

**SEYCHELLES PENSION FUND**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2014**



# SEYCHELLES PENSION FUND

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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, 2014.

## 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 In August 2005, the Seychelles Pension Scheme Act, 1990 was repealed and it was replaced by the Seychelles Pension Fund Act, 2005 under which the scheme became a body corporate and was renamed as Seychelles Pension Fund.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 of 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 9 and 10 to these financial statements.

## RESULTS

	THE GROUP	THE FUND
	SR	SR
Surplus for the year	118,415,233	111,168,105
Retained surplus brought forward	341,752,307	324,686,268
Retained surplus carried forward	<u>460,167,540</u>	<u>435,854,373</u>

## INTEREST ON MEMBERS' FUND

The Board recommended interest of 3% to be credited to members on their contributions for the year under review (2013: 3%).

## PROPERTY AND EQUIPMENT

The Fund acquired property and equipment amounting to **SR 4.1 million** during the year comprising equipment, furniture and fittings and motor vehicle (2013: SR 6.9m).

The Board is of the opinion that the fair value of property and equipment at December 31, 2014 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, 2014, these totalled **SR 775 m** (2013: SR 640.6m). During the year, additions amounted to **SR 44.5m** (2012: SR 37.6m) and increase in fair value following revaluation at December 31, 2014 was **SR 89.7m**.



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**BOARD OF TRUSTEES**

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

Patrick Payet  
Lambert Woodcock  
Jessie Esparon  
Walter Labrosse (as from September 1, 2014)  
Suzanne Labrosse  
Antonio Lucas  
Cillia Mangroo  
Elizabeth Agathine (as from February 1, 2015)  
Malika Jivan (as from February 1, 2015)  
Antoine Robinson (as from February 1, 2015)

Bernard Adonis (as from February 1, 2015)  
Basil Hoareau (as from February 1, 2015)  
Mohammed Afif (up to January 31, 2015)  
Anne Mousbe (up to January 31, 2015)  
Rachel Spiro (up to January 31, 2015)  
Gilbert Sultan - Beaudoin (up to August 25, 2014)  
Radley Weber (up to January 31, 2015)  
Michel Felix (up to January 31, 2015)  
Marie Ange Waye Hive (Secretary)

**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.

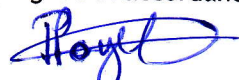
The Board and the Chief Executive Officer consider they have met their aforesaid responsibilities.

**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



Lekha Nair  
Chief Executive Officer

Date: 23-03-2015  
Victoria, Seychelles





## **OFFICE OF THE AUDITOR GENERAL**

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

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**Please address all correspondence to the Auditor General**

### **OPINION OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE SEYCHELLES PENSION FUND FOR THE YEAR ENDED 31 DECEMBER 2014**

#### **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 2014 as set out on pages 3 to 37.

#### **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**

In my opinion, the financial statements on pages 3 to 37 give a true and fair view of the financial position of the Group and of the Fund at 31 December 2014, and of their financial performance and their cash flows for the year then ended prepared in accordance with International Financial Reporting Standards and comply with the Seychelles Pension Fund Act, 2005.

### **Emphasis of matter**

### **Fund Valuation**

Without qualifying my opinion, I draw attention to the Fund's Actuarial Report as at December 31, 2013 which stated 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, taking the above into account and future population growth, this percentage needs to be increased to fund members' pension in the long term. 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**

