



SEYCHELLES PENSION FUND

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

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BOARD OF TRUSTEES' REPORT

The Board is pleased to present its report together with the audited financial statements of the Group and the Fund for the year ended December 31, 2013.

THE FUND

The Seychelles Pension Scheme was established under the Seychelles Pension Scheme Act, 1990, CAP 220 and commenced with effect on January 1, 1991. In August 2005, the Seychelles Pension Scheme Act, 1990 was repealed and it was replaced by the Seychelles Pension Fund Act, 2005 under which the scheme became a body corporate and was renamed as Seychelles Pension Fund.

PRINCIPAL ACTIVITIES

The principal activities of the Fund comprise provision of financial security to retiring members which include payment of accumulated contributions, monthly pension to the members, financial security to the dependents of the deceased members and other benefits under various schemes as more fully described under Section 4 of the Act and applicable Regulations.

THE GROUP

The Group comprises the Fund, a subsidiary company Opportunity Investment Company Limited and two Associated Companies Seychelles Breweries Limited and SACOS Group Limited. Details regarding the subsidiary company and the associated companies are as per notes 8 and 9 to these financial statements.

RESULTS

	THE GROUP	THE FUND
	SR	SR
Surplus for the year	43,320,919	42,323,162
Retained surplus brought forward	298,431,388	282,363,106
Retained surplus carried forward	341,752,307	324,686,268

INTEREST ON MEMBERS' FUND

The Board recommended interest of 3% to be credited to members on their contributions for the year under review (2012: 4.5%).

PROPERTY AND EQUIPMENT

The Fund acquired property and equipment amounting to SR 6.9 million during the year comprising equipment, furniture and fittings and motor vehicle (2012: SR 1.4m).

The Board is of the opinion that the fair value of property and equipment at December 31, 2013 does not differ materially from their carrying amounts as per the statements of net assets available for benefits at that date.

INVESTMENT PROPERTIES

The Fund has invested substantial amounts in properties acquired for rental and capital appreciation purposes. At December 31, 2013, these totalled SR 641 m (2012: SR 603.3m). During the year, additions amounted to SR 37.6m (2012: SR 103.6m) and increase in fair value following revaluation in 2012 was SR 41.4m. The next revaluation is expected to be in 2014.

SEYCHELLES PENSION FUND

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BOARD OF TRUSTEES' REPORT (CONT'D)

BOARD OF TRUSTEES

The Board of Trustees since the date of the last report and the date of this report are:

Patrick Payet (as from July 1, 2013)	Anne Mousbe
Mohammed Afif	Rachel Spiro
Jessie Espanon	Gilbert Sultan - Beaudoin
Michel Felix	Radley Weber
Suzanne Labrosse	Lambert Woodcock
Antonio Lucas	Marie Ange Waye Hive (Secretary)
Cillia Mangroo (as from January 1, 2013)	Sitna Cesar (resigned on June 30, 2013)

STATEMENT OF BOARD OF TRUSTEES' RESPONSIBILITIES

The Board of the Fund is responsible for the overall management of the affairs of the Fund including the operation of the Fund and making investment decisions. The Chief Executive Officer of the Fund is, as defined in the Seychelles Pension Fund Act, 2005, responsible for the day to day administration of the Fund, including the collection of contributions, payment of pensions and other benefits, investment of surplus moneys of the Fund and accounting for all moneys collected, paid or invested by the Seychelles Pension Fund. The Board shall also ensure that proper accounts and other books and records in relation thereto in which all its financial transactions shall be recorded and maintained. In preparing those financial statements, the Board has a general responsibility to:-

- ensure that the financial statements are on the going concern basis unless it is inappropriate to assume continuance of the Fund;
- select suitable accounting policies and then apply them consistently;
- make judgment and estimates that are reasonable and prudent; and
- disclose and explain any material departures from applicable accounting standards.

The Board and the Chief Executive Officer also have the general responsibility for taking reasonable steps to safeguard the assets of the Fund and detect fraud and other irregularities.

The Board and the Chief Executive Officer consider they have met their aforesaid responsibilities.

AUDITOR

The Auditor General of Seychelles is mandated to carry out the audit of the Fund by Section 53(2) of the Seychelles Pension Fund Act, 2005.

APPROVAL

Signed in accordance with the authorisation of the Board by



Patrick Payet
Chairperson

Date: March 27th, 2014
Victoria, Seychelles



Willy Confaït
Chief Executive Officer



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REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE SEYCHELLES PENSION FUND

Scope

Pursuant to the powers conferred on me by Section 53(2) of Seychelles Pension Fund Act, 2005 I have caused BDO Associates (Chartered Accountants) to audit on my behalf the financial statements of the Seychelles Pension Fund and its subsidiary (The Group) for the year ended 31 December 2013 as set out on pages 3 to 35.

The Board of Trustees Responsibility for the Financial Statements

The Board of Trustees is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Seychelles Pension Fund Act, 2005 and the Public Enterprise Monitoring Commission Act, 2013. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

My responsibility is to express an opinion on those financial statements based on our audit and report it to the Minister of Finance. The audit was conducted in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors consider internal control relevant to the Fund'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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial statements.

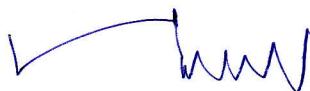
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

Opinion

- the financial statements on pages 3 to 35 give a true and fair view of the financial position of the Group and of the Fund at 31 December 2013, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Seychelles Pension Fund Act, 2005;
- proper accounting records have been kept by the Fund as far as it appears from my examination of those records; and
- I have obtained the information necessary for the purpose of the audit and am satisfied with the information received.

Emphasis of matter

Without qualifying my opinion, I draw attention to the Fund's Actuarial Report as at December 31, 2013 which states that based on the existing total contribution of 4% of earnings effective January 1, 2014, the Fund is in no immediate financial difficulties and will continue to grow until around 2023 at which time it will represent almost 6 times the pension outgo. However, this current rate of contribution of 4% of earning will not be sufficient to fund member's pensions which, based on the World Bank assumptions for future population growth indicates that the long term rate might be at least 9% to 9.5% of earnings. If the level of contributions suggested is not seen to be achievable, then it will be necessary to consider some limitations to SPF benefits.



Marc Benstrong
Auditor General

3 April 2014
Victoria

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - YEAR ENDED DECEMBER 31, 2013

	Notes	THE GROUP		THE FUND		
		Re-stated		Re-stated		
		2013	2012	2013	2012	
SR		SR	SR	SR	SR	
ASSETS						
Non-current assets						
Property and equipment	6	31,393,933	27,747,334	31,393,933	27,747,334	
Investment properties	7(a)	640,633,201	603,019,793	640,633,201	603,019,793	
Deposit on leasehold land	8	45,747,456	46,262,916	45,747,456	46,262,916	
Investment in subsidiary	9	-	-	5,100	5,100	
Investment in associates	10	91,294,535	90,469,243	59,662,908	59,662,908	
Investment in financial assets	11	136,056,240	150,114,148	136,056,240	150,114,148	
Loan to subsidiary	12	-	-	5,413,016	5,413,016	
		<u>945,125,365</u>	<u>917,613,434</u>	<u>918,911,854</u>	<u>892,225,215</u>	
Current assets						
Investment in financial assets	11	276,927,556	248,669,877	276,927,556	248,669,877	
Receivables and prepayments	13	51,082,464	38,232,715	51,082,464	38,598,122	
Cash and cash equivalents	24	153,728,160	82,823,952	153,379,942	82,453,595	
		<u>481,738,180</u>	<u>369,726,544</u>	<u>481,389,962</u>	<u>369,721,594</u>	
Total assets		1,426,863,545	1,287,339,978	1,400,301,816	1,261,946,809	
Current liability						
Other payables	14	14,349,444	13,273,972	14,344,344	13,268,872	
Non-current liability						
Retirement benefit obligations	2(k)	841,612	699,337	841,612	699,337	
Net assets available for benefits		1,411,672,489	1,273,366,669	1,385,115,860	1,247,978,600	
Made up as follows:						
Members' fund	15	898,697,002	805,928,758	898,697,002	805,928,758	
Other funds	16	126,408,778	126,408,778	126,408,778	126,408,778	
Reserve funds	17	14,568,591	14,568,591	14,568,591	14,568,591	
Other reserves	18	24,864,444	22,818,587	20,755,221	18,709,367	
Retained earnings	Page 5	341,752,307	298,431,388	324,686,268	282,363,106	
		1,406,291,122	1,268,156,102	1,385,115,860	1,247,978,600	
Non-controlling interest	19	5,381,367	5,210,567	-	-	
		<u>1,411,672,489</u>	<u>1,273,366,669</u>	<u>1,385,115,860</u>	<u>1,247,978,600</u>	

