & Manpower, Circular 9A of 1993 and 15% of gross salary in the case of PSC and internal contract of employees are reasonable and would not materially differ had these been computed on an actuarial basis as mandated by IAS 19.

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

14. OTHER PAYABLES	2020	2019
	SR	SR
Amount payable to the Government of Seychelles (note 14(a) and 23)	12,668,876	
Advance payments -fees	19,780,863	8,453,514
Deposits-rent	10,995,066	5,732,029
Corporate Tax	1,236,437	763,669
Accrued Interest on Overdraft	339,031	1,641,245
Accrued Expenses	1,640,527	150,000
Other payables	13,234,788	5,775,872
	<b>59,895,588</b>	<b>22,516,330</b>

Disclosed as follows:

	2020	2019
	SR	SR
Within one year	<b>59,895,588</b>	<b>22,411,637</b>
After more than one year (accrued interest)	-	104,693
	<b>59,895,588</b>	<b>22,516,330</b>

(a) am

(b) The carrying amount of other payables are denominated in the following currencies:

	2020	2019
	SR	SR
US Dollar	<b>57,032,161</b>	<b>19,757,686</b>
Seychelles rupee	<b>2,863,427</b>	<b>2,758,645</b>
	<b>59,895,588</b>	<b>22,516,330</b>

## 15. REVENUE

	2020	2019
	SR	SR
(a) Corporate and SITZ Fees		
IBC registration fees	16,185,784	11,890,951
IBC annual licence fees	97,358,369	72,745,609
Other licence fees	7,758,614	6,687,919
Funds and securities fees	8,079,999	2,431,598
Insurance fees	2,302,577	1,125,703
Gambling Fees	9,187,083	7,115,000
Other services	28,687,757	22,304,573
	<b>169,560,183</b>	<b>124,301,354</b>
(b) Rental income		
Investment property	29,694,011	32,348,575
Outdoor space	127,343	415,883
	<b>29,821,354</b>	<b>32,764,458</b>
	<b>199,381,537</b>	<b>157,065,812</b>

## 16. STAFF COST

	2020	2019
	SR	SR
Salaries & wages	38,675,225	35,602,591
Employee benefits and related expenses	4,656,319	4,005,974
Directors' emoluments (note 23)	403,893	684,691
SITZ Employment Council/FSA Appeals Board	520,156	341,606
Gratuity and compensation paid (note 13)	5,125,411	4,259,475
Retirement benefit obligations	1,141,792	1,013,916
	<b>50,522,796</b>	<b>45,908,252</b>

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

## 17. ADMINISTRATIVE EXPENSES

	2020	2019
	SR	SR
Administration costs	4,931,241	4,896,943
Rental Costs	6,423,197	5,831,820
Communication costs	2,614,619	2,238,824
Transport and travelling costs	503,954	1,228,529
Maintenance and repairs	2,497,236	2,511,729
Training	1,645,103	2,239,256
Legal fees	333,206	312,000
Audit and Accountancy fees	100,000	100,000
Professional fees	4,819,989	3,850,074
Bank charges	69,753	64,048
(Reversal)/ charge for provision for credit impairment (note 8(d))	(120,027)	102,318
General expenses	3,491,231	4,041,582
	<u>27,309,502</u>	<u>27,417,125</u>

## 18. EDUCATIONAL DISSEMINATION

	2020	2019
	SR	SR
Information dissemination	3,266,512	3,880,572
Advertisement	53,115	553,690
	<u>3,319,627</u>	<u>4,434,262</u>

## 19. OTHER OPERATING COSTS

	2020	2019
	SR	SR
Depreciation		
- Property, plant and equipment (note 5)	2,089,215	2,213,731
- Investment Property (note 6)	-	6,074,304
Amortisation (note 7)	3,450	4,600
Amortisation of capital grant	(854,063)	(854,063)
	<u>1,238,602</u>	<u>7,438,572</u>

## 20. OTHER INCOME

	2020	2019
	SR	SR
Profit on sale of asset	-	80,000
Sundry income	6,308	23,277
	<u>6,308</u>	<u>103,277</u>

## 21. COMMITMENTS

## (a) Capital commitments

Capital commitments as at December 31, 2020 amounted to SR3,039,553 (2019: 5,885,793).

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

## 21. COMMITMENTS (CONT'D)

## (b) Operating lease commitments - where the Authority is the lessor

The Authority leases land under non-cancellable operating lease agreements and buildings under cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewable rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2020	2019
	SR	SR
Not later than one year	404,681	211,089
Later than one year and not later than five years	1,618,725	844,356
	<u>2,023,406</u>	<u>1,055,445</u>

The future aggregate minimum lease payments under cancellable operating leases are as follows:

	2020	2019
	SR	SR
Not later than one year	59,980,593	29,776,928
Later than one year and not later than five years	140,997,973	78,569,790
	<u>200,978,565</u>	<u>108,346,718</u>

The contracts with most of the tenants for the cancellable operating leases are renewable every two years.

## 22. CONTINGENT LIABILITIES

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

## 23. RELATED PARTY TRANSACTIONS

	2020	2019
	SR	SR
Directors		
- Remuneration (including Fees for the HR & Audit Committees) (note 16)	403,893	684,691
Holding Entity		
- Surplus payable (note 14)	<u>85,268,991</u>	<u>29,002,437</u>

(a) Transactions with related parties are made at normal market prices.

(b) Outstanding balances at the end of the reporting period are unsecured and interest-free. There has been no guarantees provided or received for any related party payables or receivables. For the year ended December 31, 2020, the Authority had not recorded any impairment of receivables relating to amounts owed by related parties (2019: Nil). This assessment is undertaken at the end of each financial year through examining the financial position of the related party and the market in which the latter operates.

## (c) Key management personnel

	2020	2019
	SR	SR
Salaries and other benefits	14,878,596	11,721,057
Accrued Benefits	446,366	351,649
Employer Pension costs	<u>2,231,789</u>	<u>1,758,159</u>
	<u>17,556,752</u>	<u>13,830,865</u>