**26<sup>th</sup> March 2015**  
**Victoria**





## STATEMENTS OF ASSETS AVAILABLE FOR BENEFITS - DECEMBER 31, 2014

	Notes	THE GROUP		THE FUND	
		2014	2013	2014	2013
		SR	SR	SR	SR
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property and equipment	6	32,866,305	31,393,933	32,866,305	31,393,933
Investment properties	7(a)	775,067,397	640,633,201	775,067,397	640,633,201
Deposit on leasehold land	8	45,231,996	45,747,456	45,231,996	45,747,456
Investment in subsidiary	9	-	-	5,100	5,100
Investment in associates	10	100,494,512	91,294,535	59,662,908	59,662,908
Investment in financial assets	11	193,506,551	136,056,240	196,396,801	136,056,240
Loan to subsidiary	12	-	-	5,413,016	5,413,016
		<u>1,147,166,761</u>	<u>945,125,365</u>	<u>1,114,643,523</u>	<u>918,911,854</u>
<b>Current assets</b>					
Investment in financial assets	11	347,447,947	276,927,556	347,447,947	276,927,556
Receivables and prepayments	13	135,976,703	51,082,464	135,976,703	51,082,464
Cash and cash equivalents	25	67,078,743	153,728,160	66,725,189	153,379,942
		<u>550,503,393</u>	<u>481,738,180</u>	<u>550,149,839</u>	<u>481,389,962</u>
<b>Total assets</b>		<u>1,697,670,154</u>	<u>1,426,863,545</u>	<u>1,664,793,362</u>	<u>1,400,301,816</u>
<b>Current liability</b>					
Other payables	14	24,805,340	14,349,444	24,537,036	14,344,344
<b>Non-current liability</b>					
Retirement benefit obligations	2(o)&15	2,449,617	841,612	2,449,617	841,612
<b>Net assets available for benefits</b>		<u>1,670,415,197</u>	<u>1,411,672,489</u>	<u>1,637,806,709</u>	<u>1,385,115,860</u>
<b>Made up as follows:</b>					
Members' fund	16	1,035,503,953	898,697,002	1,035,503,953	898,697,002
Other funds	17	126,408,778	126,408,778	126,408,778	126,408,778
Reserve funds	18	14,568,591	14,568,591	14,568,591	14,568,591
Other reserves	19	28,645,554	24,864,444	25,471,014	20,755,221
Retained earnings	Page 5	460,167,540	341,752,307	435,854,373	324,686,268
		<u>1,665,294,416</u>	<u>1,406,291,122</u>	<u>1,637,806,709</u>	<u>1,385,115,860</u>
Non-controlling interest	20	5,120,781	5,381,367	-	-
		<u>1,670,415,197</u>	<u>1,411,672,489</u>	<u>1,637,806,709</u>	<u>1,385,115,860</u>

The financial statements have been approved for issue by the Board of Trustees on 23-03-2015



Patrick Payet  
Chairperson



Lekha Nair  
Chief Executive Officer



The notes on pages 7 to 37 form an integral part of these financial statements.  
Auditors' report on pages 2 and 2(a).

## STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - YEAR ENDED DECEMBER 31, 2014

	Notes	THE GROUP		THE FUND	
		2014	2013	2014	2013
		SR	SR	SR	SR
Compulsory contributions:	2(n)				
- by employees		82,198,458	63,339,602	82,198,458	63,339,602
- by employers		89,756,510	58,473,844	89,756,510	58,473,844
Voluntary contributions					
- by employees		5,189,707	4,388,996	5,189,707	4,388,996
- by employers		6,740,689	2,000,166	6,740,689	2,000,166
		<u>183,885,364</u>	<u>128,202,608</u>	<u>183,885,364</u>	<u>128,202,608</u>
Interest received by members		32,946,562	29,512,638	32,946,562	29,512,638
Net change in fair value on financial assets		2,676,113	2,045,679	3,610,793	2,045,679
Revaluation of property and equipment	6 & 19	1,105,000	-	1,105,000	-
Net surplus for the year before share of results of associates but after non-controlling interest	Page 5	98,406,156	16,005,794	111,168,105	42,323,162
		<u>135,133,831</u>	<u>47,564,111</u>	<u>148,830,460</u>	<u>73,881,479</u>
Benefit payments:					
- Normal Retirement		126,894,008	102,519,307	126,894,008	102,519,307
- Death before Normal Retirement		1,450,215	1,060,042	1,450,215	1,060,042
- Permanent Incapacity		17,803,642	14,639,617	17,803,642	14,639,617
- Pre-Migration Retirement		472,710	192,755	472,710	192,755
- Death after Normal Retirement		19,001	-	19,001	-
- Surviving Spouse		4,392,227	3,661,171	4,392,227	3,661,171
- Children Pension		1,848,168	1,609,550	1,848,168	1,609,550
- Post Retirement Surviving Spouse		2,847,743	1,891,026	2,847,743	1,891,026
- Post- Retirement Children Pension		368,080	334,439	368,080	334,439
- Early Retirement Benefits		-	1,074	-	1,074
- Refunds		903,378	1,117,057	903,378	1,117,057
Less:					
- Arrears for Social Security Fund Pension		(6,558,482)	(5,490,903)	(6,558,482)	(5,490,903)
- Social Security Fund Pension		(70,415,715)	(56,588,308)	(70,415,715)	(56,588,308)
		<u>80,024,975</u>	<u>64,946,827</u>	<u>80,024,975</u>	<u>64,946,827</u>
Net increase in Members' Fund		<u>238,994,220</u>	<u>110,819,892</u>	<u>252,690,849</u>	<u>137,137,260</u>
Share of results of associates	10	20,009,074	27,315,128	-	-
Net assets available for benefits:					
Balance at January 1,		1,406,291,122	1,268,156,102	1,385,115,860	1,247,978,600
Balance at December 31,		<u>1,665,294,416</u>	<u>1,406,291,122</u>	<u>1,637,806,709</u>	<u>1,385,115,860</u>

The notes on pages 7 to 37 form an integral part of these financial statements.  
Auditors' report on pages 2 and 2(a).