The financial statements have been approved for issue by the Board of Trustees on

March 27th, 2014



Patrick Payet
Chairperson



Willy Confait
Chief Executive Officer



SEYCHELLES PENSION FUND

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STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - YEAR ENDED DECEMBER 31, 2013

	Notes	THE GROUP		THE FUND	
		Re-stated		Re-stated	
		2013	2012	2013	2012
		SR	SR	SR	SR
Compulsory contributions:	2(j)				
- by employees		63,339,602	45,801,948	63,339,602	45,801,948
- by employers		58,473,844	45,645,939	58,473,844	45,645,939
Voluntary contributions					
- by employees		4,388,996	4,194,046	4,388,996	4,194,046
- by employers		2,000,166	1,878,634	2,000,166	1,878,634
		<u>128,202,608</u>	<u>97,520,567</u>	<u>128,202,608</u>	<u>97,520,567</u>
Interest received by members		29,512,638	36,152,389	29,512,638	36,152,389
Net change in fair value on financial assets		2,045,679	(2,178,116)	2,045,679	(2,178,116)
Net change in other funds		-	12,500,000	-	12,500,000
Revaluation of property and equipment	18	-	3,767,851	-	3,767,851
Net surplus for the year after non-controlling interest	Page 5	16,005,794	31,937,811	42,323,162	59,104,281
		<u>47,564,111</u>	<u>82,179,935</u>	<u>73,881,479</u>	<u>109,346,405</u>
Benefit payments:					
- Normal Retirement		102,519,307	82,124,340	102,519,307	82,124,340
- Death before Normal Retirement		1,060,042	1,263,306	1,060,042	1,263,306
- Permanent Incapacity		14,639,617	11,839,229	14,639,617	11,839,229
- Pre-Migration Retirement		192,755	199,505	192,755	199,504
- Surviving Spouse		3,661,171	2,866,502	3,661,171	2,866,501
- Children Pension		1,609,550	1,370,801	1,609,550	1,370,800
- Post Retirement Surviving Spouse		1,891,026	1,195,106	1,891,026	1,195,106
- Post- Retirement Children Pension		334,439	312,555	334,439	312,555
- Early Retirement Benefits		1,074	4,713	1,074	4,713
- Special Pension		-	(520)	-	(520)
- Refunds		1,117,057	382,929	1,117,057	382,929
Less:					
- Arrears for Social Security Fund Pension		(5,490,903)	(8,775,209)	(5,490,903)	(8,775,209)
- Social Security Fund Pension		<u>(56,588,308)</u>	<u>(41,326,398)</u>	<u>(56,588,308)</u>	<u>(41,326,398)</u>
		<u>64,946,827</u>	<u>51,456,859</u>	<u>64,946,827</u>	<u>51,456,856</u>
Net increase in Members' Fund		<u>110,819,892</u>	<u>128,243,643</u>	<u>137,137,260</u>	<u>155,410,116</u>
Share of results of associates	10	27,315,128	14,407,466	-	-
Net assets available for benefits:					
Balance at January 1,					
- As previously stated		1,268,156,102	1,119,540,110	1,247,978,600	1,086,603,601
- Prior year adjustment (note8(b))		-	5,964,883	-	5,964,883
Balance at December 31,		<u>1,406,291,122</u>	<u>1,268,156,102</u>	<u>1,385,115,860</u>	<u>1,247,978,600</u>

The notes on pages 7 to 35 form an integral part of these financial statements.
 Auditors' report on pages 2 and 2(a).

INCOME AND EXPENDITURE ACCOUNTS - YEAR ENDED DECEMBER 31, 2013

	Notes	THE GROUP		THE FUND	
		Re-stated		Re-stated	
		2013 SR	2012 SR	2013 SR	2012 SR
INCOME					
Interest income	20	29,220,697	25,716,388	29,220,697	25,716,388
Investment income	21	2,793,668	2,743,017	27,078,919	27,705,532
Rental income		53,179,153	28,411,664	53,179,153	28,411,664
Other income		1,433,052	2,225,022	1,111,378	2,225,022
Increase in fair value of investment properties	7(a)	-	41,356,651	-	41,356,651
		<u>86,626,570</u>	<u>100,452,742</u>	<u>110,590,147</u>	<u>125,415,257</u>
EXPENDITURE					
Interest credited to members	22	29,512,638	36,152,389	29,512,638	36,152,389
Administrative expenses	23	20,599,719	17,687,625	20,576,212	17,648,860
Property management expenses		10,337,690	6,908,534	10,337,690	6,908,534
Depreciation of property and equipment	6	3,228,042	3,107,710	3,228,042	3,107,710
Amortisation of deposit on lease	8	515,460	515,460	515,460	515,460
Auditors' remuneration		230,000	230,000	230,000	230,000
(Profit)/Loss on disposal of property and equipment		(239,579)	1,422	(239,579)	1,422
		<u>64,183,970</u>	<u>64,603,140</u>	<u>64,160,463</u>	<u>64,564,375</u>
Loss on exchange differences		22,442,600	35,849,602	46,429,684	60,850,882
		(4,106,522)	(1,746,601)	(4,106,522)	(1,746,601)
		<u>18,336,078</u>	<u>34,103,001</u>	<u>42,323,162</u>	<u>59,104,281</u>
Share of results of associates	10	27,315,128	14,407,466	-	-
Surplus for the year		45,651,206	48,510,467	42,323,162	59,104,281
Adjustment on amortisation on deposit on lease (note 8(b))		-	5,964,883	-	5,964,883
Surplus brought forward		298,431,388	246,121,228	282,363,106	217,293,942
Net Surplus for the year		<u>344,082,594</u>	<u>300,596,578</u>	<u>324,686,268</u>	<u>282,363,106</u>
<i>Attributable to:</i>					
The Fund	Page 3	341,752,307	298,431,388	324,686,268	282,363,106
Non-controlling interest	19	2,330,287	2,165,190	-	-
		<u>344,082,594</u>	<u>300,596,578</u>	<u>324,686,268</u>	<u>282,363,106</u>