## INCOME AND EXPENDITURE ACCOUNTS - YEAR ENDED DECEMBER 31, 2014

	Notes	THE GROUP		THE FUND	
		2014	2013	2014	2013
		SR	SR	SR	SR
<b>INCOME</b>					
Interest income	21	23,285,275	29,220,697	23,285,275	29,220,697
Investment income	22	2,806,369	2,793,668	13,007,521	27,078,919
Rental income		52,629,457	53,179,153	52,629,457	53,179,153
Other income		919,636	1,433,052	919,636	1,111,378
Profit on disposal of property and equipment		101,932	239,579	101,932	239,579
Increase in fair value of investment properties	7(a)	89,725,667	-	89,725,667	-
		<u>169,468,336</u>	<u>86,866,149</u>	<u>179,669,488</u>	<u>110,829,726</u>
<b>EXPENDITURE</b>					
Interest credited to members	23	32,946,562	29,512,638	32,946,562	29,512,638
Administrative expenses	24	21,271,598	20,599,719	21,246,934	20,576,212
Property management expenses		12,952,199	10,337,690	12,952,199	10,337,690
Depreciation of property and equipment	6	3,536,595	3,228,042	3,536,595	3,228,042
Amortisation of deposit on lease	8	515,460	515,460	515,460	515,460
Auditors' remuneration		240,000	230,000	240,000	230,000
		<u>71,462,414</u>	<u>64,423,549</u>	<u>71,437,750</u>	<u>64,400,042</u>
		98,005,922	22,442,600	108,231,738	46,429,684
Gain/(Loss) on exchange differences		<u>2,936,367</u>	<u>(4,106,522)</u>	<u>2,936,367</u>	<u>(4,106,522)</u>
		100,942,289	18,336,078	111,168,105	42,323,162
Share of results of associates	10	<u>20,009,074</u>	<u>27,315,128</u>	-	-
Surplus for the year		120,951,363	45,651,206	111,168,105	42,323,162
Surplus brought forward		341,752,307	298,431,388	324,686,268	282,363,106
Net Surplus carried forward		<u>462,703,670</u>	<u>344,082,594</u>	<u>435,854,373</u>	<u>324,686,268</u>
<i>Attributable to:</i>					
The Fund	Page 3	460,167,540	341,752,307	435,854,373	324,686,268
Non-controlling interest	20	<u>2,536,130</u>	<u>2,330,287</u>	-	-
		<u>462,703,670</u>	<u>344,082,594</u>	<u>435,854,373</u>	<u>324,686,268</u>

The notes on pages 7 to 37 form an integral part of these financial statements.  
Auditors' report on pages 2 and 2(a).

## SEYCHELLES PENSION FUND

## STATEMENTS OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2014

6

	Notes	THE GROUP		THE FUND	
		2014	2013	2014	2013
		SR	SR	SR	SR
<b>Cash generated from operations</b>					
Net increase in net assets available for benefits	Page 4	238,994,220	110,819,892	252,690,849	137,137,260
Net change in non-controlling interest		(260,586)	170,800	-	-
<b>Net cash generated from operations</b>		<b>238,733,634</b>	<b>110,990,692</b>	<b>252,690,849</b>	<b>137,137,260</b>
<b>Adjustments for:</b>					
Depreciation of property and equipment	6	3,536,595	3,228,042	3,536,595	3,228,042
Amortisation of deposit on lease	8	515,460	515,460	515,460	515,460
Profit on disposal of property and equipment		(101,932)	(239,579)	(101,932)	(239,579)
Retirement benefit obligations		1,608,005	142,275	1,608,005	142,275
Revaluation of property and equipment	6	(1,105,000)	-	(1,105,000)	-
Fair value gains on investment properties	7(a)	(89,725,667)	-	(89,725,667)	-
Net change in fair value on financial assets	11(a & b)	(2,676,113)	1,185,734	(3,610,793)	1,185,734
Interest receivable	21	(23,285,275)	(29,220,697)	(23,285,275)	(29,220,697)
Interest accrued	11(a & b)	(652,964)	(1,957,774)	(652,964)	(1,957,774)
Dividend income	22	(2,806,369)	(2,793,668)	(13,007,521)	(27,078,919)
Effect of change in exchange rates		(2,936,367)	4,106,522	(2,936,367)	4,106,522
		<b>121,104,007</b>	<b>85,957,007</b>	<b>123,925,390</b>	<b>87,818,324</b>
<b>Changes in working capital:</b>					
- Increase in receivables and prepayments		(84,894,239)	(12,849,749)	(84,894,239)	(12,484,342)
- Increase in payables and accruals		10,455,896	1,075,472	10,192,692	1,075,472
<b>Net cash inflow from operations</b>		<b>46,665,664</b>	<b>74,182,730</b>	<b>49,223,843</b>	<b>76,409,454</b>

The notes on pages 7 to 37 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, 2014

6(a)

	Notes	THE GROUP		THE FUND	
		2014		2013	
		SR	SR	SR	SR
<b>Cash flows from investing activities</b>					
Purchase of property and equipment	6	(4,128,070)	(6,941,037)	(4,128,070)	(6,941,037)
Purchase of investment properties	7	(44,512,494)	(37,613,408)	(44,512,494)	(37,613,408)
Proceeds from disposal of property and equipment		130,000	305,975	130,000	305,975
Purchase of financial assets	11(a & b)	(517,695,814)	(151,425,115)	(519,651,384)	(151,425,115)
Purchase of financial assets reclassified to investment in associates upon consolidation	10 & 11(a)	(1,955,570)			
Proceeds from redemption of financial assets	11(a & b)	393,054,189	137,997,384	393,054,189	137,997,384
Interest received	21	23,285,275	29,220,697	23,285,275	29,220,697
Dividend received	10 & 22	15,571,036	29,283,504	13,007,521	27,078,919
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(136,251,448)</b>	<b>828,000</b>	<b>(138,814,963)</b>	<b>(1,376,585)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(89,585,784)</b>	<b>75,010,730</b>	<b>(89,591,120)</b>	<b>75,032,869</b>
Effect of change in exchange rates		2,936,367	(4,106,522)	2,936,367	(4,106,522)
Cash and cash equivalents at January 1,		153,728,160	82,823,952	153,379,942	82,453,595
<b>Cash and cash equivalents at December 31,</b>	<b>25</b>	<b>67,078,743</b>	<b>153,728,160</b>	<b>66,725,189</b>	<b>153,379,942</b>

The notes on pages 7 to 37 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, 2014

**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 4% in 2014 (2013: 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 9, 10 and 11.

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

- (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) held-to-maturity financial assets 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 32, 'Offsetting Financial Assets and Financial Liabilities', clarify the requirements relating to the offset of financial assets and financial liabilities. *The amendment is not expected to have any impact on the Group's financial statements.*

Amendments to IFRS 10, IFRS 12 and IAS 27, 'Investment Entities', define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. *As the Fund is not an investment entity, the standard has no impact on the Group's financial statement.*



**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)***

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what obligating event that gives rise to pay a levy and when should a liability be recognised. *The Fund is not subject to levies so the interpretation has no impact on the Group's financial statements.*

Amendments to IAS 36, 'Recoverable Amount Disclosures for Non- financial Assets', remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated. *The amendment has not impact on the Group's financial statements.*

Amendments to IAS 39, 'Novation of Derivatives and Continuation of Hedge Accounting', provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. *The amendment has not impact on the Group's financial statements.*

**Annual Improvements to IFRSs 2010-2012 Cycle**

IFRS 13 (Amendment), 'Fair Value Measurement' clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. *The amendment has no impact on the Group's financial statements.*

**Annual Improvements to IFRSs 2011-2013 Cycle**

IFRS 1 (Amendment), 'First-time Adoption of International Financial Reporting Standards' clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. *The amendment has no impact on the Group's financial statements, since the Group is an existing IFRS preparer.*

**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 2015 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

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

Annual Improvements to IFRSs 2010-2012 cycle

Annual Improvements to IFRSs 2011-2013 cycle



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(a) Basis of preparation (Cont'd)****Standards, Amendments to published Standards and Interpretations issued but not yet effective (Cont'd)**

IFRS 14 Regulatory Deferral Accounts

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

Clarification of Acceptable Methods of Depreciation and Amortisation

IFRS 15 Revenue from Contract with Customers

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

Equity Method in Separate Financial Statements (Amendments to IAS 27)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Annual Improvements to IFRSs 2012-2014 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.