	Notes	THE GROUP				THE FUND			
		2013		Re-stated 2012		2013		Re-stated 2012	
		SR	SR	SR	SR	SR	SR	SR	SR
Cash generated from operations									
Net increase in net assets available for benefits	Page 4	110,819,892	128,243,643	137,137,260	155,410,116				
Net change in non-controlling interest		170,800	8,790	-	-				
Net cash generated from operations		110,990,692	128,252,433	137,137,260	155,410,116				
<i>Adjustments for:</i>									
Depreciation of property and equipment	6	3,228,042	3,107,710	3,228,042	3,107,710				
Amortisation of deposit on lease	8	515,460	515,460	515,460	515,460				
Profit on disposal of property and equipment		(239,579)	(1,422)	(239,579)	(1,422)				
Retirement benefit obligations		142,275	161,274	142,275	161,274				
Revaluation of property and equipment	6	-	(3,767,851)	-	(3,767,851)				
Fair value gains on investment properties	7(a)	-	(41,356,651)	-	(41,356,651)				
Net change in fair value on financial assets	11(a)	1,185,734	2,178,116	1,185,734	2,178,116				
Interest receivable	20	(29,220,697)	(25,716,388)	(29,220,697)	(25,716,388)				
Interest accrued	11(a)	(1,957,774)	(2,661,336)	(1,957,774)	(2,661,336)				
Dividend income	21	(2,793,668)	(2,743,017)	(2,743,017)	(2,743,017)				
		81,850,485	57,968,328	83,711,802	60,163,496				
<i>Changes in working capital:</i>									
- (Increase)/Decrease in receivables and prepayments		(12,849,749)	34,441,123	(12,484,342)	34,393,967				
- Increase/(Decrease) in payables and accruals		1,075,472	7,495,385	1,075,472	7,536,123				
Net cash inflow from operations		70,076,208	99,904,836	72,302,932	102,093,586				

The notes on pages 7 to 35 form an integral part of these financial statements.

Auditors' report on pages 2 and 2(a).

SEYCHELLES PENSION FUND

STATEMENTS OF CASH FLOWS (CONT'D) - YEAR ENDED DECEMBER 31, 2013

6(a)

	Notes	THE GROUP		THE FUND	
		2013 SR	2012 SR	2013 SR	2012 SR
Cash flows from investing activities					
Purchase of property and equipment	6	(6,941,037)	(1,393,481)	(6,941,037)	(1,393,481)
Purchase of investment properties	7	(37,613,408)	(103,641,747)	(37,613,408)	(103,641,747)
Proceeds from disposal of property and equipment		305,975	20,843	305,975	20,843
Purchase of financial assets	11	(151,425,115)	(257,149,169)	(151,425,115)	(257,149,169)
Proceeds from redemption of financial assets	11	137,997,384	195,298,635	137,997,384	195,298,635
Interest received	20	29,220,697	25,716,388	29,220,697	25,716,388
Dividend received		29,283,504	29,905,017	27,078,919	27,705,532
Refund of loans granted		-	-	-	4,152
Net cash inflow/(outflow) from investing activities		828,000	(111,243,514)	(1,376,585)	(113,438,847)
Net increase/(decrease) in cash and cash equivalents		70,904,208	(11,338,678)	70,926,347	(11,345,261)
Cash and cash equivalents at January 1,		82,823,952	94,162,630	82,453,595	93,798,856
Cash and cash equivalents at December 31,	24	153,728,160	82,823,952	153,379,942	82,453,595

The notes on pages 7 to 35 form an integral part of these financial statements.
Auditors' report on pages 2 and 2(a).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

1. GENERAL INFORMATION

Seychelles Pension Fund (SPF) was established by the "Seychelles Pension Fund Act, 2005". The Fund is domiciled in the Republic of Seychelles and the address of its registered office is P.O.Box 576, Caravelle House, Victoria, Mahé, Seychelles.

A description of the Pension Fund and its funding policy is detailed under note 3. Pension contribution by both employee and employer was 3% in 2013 (2012: 3%).

The latest actuarial report detailing significant actuarial assumptions, the actuarial present value of promised retirement benefits and methods used to calculate the present value are available to members upon written request, at the Fund's registered office.

Investments of the Pension Fund as required by Part VII of the "Seychelles Pension Fund Act, 2005" are disclosed in notes 8, 9 and 10.

These financial statements will be laid before the National Assembly and published in the Official Gazette in accordance with Section 55 of the Seychelles Pension Fund Act, 2005.

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 the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of Seychelles Pension Fund comply with the "Seychelles Pension Fund Act, 2005" and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

- (i) land and buildings are at revalued amounts;
- (ii) investment properties are stated at fair value;
- (iii) available-for-sale financial assets are stated at their fair value; and
- (iv) loans and receivables and relevant financial assets and financial liabilities are carried at amortised cost.

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

Amendments to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). *The standard is not expected to have any impact on the Group's financial statements.*

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent entity. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. *The standard is not expected to have any impact on the Group's financial statements.*

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

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)

IAS 27, 'Separate Financial Statements' deals solely with separate financial statements. *The standard has no impact on the Fund's financial statements.*

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. *The standard is not expected to have any impact on the Group's financial statements.*

IAS 28, 'Investments in Associates and Joint Ventures'. The scope of the revised standard covers investments in joint ventures as well. IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting. *The standard has no impact on the Group's financial statements.*

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. *The standard has no impact on the Group's financial statements.*

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the group's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

IFRIC 20, 'Stripping costs in the production phase of a surface mine', *has no impact on the Group's financial statements.*

Amendment to IFRS 7, "Financial instruments: Disclosures", on asset and liability offsetting. *This amendment includes new disclosures and is not expected to have any impact on the Group's financial statements.*

Amendment to IFRS 1 (Government Loans) *has no impact on the Group's financial statements.*

Annual Improvements to IFRSs 2009-2011 Cycle

IFRS 1 (Amendment), 'First time adoption of IFRS', *has no impact on the Group's operations.*

IAS 1 (Amendment), 'Presentation of financial statements', clarifies the disclosure requirements for comparative information when an entity provides a third statement of changes in net assets available for benefits either as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors' or voluntarily.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Annual Improvements to IFRSs 2009-2011 Cycle (Cont'd)

IAS 16 (Amendment), 'Property, plant and equipment', clarifies the spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. *The amendment does not have an impact on the Group's operations.*

IAS 32 (Amendment), 'Financial instruments: Presentation', clarifies the treatment of income tax relating to distributions and transaction costs. *The amendment does not have an impact on the Group's operations.*

IAS 34 (Amendment), 'Interim financial reporting', clarifies the disclosure requirements for segment assets and liabilities in interim financial statements. *The amendment does not have an impact on the Group's operations.*

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2014 or later periods, but which the Group has not early adopted.

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

IFRS 9 Financial Instruments

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

IFRIC 21: Levies

Recoverable Amount Disclosures for Non-financial Assets (Amendments to IAS 36)

Notation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

IFRS 9 Financial instruments (Hedge Accounting and amendments to IFRS 9, IFRS

Defined Benefit Plans: Employees Contributions (Amendments to IAS 19)

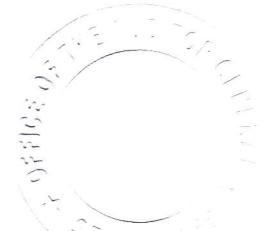
Annual Improvements to IFRSs 2010-2012 cycle

Annual Improvements to IFRSs 2011-2013 cycle

Where relevant, the Group 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.

(b) Property and equipment

Land and buildings, held for use in the production or supply of goods or for administrative purposes, are stated at their fair value, based on bi-annual valuations, by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(b) Property and equipment (Cont'd)

Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation are credited to revaluation surplus in the statements of net assets available for benefits. Decreases that offset previous increases of the same asset are charged against revaluation surplus in the statements of net assets available for benefits directly; all other decreases are charged to the Income and Expenditure Account.

Depreciation is calculated on the straight-line method to write off their cost to their residual values over their estimated useful lives as follows:

	Years
Buildings	50
Improvement to Buildings	15
Equipment	5
Furniture & Fittings	10
Motor Vehicles	5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 disposals of property and equipment are determined by comparing proceeds with carrying amount and are included in the Income and Expenditure Account. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

(c) Investment properties

Properties held to earn rentals/or for capital appreciation or both are classified as investment properties. Investment properties are carried at fair value, representing open-market value determined bi-annually by external valuers and subject to yearly reviews by the valuers. Changes in fair values are recognised in the Income and Expenditure Account and subsequently in net assets available for benefits.

(d) Investment in subsidiary

Separate financial statements of the Fund

Investments in subsidiaries are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) Investment in subsidiary (Cont'd)

Consolidated financial statements

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accounting a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income and expenditure account.

Inter-Fund/Company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(e) Investment in associates

Separate financial statements of the Fund

In the separate financial statements of the investor, investments in associated companies are carried at cost (or at fair value). The carrying amount is reduced to recognise any impairment in the value of individual investments.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(e) Investment in associates (Cont'd)

Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control, or joint control. Investments in associates are accounted for by the equity method except when classified as held-for-sale. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

Any excess of the cost of acquisition and the Group's share of the net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(f) Financial assets

The Group classifies its financial assets into the following categories: loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the investments at initial recognition and re-evaluates this at every reporting date.

(i) *Loans and receivables*

Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable. They are included in current assets when maturity is within twelve months to the end of the reporting period or non-current assets for maturities greater than twelve months.

(ii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised costs using the effective interest method less any impairment.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (Cont'd)

(iii) *Available-for-sale financial assets*

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months to the end of the reporting period.

Recognition and measurement

Purchases and sales of available-for-sale financial assets are recognised on trade-date (or settlement date), the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at their fair values.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in equity. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Income and Expenditure Account as gains and losses on financial assets.

Derecognition

Available-for-sale financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(iv) *Contributions receivable*

Contributions receivable are recognised when due. Contributions receivable are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

The nominal value of contributions receivable is assumed to approximate its fair value.

(v) *Benefits payable*

Benefits payable are stated at their nominal value.

The nominal value of benefits payable is assumed to approximate its fair value.

(vi) *Receivables*

Receivables and prepayments 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 Group will not be able to collect all amounts due according to the original terms of receivables.

The carrying amounts of receivables are assumed to approximate their fair values. □

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (Cont'd)

(vii) Cash and cash equivalents

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

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity is removed from equity and recognised in the statement of comprehensive income. Impairment losses for an investment in an equity instrument are not reversed through the Statement of Comprehensive Income.

(g) Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using Seychelles Rupee, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group are presented in Seychelles Rupee, which is the Group'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 Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other (losses)/gains - net'.

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.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(h) 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).

(i) Leases

Leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rental charges are charged to the Income and Expenditure Account on a straight-line-basis over the period of lease. The amount paid at inception by the Fund to acquire lease interest on land has been capitalised and accounted as deposit on leasehold land and depreciated over the lease term.

(j) Contributions, interest and income

Revenue after eliminating revenue within the Group comprises:

- (i) Employers' and employees' contributions to the Pension Fund;
- (ii) Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired;
- (iii) Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income. Interest income on impair loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant;
- (iv) Dividend income - when the shareholder's right to receive payment is established; and
- (v) Rental income - as it accrues based on the terms of the rental contract.

(k) Retirement benefit obligations

(i) *Defined benefit plans*

The Group provides for a payment of gratuity to permanent employees. Gratuities are paid every five years (except in the case of early retirement) as from January 2007, 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)***(i) Defined benefit plans (Cont'd)***

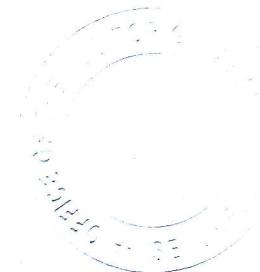
The Group does not do any actuarial valuation since the Directors have based themselves on the method as prescribed by the Seychelles Employment Act and they have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

(l) Tax

The Fund is exempt from tax.

(m) Provisions

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



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

3. DESCRIPTION OF THE PENSION FUND AND FUNDING POLICY**(a) The Fund**

The Seychelles Pension Scheme was established under the Seychelles Pension Scheme Act, 1990, CAP 220^o and commenced with effect on 1 January 1991. In August 2005, the Seychelles Pension Scheme Act, 1990 was repealed and it was replaced by the Seychelles Pension Fund Act, 2005 under which the body was renamed as Seychelles Pension Fund.

The Fund is under the administration of the Board made up of Twelve (12) Trustees (2012: Eleven (11)).

The Fund is a defined contribution scheme which accumulate funds to build up reserve for the payment of pension to its members. The principal activities of the Fund comprise of providing financial security to the retiring members which include payment of accumulated contributions, monthly pension to the members, financial security to the dependents of the deceased members and other benefits under various schemes as fully described in Part II, Section 4 of the Act and applicable Regulations. Membership is mandatory for every worker who is a citizen of Seychelles. A self-employed person or other person citizen of Seychelles can become a member of the Fund and pay contributions.

(b) Funding policy

The overriding principle of the funding policy is that investment must yield maximum returns to strengthen the financial position of the Fund to be able to meet its objectives. Funds which are not required for current benefit payments or administration expenses must be invested to provide return to assist in sustaining the Fund in the medium to long-term.

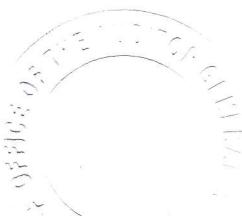
The main objective of the funding policy is to invest the assets so as to ensure that the Fund will always be able to meet its obligations to its members, without any increase to current contribution rates. Subject to this primary objective, the Board of Trustees aims to optimise returns to its members so as to protect their purchasing power against price inflation. Contribution rates and interest payable decisions are determined by the Minister upon recommendation of the Board.

Investments are in bank deposits, treasury bills and bonds, other government bonds, shares, commercial, resident and industrial properties, housing and direct lending provided the Board is satisfied that there is sufficient security.

(c) Valuation of the Fund

Under Section 55 of the Seychelles Pension Fund Act 2005, the Board is required to make an actuarial investigation of its assets and liabilities at intervals of not more than 3 years. The latest actuarial review report is as at December 31, 2013.

Based on the existing total contribution of 4% of earnings effective January 1, 2014, the fund is in no immediate financial difficulties and will continue to grow until around 2023 at which time it will represent almost 6 times the pension outgo. However, the current rate of contribution of 4% of earnings will not be sufficient to fund members' pensions which based on the World Bank assumptions for future population growth indicates that the long term rate might be at least 9% to 9.5% of earnings.



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

4. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial and non-financial risks. A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Investment risk

The various risks directly linked to the investments constitute by far the main threat to the Fund's activities. Sustained poor performance would lead to returns to members and ultimately to benefit reduction or to increased employer contributions. Traditionally the contributions are fixed according to pre-established rates. In general, therefore, the option to increase contributions is to be considered as a risk measure of last resort and the Fund prefers a prudent approach to asset management that is likely to generate moderate, regular returns. The primary control measure is the regular appraisal of the Fund's assets and investment strategy by the Board of Trustees upon the advice of the Actuary and other external advisors as appropriate.

The following types of investment risk can be identified:

(i) Interest rate risk

The risk that falling interest rates will reduce investment income on the assets, or that rising interest rates will increase debt servicing costs or lead to falling values of fixed income instruments.

The Fund finances its operations through operating cash flows which are principally denominated in Seychelles Rupees.

Several specific risk measures may be cited:

- The Fund's primary interest rate risk relates to interest-bearing investments. The information on maturity dates and effective interest rates of financial assets are disclosed.
- The Fund does not generally borrow, so the cost of borrowing is nil and unaffected by rate rises.
- The loan portfolio is composed mainly of loans at "fixed" rates; although these rates are adjusted where the spread between the SPF rates and bank rates becomes too significant, there is a certain inertia that tends to protect the Fund from sudden or temporary falls. Additionally, penalties apply on early repayments to discourage clients from switching loan provider.

(ii) Market risk

The risk that a sudden fall in asset values restricts the Fund's ability to pay benefits.

There are several ways in which the Fund manages this risk:

- Diversification - the assets are held in a wide range of different investments, thus limiting the probability of all assets falling in value simultaneously. However, there are few investment mediums.
- Liquidity - great care is taken to ensure that the Fund should not need to realise potentially volatile assets when their values are depressed.

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the statement of net assets available-for-sale.

Sensitivity analysis

The table below summarises the impact of increases/decreases in the fair value of the investments on the fund's fair value of financial assets. The analysis is based on the assumption that the fair value had increased/decreased by 5%.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

4. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Investment risk (Cont'd)

(ii) *Market risk**Sensitivity analysis (Cont'd)*

	THE GROUP AND THE FUND	
	2013	2012
	SR	SR
Available-for-sale financial assets	<u>842,338</u>	<u>765,506</u>

(iii) *Liquidity risk*

The risk that cash flow requirements will force the Fund to realise an investment on poor terms, either through the investment's unmarketability (a loan) or illiquidity (a building), or simply because the asset value is temporarily depressed (a share).

The Fund controls this risk primarily via a detailed annual budget to ensure that the investment strategy will generate positive cash flows, including where necessary the proceeds of the sale of certain assets. Cash flow forecasts help the fund to take appropriate actions.

The Fund also has a portfolio of liquid assets, the maturities of which falls either before or concurrent to the maturity of its obligations.

Procedures have also been established throughout the Fund so that all users channel their requirements to the finance function. This ensures that budget exercise is carried out in an effective manner.

Management monitors rolling forecasts of the Fund's liquidity reserve on the basis of expected cash flow and does not foresee any major liquidity risk over the short to medium term.

(iv) *Credit risk*

The risk that a member defaults on his contributions or a possible default by a tenant.

The risk is minimised by the fact that contribution to the Fund by active workers are mandatory and contributions are deducted directly from employees salaries and remitted to the Fund. There is no history of material bad debts. The Fund has established procedures to ensure that rental agreements are made with tenants with an appropriate credit history.

(v) *Currency risk*

The Fund's activities are not exposed to currency risk. However, the Fund requires foreign exchange for developing its investment policies which are met through requests with financial institutions.

Only a small percentage of the portfolio is invested in the overseas stock market. The Fund's portfolio in key holdings yielded lower returns in 2013 compared to 2012.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

4. FINANCIAL RISK MANAGEMENT (CONT'D)**(a) Investment risk (Cont'd)****(vi) Counter-party risk**

The risk that an external fund manager defaults on its contractual responsibilities.

This risk is mitigated via the following measures:

- All fund managers are subject to rigorous assessment prior to appointment, and to regular appraisal thereafter,
- Overseas fund managers are generally large, well-established organisations with sound reputations and track records,
- The Fund seeks independent professional advice on overseas fund managers.
- There is presently only one fund manager with whom the Fund has entrusted with investing in the Mauritian market.
- The fund manager provides regular reports to the Fund based on an established investment policy.

(b) Economic risk

This corresponds to the risk that external economic events (other than those specifically related to investments) will weaken the Fund's financial position. Two examples of such risk are apparent:

(i) Industry risk

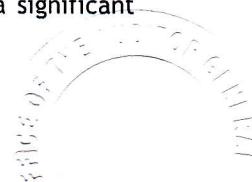
The risk that the economy collapses, leading to redundancies, early retirements and cessation of contributions, amongst other wider social, political and economic effects in Seychelles. The primary likely effect on the Fund of such an outcome would be an increase in benefits outgo (early retirements) and an accelerated shift from positive net cash flow to negative net cash flow. Cash flow analysis of this kind of scenario suggests that realisation of assets of fund would provide the necessary liquidity to counter the cash flow need.

(ii) Inflation risk

Whilst the Central Bank does pursue a policy of price stability, one cannot assume that a small isolated country such as Seychelles will always be able to control inflation. Inflation would not necessarily be a problem for the Fund if it was accompanied by compensatory increases in investment returns. The smallness and inefficiency of the local market, however, suggest that one could not necessarily always count on the alignment of inflation and yields.

The Fund protects itself in the following ways:

- Real assets (shares, property) would be expected to appreciate in value both in terms of capital and income growth,
- Overseas holdings would tend to buoy up returns since one might expect local inflation to be closely linked to Rupee depreciation,
- When considering the purchase of government debt instruments, the Fund demands a significant yield compensation for inflation risk on longer term instruments.



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

4. FINANCIAL RISK MANAGEMENT (CONT'D)**(c) Operational risk**

The risk that the Fund may incur financial losses due to negligence or fraud.

Operational risk is, however, remote since the company's operations are supported by a strong management structure and controls in place. These activities are under close supervision of management, in turn monitored by the Board.

There is also an internal audit department who assesses the existing situation and reinforce any shortfalls that could come across.

(d) Legal risk

The risk that the Fund commits an act that is subsequently deemed illegal and would be subject to penalty.

This risk is somewhat limited since the Fund is governed principally under a single, clear piece of legislation: The "Seychelles Pension Fund Act, 2005". All the actions of the Fund are regulated by the Act, and the Fund's procedures are all based on strict observance of the Act's provisions. The Board of Trustees is accountable to the Minister of Finance and the National Assembly.

(e) Disaster recovery risk

The risk that a disaster wipes out the Fund's capacity to continue its operations.

The most obvious example is that the offices burn down, destroying all written and electronic records.

The written records would be lost if the entire offices were destroyed. Such loss is not considered to be significant, although it would represent an inconvenience. This is because all major files are stored electronically and centrally, and are subject to rigorous external backup procedures. In particular, the backups are also held off-site. On a related note, internet security issues have also been addressed: a single, isolated PC is dedicated to internet, and all external disks must be scanned on this machine prior to contact with the network. The presence of an IT Officer adds to the security of the back-ups of electronic information.

As to the risk to the Fund of death of one or more of its staff, it is our view that there is no "key man" such that this would materially affect the Fund.

(f) Reputational risk

The risk that some act of the Fund be badly perceived by the public, thus damaging the Fund's capacity to operate.

It is to be hoped that the Fund's corporate governance framework will protect it from this risk. Although reputation is a fragile quality, the Fund has established a sound reputation, and has promoted transparency in its dealings with members, notably via the dissemination of explanatory literature and through the clarity and completeness of its annual report and financial statements.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

4. FINANCIAL RISK MANAGEMENT (CONT'D)

(f) Reputational risk (Cont'd)

The Fund also plans to introduce a culture of best practice in every segment of its activities by benchmarking on whatever appropriate procedures are applied by enterprises around the world (e.g. custodians, independent fund managers, application of International Accounting Standards, etc).

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements 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.

Critical accounting estimates and assumptions

The Group 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) Held-to-maturity investments

The Group follows the guidance of International Accounting Standard (IAS) 39 - "Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity.

If the Group fails to keep these investments to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

(b) Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(c) Impairment of other assets

At each balance sheet date, management reviews and assesses the carrying amounts of the other assets and where relevant writes them down to their recoverable amounts based on best estimates.

(d) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical accounting estimates and assumptions (Cont'd)

(d) Fair value estimation (Cont'd)

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of their value hierarchy:

	THE GROUP AND THE FUND			
	Level 1 SR	Level 2 SR	Level 3 SR	Total SR
<i>At December 31, 2013</i>				
Available-for-sale	<u>16,846,751</u>	-	-	<u>16,846,751</u>
<i>At December 31, 2012</i>				
Available-for-sale	<u>15,310,127</u>	-	-	<u>15,310,127</u>

(e) 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.

(f) Limitations 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 Group's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's views of possible near-term market changes that cannot be predicted with any certainty.

6. PROPERTY AND EQUIPMENT - THE GROUP AND THE FUND

(a) December 31, 2013

	Freehold land and buildings SR	Leasehold buildings and improvements SR	Equipment SR	Furniture and fittings SR	Motor vehicles SR	Total SR
COST AND VALUATION						
At January 1, 2013	3,678,856	30,482,024	5,057,934	3,120,737	809,943	43,149,494
Additions	-	-	1,645,806	4,775,743	519,488	6,941,037
Disposals	-	-	(91,635)	(13,615)	(133,799)	(239,049)
At December 31, 2013	3,678,856	30,482,024	6,612,105	7,882,865	1,195,632	49,851,482
<i>Analysed as:</i>						
- Cost	3,199,005	18,347,674	6,612,105	7,882,865	1,195,632	37,237,281
- Valuation	479,851	12,134,350	-	-	-	12,614,201
3,678,856	30,482,024	6,612,105	7,882,865	1,195,632	49,851,482	
DEPRECIATION						
At January 1, 2013	-	11,217,613	2,431,641	1,292,878	460,028	15,402,160
Charge for the year	-	2,024,240	739,428	285,921	178,453	3,228,042
Disposal adjustments	-	-	(31,637)	(7,217)	(133,799)	(172,653)
At December 31, 2013	-	13,241,853	3,139,432	1,571,582	504,682	18,457,549
NET BOOK VALUE						
At December 31, 2013	3,678,856	17,240,171	3,472,673	6,311,283	690,950	31,393,933

(b) The Board of Trustees is of the opinion that the carrying amounts of property and equipment approximate their fair values at the end of the reporting period.

6. PROPERTY AND EQUIPMENT - THE GROUP AND THE FUND (CONT'D)

(c) December 31, 2012

	Freehold land and buildings	Leasehold buildings and improvements	Equipment	Furniture and fittings	Motor vehicles	Total
	SR	SR	SR	SR	SR	SR
COST AND VALUATION						
At January 1, 2012	7,137,805	26,969,024	4,545,716	2,621,522	575,501	41,849,568
Additions	-	-	641,344	517,695	234,442	1,393,481
Disposals	-	-	(129,126)	(18,480)	-	(147,606)
Revaluation surplus	254,851	3,513,000	-	-	-	3,767,851
Transfer to investment properties (note7 (a))	(3,713,800)	-	-	-	-	(3,713,800)
At December 31, 2012	3,678,856	30,482,024	5,057,934	3,120,737	809,943	43,149,494

Analysed as:

- Cost	3,199,005	18,347,674	5,057,934	3,120,737	809,943	30,535,293
- Valuation	479,851	12,134,350	-	-	-	12,614,201
	3,678,856	30,482,024	5,057,934	3,120,737	809,943	43,149,494

DEPRECIATION

At January 1, 2012	310,964	9,198,543	1,834,820	1,045,047	344,225	12,733,599
Charge for the year	-	2,019,070	710,298	262,539	115,803	3,107,710
Disposal adjustments	-	-	(113,477)	(14,708)	-	(128,185)
Transfer to investment properties (note7 (a))	(310,964)	-	-	-	-	(310,964)
At December 31, 2012	-	11,217,613	2,431,641	1,292,878	460,028	15,402,160

NET BOOK VALUE

At December 31, 2012	3,678,856	19,264,411	2,626,293	1,827,859	349,915	27,747,334
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(d) If property had been carried at cost less accumulated depreciation, the carrying amount would have been as follows

	Land	Buildings	Total	2012
	SR	SR	SR	SR
Cost	1,060,000	20,486,679	21,546,679	21,546,679
Accumulated depreciation	-	(7,970,508)	(7,970,508)	(6,752,081)
Net book value	1,060,000	12,516,171	13,576,171	14,794,598

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

6. PROPERTY AND EQUIPMENT - THE GROUP AND THE FUND (CONT'D)

(e) The fair value of freehold land and buildings ranged between SR 587 to SR 7,000 per square meter.

7. INVESTMENT PROPERTIES

(a) Fair value

	THE GROUP AND THE FUND	
	2013	2012
	SR	SR
At January 1,	603,019,793	454,618,559
Additions	37,613,408	103,641,747
Increase in fair value	-	41,356,651
Transfer from property and equipment (note 6(a))	-	3,402,836
At December 31,	640,633,201	603,019,793

(b) The value of the investment properties was subject to a bi-annual review at December 31, 2012 by Messr. Baseline Surveys & Co. (Pty) Ltd, Hubert Alton and Lester J.W Quatre & Co, independent professionally qualified valuers, on an open-market basis with existing tenancies.

The next valuation is expected to be performed in 2014. The Board of Trustees are of the opinion that the carrying amounts of Investment Properties approximate their fair values at the end of the reporting period.

If property had been carried at cost less accumulated depreciation, the carrying amount would have been as follows:

	2013			2012	
	Land	Buildings	Total	Total	Total
	SR	SR	SR	SR	SR
Cost	9,396,560	371,821,174	381,217,734	321,531,484	
Accumulated depreciation	-	(13,989,618)	(13,989,618)	(9,648,825)	
Net book value	9,396,560	357,831,556	367,228,116	311,882,659	

(a) The following amounts have been recognised in profit or loss:

	THE GROUP AND THE FUND	
	2013	2012
	SR	SR
Rental income	53,179,153	28,411,664
Direct operating expenses generating rental income	(10,337,690)	(6,908,534)
Direct operating expenses generating rental income	(11,689,860)	(4,871,416)
Profit arising from investment property	31,151,603	16,631,714

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

8. DEPOSIT ON LEASEHOLD LAND

(a) Properties from Mascareignes Properties Limited are on leasehold land. The initial deposit on the lease amounting to SR. 50million is being amortised over the term of the lease, i.e., 97 years and the movement is

	THE GROUP AND THE FUND	
	Re-stated	
	2013	2012
	SR	SR
Cost		
At January 1 and December 31,	<u>50,000,000</u>	<u>50,000,000</u>
Amortisation		
At January 1,		
- As previously stated	13,194,597	9,186,507
- Prior year adjustment (note (b) below)	(9,457,513)	(5,964,883)
	<u>3,737,084</u>	<u>3,221,624</u>
Charge for the year	515,460	515,460
At December 31,	<u>4,252,544</u>	<u>3,737,084</u>
Net Book Value		
At December 31,	<u>45,747,456</u>	<u>46,262,916</u>

(b) The prior year adjustment represents reversal of amortisation charge over-stated in previous years.

9. INVESTMENT IN SUBSIDIARY

	THE FUND	
	2013 AND 2012	SR
Cost		
At January 1, and December 31,	<u>5,100</u>	

Details of the Fund's subsidiary, Opportunity Investment Company Limited, are given below:

	2013 AND 2012
Class of shares held	Ordinary
Year end	December 31,
Proportion of ownership interest and voting power held (direct)	51%
Country of incorporation and residence	Seychelles
Activity	Investment holding

10. INVESTMENT IN ASSOCIATES

(a) THE FUND - AT COST

	2013 AND 2012
	SR
At January 1, and December 31,	<u>59,662,908</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

10. INVESTMENT IN ASSOCIATES (CONT'D)

(b) THE GROUP

	2013	2012
	SR	SR
At January 1,	90,469,243	103,223,777
Share of results for the year	27,315,128	14,407,466
Dividends	(26,489,836)	(27,162,000)
At December 31,	91,294,535	90,469,243

(c) The Group's interest its associates was as follows:

Name	Assets SR '000	Liabilities SR '000	Revenues SR '000	Profit SR '000	Proportion of ownership interest and voting rights (Direct)	Proportion of ownership interest and voting rights	
						%	(Indirect) %
<u>At December 31, 2013</u>							
Seychelles Breweries Ltd	383,197	137,084	442,367	91,865	26		-
SACOS Group Limited	621,342	476,641	95,790	20,016	-		18.87
<u>At December 31, 2012</u>							
Seychelles Breweries Ltd	316,523	67,554	346,772	41,142	26		-
SACOS Group Limited	654,461	518,068	130,475	19,663	-		18.87

(d) Shares in SACOS Group Limited (SGL) are held by the Fund through its subsidiary, Opportunity Investment Company Limited, and the Directors consider that significant influence exist to recognise SGL as an associate.

(e) Where necessary, appropriate adjustments have been made to the financial statements of associated companies to bring the accounting policies used in line with those adopted by the Group.

(f) Management accounts to December 31, have been used for consolidating the results of Seychelles Breweries Limited.

(g) The year-ends of Seychelles Breweries Ltd and SACOS Group Limited are June 30, and December 31, respectively.

11. INVESTMENT IN FINANCIAL ASSETS

(a) THE GROUP AND THE FUND

	2013			2012		
	Unquoted	Held-to-Maturity	Available-for-sale	Unquoted	Held-to-Maturity	Available-for-sale
	Money markets	SR	SR	Money markets	SR	SR
At January 1,	196,266,996	187,206,902	15,310,127	398,784,025	336,450,271	SR
Additions	142,144,264	8,480,542	800,309	151,425,115	257,149,169	
Increase in fair value (note 17)	(1,898,262)	(965,521)	1,678,049	(1,185,734)	(2,178,116)	
Redemptions/Disposals	(78,953,358)	(58,102,292)	(941,734)	(137,997,384)	(195,298,635)	
Accrued interest	-	1,957,774	-	1,957,774	2,661,336	
At December 31,	257,559,640	138,577,405	16,846,751	412,983,796	398,784,025	

Analysed as follows :

Non-current	136,056,240	150,114,148
Current	276,927,556	248,669,877
	412,983,796	398,784,025

- (b) Investment in money markets represent term deposits with banks with interest rates ranging from 3.1% to 7.5% per annum (2012: 2.5% to 16.5%).
- (c) Held-to-maturity investments comprise treasury bonds with interest rates ranging from 6% to 8% per annum (2012: 6% to 8%) and treasury bills from 5% to 15% per annum (2012: 5.35% to 15.25%).
- (d) Available-for-sale investments comprise foreign securities quoted on overseas stock markets.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

11. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

(e) None of the financial assets are either past due or impaired.

(f) Investments in financial assets are denominated in the following currencies:

	THE GROUP AND THE FUND	
	2013	2012
	SR	SR
Seychelles Rupee	370,612,115	311,435,155
Mauritian Rupee	24,818,681	56,004,870
US Dollar	17,553,000	31,344,000
	<u>412,983,796</u>	<u>398,784,025</u>

12. LOAN TO SUBSIDIARY

(a) The loan to subsidiary company is interest free with no fixed repayment terms.

(b) The carrying amounts of the loan has been assumed to approximate its fair value.

(c) The loan is denominated in Seychelles Rupee.

13. RECEIVABLES AND PREPAYMENTS

	THE GROUP		THE FUND	
	2013	2012	2013	2012
	SR	SR	SR	SR
Contributions receivable	9,469,971	210,815	9,469,971	210,815
Amount receivable from the Government of Seychelles (note 29)	11,674,292	21,783,633	11,674,292	21,783,633
Interest receivable	5,794,675	6,266,294	5,794,675	6,266,294
Rental income receivable	5,573,672	4,172,294	5,573,672	4,177,395
Receivable from subsidiary company	-	-	-	360,306
Advance payment	15,105,236	2,239,680	15,105,236	2,239,680
Other receivables	3,464,618	3,559,999	3,464,618	3,559,999
	<u>51,082,464</u>	<u>38,232,715</u>	<u>51,082,464</u>	<u>38,598,122</u>

(a) The carrying amount of trade and other receivables are denominated in Seychelles rupees and approximate their fair value.

(b) None of the above receivables and prepayments were past due or impaired and the Board of Trustees are of the opinion that no provision for credit impairment is required.

(c) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

14. OTHER PAYABLES

	THE GROUP		THE FUND	
	2013	2012	2013	2012
	SR	SR	SR	SR
Rental deposits	6,598,510	5,385,471	6,598,510	5,385,471
Advance on rent	532,296	138,826	532,296	138,826
Interest received in advance	190,734	1,448,694	190,734	1,448,694
Accrued expenses	1,515,044	3,100,482	1,515,044	3,100,482
Retention payable	5,193,626	2,795,342	5,193,626	2,795,342
Other payables	319,234	405,157	314,134	400,057
	<u>14,349,444</u>	<u>13,273,972</u>	<u>14,344,344</u>	<u>13,268,872</u>

(a) The carrying amounts of other payables are denominated in Seychelles rupees and approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

15. MEMBERS' FUND

Up to the year 2005, Members' Fund represented the balance of fund due to members who have not attained retirement age. However, with the introduction of the Seychelles Pension Fund Act 2005 which came into effect from January 1, 2006, new benefits were introduced to the members including monthly payment of pension if the members meet the eligibility criteria set under the new Act and Regulations.

The Members' Fund balances up to December 31, 2013 are reduced with the new benefits paid under the new scheme. The Members' Fund also includes accumulated balance of members who have reached the retirement age and are eligible for monthly pension. However, the accounts of the retirees should have been separated from the active members fund and reflected in the other fund created for this purpose. With the commissioning of the new computer system, the management is still in the process of segregating these amounts from the active Members' Fund in the next reporting period.

16. OTHER FUNDS

	THE GROUP AND THE FUND
	2013 & 2012
	SR
Contributions from Social Security Division (note (a) below)	191,957,248
Payments made for Social Security Pension	<u>(180,253,313)</u>
	11,703,935
Receipt from National Provident Fund (note (b) below)	71,215,276
SPF contribution from Govt (note (c) below)	<u>43,489,567</u>
	<u>126,408,778</u>

- (a) Under the new scheme of benefits payable to the members, the Social Security Fund refunds the whole of the social security pension to the Seychelles Pension Fund for payment of Social Security and Benefits to the members eligible for monthly pension.
- (b) The National Provident Fund Act was repealed and after refunding the contributions to the persons entitled under that Act, the balance was transferred to Seychelles Pension Fund as required under Section 73(2) of the Seychelles Pension Fund Act, 2005.
- (c) The SPF contribution from Government of Seychelles are funds received on the gross salary of members. None were received during the year under review (2012: 1%).

17. RESERVE FUND

	THE GROUP AND THE FUND
	2013 & 2012
	SR
At January 1, and December 31,	<u>14,568,591</u>

The Chief Executive Officer, acting on the advice of the Board of Trustees, has not made any annual transfer which up to the year 2005 was 30% of the difference between the interest earned by the Fund and the interest paid to the members as there was no immediate need to do so.

The transfer to the Reserve Fund was made in order to provide for future liabilities arising as a result of the need to pay pensions to members living beyond the average life expectancy.

18. OTHER RESERVES

(a) THE GROUP

	2013			2012		
	Revaluation reserve	Fair value reserve	Associates' reserve	Total	Revaluation reserve	Fair value reserve
	SR	SR	SR	SR	SR	SR
At January 1,						
Revaluation of property and equipment (note 6)	16,350,422	2,358,945	4,109,220	22,818,587	21,228,852	
Net change in fair value of financial assets (note 10)	-	-	-	-	3,767,851	
At December 31,						
	16,350,422	2,045,854	4,109,220	24,864,441	(2,178,116)	
	16,350,422	4,404,799	4,109,220	24,864,441	22,818,587	

(b) THE FUND

	2013			2012		
	Revaluation reserve	Fair value reserve	Total	Revaluation reserve	Fair value reserve	Total
	SR	SR	SR	SR	SR	SR
At January 1,						
Revaluation of property and equipment (note 6)	16,350,422	2,358,945	18,709,367	17,119,632		
Net change in fair value of financial assets (note 10)	-	-	-	3,767,851		
At December 31,					2,045,854	(2,178,116)
	16,350,422	4,404,799	20,755,221	18,709,367		

19. NON-CONTROLLING INTEREST

	2013	2012
	SR	SR
At January 1,	5,210,567	5,201,777
Additional contribution	-	13,085
Share of results (page 5)	2,330,287	2,165,190
Share of dividends	(2,159,487)	(2,169,485)
At December 31, (page 3)	5,381,367	5,210,567

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

20. INTEREST INCOME

	THE GROUP		THE FUND	
	2013 SR	2012 SR	2013 SR	2012 SR
<i>Interest arising on:</i>				
- Held-to-maturity financial assets	13,173,576	14,734,799	13,173,576	14,734,799
- Investments in money markets	15,702,427	10,377,393	15,702,427	10,377,393
- Investments available-for-sale	168,515	476,674	168,515	476,674
- Bank balances	64,463	18,866	64,463	18,866
- Loans to third parties	-	38,356	-	38,356
- Staff loans	111,716	70,300	111,716	70,300
	<u>29,220,697</u>	<u>25,716,388</u>	<u>29,220,697</u>	<u>25,716,388</u>

21. INVESTMENT INCOME

	THE GROUP		THE FUND	
	2013 SR	2012 SR	2013 SR	2012 SR
Dividends on local securities	2,595,207	2,486,526	26,880,458	27,449,041
Dividends on foreign securities	198,461	256,491	198,461	256,491
	<u>2,793,668</u>	<u>2,743,017</u>	<u>27,078,919</u>	<u>27,705,532</u>

22. INTEREST CREDITED TO MEMBERS

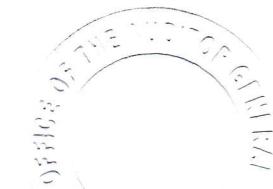
Interest credited to Members' Fund at 3% for the year ended December 31, 2013, amounted to SR 29.5m to the Fund (2012: 4.5% - SR 36.2m). However, only SR 3.5m (2012: SR 4.3m) were actually paid towards retiring members, death gratuities and migration allowance for the year under review. The remaining surplus balance is booked every year as a liability in the Members' Fund Account to be used for settlement of future obligations towards existing members.

23. ADMINISTRATIVE EXPENSES

	THE GROUP		THE FUND	
	2013 SR	2012 SR	2013 SR	2012 SR
Salaries, wages and other related expenses	10,599,532	10,918,833	10,599,532	10,918,833
Administration costs	3,650,059	3,269,900	3,626,552	3,208,135
Motor vehicles running expenses	261,100	217,636	261,100	217,636
Other expenses	6,089,028	3,281,256	6,089,028	3,304,256
	<u>20,599,719</u>	<u>17,687,625</u>	<u>20,576,212</u>	<u>17,648,860</u>

24. CASH AND CASH EQUIVALENTS

	THE GROUP		THE FUND	
	2013 SR	2012 SR	2013 SR	2012 SR
Cash at bank	153,715,560	82,811,352	153,367,342	82,440,995
Cash in hand	12,600	12,600	12,600	12,600
	<u>153,728,160</u>	<u>82,823,952</u>	<u>153,379,942</u>	<u>82,453,595</u>



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

25. RELATED PARTY TRANSACTIONS

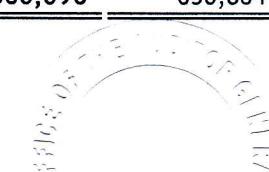
	THE GROUP		THE FUND	
	2013 SR	2012 SR	2013 SR	2012 SR
<i>Subsidiary company</i>				
- Investment	-	-	5,100	5,100
- Loan receivable	-	-	5,413,016	5,413,016
<i>Enterprises on which the Company exerts significant influence</i>				
- Investment	91,294,535	90,469,243	59,662,908	59,662,908
- Dividends	26,880,458	27,162,000	27,078,919	27,162,000
<i>Key management personnel</i>				
- Gross salaries	854,874	776,563	854,874	776,563
- Gratuity accumulated	-	494,750	-	494,750
Board of Trustees' remuneration (note 25)	<u>660,096</u>	<u>630,864</u>	<u>660,096</u>	<u>630,864</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, 2013, the Fund has not recorded any impairment of receivables relating to amounts owed by related parties (2012: 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.

26. BOARD OF TRUSTEES' REMUNERATION

	THE GROUP AND THE FUND	
	2013 SR	2012 SR
S Cesar (up to June 30, 2013)	29,376	58,752
P Payet (as from July 1, 2013)	29,376	-
M Afif	50,112	50,112
G Beaudoin	50,112	50,112
R Weber	50,112	50,112
R Spiro	50,112	50,112
L Woodcock	50,112	50,112
M Felix	50,112	50,112
S Labrosse	50,112	50,112
A Mousbe	50,112	50,112
J Esparon	50,112	50,112
M Stravens (up to July 30, 2012)	-	20,880
A Lucas	50,112	50,112
C Mangroo (as from January 1, 2013)	50,112	-
Marie-Ange Waye-Hive (Secretary)	50,112	50,112
	<u>660,096</u>	<u>630,864</u>



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

27. COMMITMENTS**(a) Capital commitments**

	THE GROUP AND THE FUND	
	2013	2012
	SR	SR
Approved and contracted for	33,109,082	4,948,500
Approved but not contracted for	182,436,172	4,871,873
	215,545,254	9,820,373

28. CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2013 (2012: Nil).

29. EVENT AFTER THE REPORTING PERIOD

The receivable from Government of Seychelles (note 13) includes an amount of SR 4.2 million representing balance due for claim of compensation due to stoppage of the Ex-Moulinie Project located on Albert Street since the land leased by the Fund from the Government of Seychelles had to be returned by the latter to the previous owner based on Court judgment. The Government agreed in writing and legal formalities have been finalised to grant freehold interest in a residential plot (R5) on Ile Perseverance for the consideration of SR 1.7 million. A balance of SR 2.5 million will be paid during the year 2014.

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