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.



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**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(b) Property and equipment (Cont'd)**

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*

Investment in subsidiary is carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

*Consolidated financial statements*

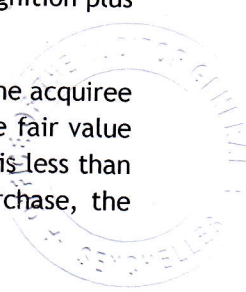
Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when it is exposed to or has rights to variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity.

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.



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

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**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(d) Investment in subsidiary (Cont'd)**

Inter-entity 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.

*Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised as other comprehensive income in respect of the entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in the other comprehensive income are reclassified to the income and expenditure account.

**(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. The carrying amount is reduced to recognise any impairment in the value of individual investments.

*Consolidated financial statements*

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. 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.



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

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**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(e) Investment in associates (Cont'd)***Consolidated financial statements (Cont'd)*

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 is reclassified to the income and expenditure account as appropriate.

**(f) Financial assets**

The Group classifies its financial assets into the following categories: 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) 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.

*(ii) 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.

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(f) Financial assets (Cont'd)****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.

**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) 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.

**(h) Benefits payable**

Benefits payable are stated at their nominal value.

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

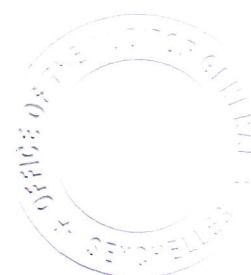
**(i) Receivables**

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.

**(j) 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.





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

### (k) 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.

### (l) Impairment of non-financial 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).

### (m) 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.

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

### (n) 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.

### (o) 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.

The Group does not do any actuarial valuation for its own retirement benefit obligations 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.

### (p) Tax

The Fund is exempt from tax.

### (q) 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.





### 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" 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 (2013: twelve (12)).

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 was 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, 2014

**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 under note 11.
- 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.

**(a) Sensitivity analysis**

If interest rates have been 100 basis points higher/lower and all other variables were kept constant, the Fund's surplus for the year ended December 31, 2014 would be impacted as follows:

<b>Held-to-Maturity Financial Assets</b>	
<b>2014</b>	<b>2013</b>
<b>SR'000</b>	<b>SR'000</b>
Impact on surplus for the year (+/- 100 basis points)	
<b>118</b>	<b>113</b>



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

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

## (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.

(a) 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%.

	THE GROUP AND THE FUND	
	2014	2013
	SR	SR
Available-for-sale financial assets	3,799,689	842,338

## (iii) Liquidity risk

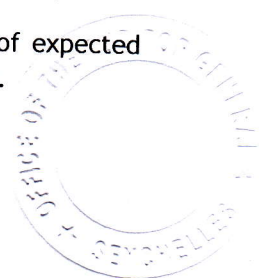
The risk that cash flow requirements will force the Fund to realise an investment on poor terms, either through the investment's unmarketability (a loan) or illiquidity (a building), or simply because the asset value is temporarily depressed (a share).

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.



**4. FINANCIAL RISK MANAGEMENT (CONT'D)****(a) Investment risk (Cont'd)***(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 and therefore risks of bad debts is considered to be low.

*(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 overseas mainly in listed foreign market and recently a foreign bank. The Fund's portfolio in key holdings yielded lower returns in 2014 compared to 2013.

*(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.



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**4. FINANCIAL RISK MANAGEMENT (CONT'D)****(b) Economic risk (Cont'd)***(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.

**(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 activities 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.



**4. FINANCIAL RISK MANAGEMENT (CONT'D)****(e) Disaster recovery risk**

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.

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.

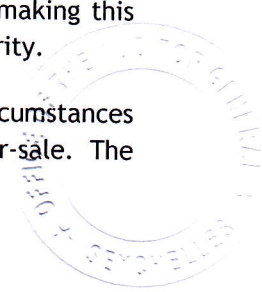
**Critical accounting estimates and assumptions**

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.





## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

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

## Critical accounting estimates and assumptions (Cont'd)

## (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.

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			
	Level 1	Level 2	Level 3	Total
	SR	SR	SR	SR
<b><u>At December 31, 2014</u></b>				
Available-for-sale	18,821,884	54,281,650	-	73,103,534
	THE FUND			
	Level 1	Level 2	Level 3	Total
	SR	SR	SR	SR
<b><u>At December 31, 2014</u></b>				
Available-for-sale	21,712,134	54,281,650	-	75,993,784
<b><u>At December 31, 2013 - The Group and the Fund</u></b>				
Available-for-sale	16,846,751	-	-	16,846,751

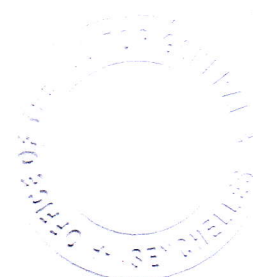
**5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****Critical accounting estimates and assumptions (Cont'd)****(e) Retirement benefit obligations**

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.





## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

## 6. PROPERTY AND EQUIPMENT - THE GROUP AND THE FUND

## (a) December 31, 2014

	Freehold land and buildings	Buildings on leasehold land and improvements	Equipment	Furniture and fittings	Motor vehicles	Total
	SR	SR	SR	SR	SR	SR
<b>COST AND VALUATION</b>						
At January 1, 2014	3,678,856	30,482,024	6,612,105	7,882,865	1,195,632	49,851,482
Additions	-	-	3,173,857	656,447	297,766	4,128,070
Revaluation (note 19)	-	1,105,000	-	-	-	1,105,000
Disposals	-	-	(3,750)	(62,311)	(77,588)	(143,649)
Transfers to investment properties (note 7)	-	(196,035)	-	-	-	(196,035)
At December 31, 2014	3,678,856	31,390,989	9,782,212	8,477,001	1,415,810	54,744,868
<b>Analysed as:</b>						
- Cost	3,199,005	18,151,639	9,782,212	8,477,001	1,415,810	41,025,667
- Valuation	479,851	13,239,350	-	-	-	13,719,201
	3,678,856	31,390,989	9,782,212	8,477,001	1,415,810	54,744,868
<b>DEPRECIATION</b>						
At January 1, 2014	-	13,241,853	3,139,432	1,571,582	504,682	18,457,549
Charge for the year	-	2,092,737	878,483	339,287	226,088	3,536,595
Disposal adjustments	-	-	(3,470)	(34,523)	(77,588)	(115,581)
At December 31, 2014	-	15,334,590	4,014,445	1,876,346	653,182	21,878,563
<b>NET BOOK VALUE</b>						
At December 31, 2014	3,678,856	16,056,399	5,767,767	6,600,655	762,628	32,866,305

(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.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

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

(c) December 31, 2013

## COST AND VALUATION

	Freehold land and buildings	Buildings on leasehold land and improvements	Equipment	Furniture and fittings	Motor vehicles	Total
	SR	SR	SR	SR	SR	SR
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

## Analysed as:

- 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
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(d) If property had been carried at cost less accumulated depreciation, the carrying amount would have been as follows

	2014		2013	
	Land	Buildings	Total	Total
	SR	SR	SR	SR
Cost	1,060,000	20,290,644	21,350,644	21,546,679
Accumulated depreciation	-	(8,867,129)	(8,867,129)	(7,970,508)
Net book value	1,060,000	11,423,515	12,483,515	13,576,171



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

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

- (e) The land and buildings were valued at December 31, 2014 by independent valuers. The revaluation surplus was credited to revaluation reserve (note 19).
- (f) The fair value of land and buildings fall within category level 2 of the fair value hierarchy. No changes noted during the year.
- (g) The fair value of freehold land ranged between SR 587 to SR 7,000 per square metre.

## 7. INVESTMENT PROPERTIES

(a) Fair value	THE GROUP AND THE FUND	
	2014	2013
	SR	SR
At January 1,	640,633,201	603,019,793
Additions - Work in progress	44,512,494	37,613,408
Increase in fair value	89,725,667	-
Transfer from property and equipment (note 6(a))	196,035	-
<b>At December 31,</b>	<b>775,067,397</b>	<b>640,633,201</b>

- (b) The value of the investment properties is subject to bi-annual reviews and the last one was carried out at December 31, 2014 by Messrs. 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. There has been no change to the valuation technique during the year.

The next valuation is expected to be performed in 2016. 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.

- (c) The fair value of the properties has been valued by external valuers and fall within category level 2 of the fair value hierarchy. No changes noted during the year.
- (d) If property had been carried at cost less accumulated depreciation, the carrying amount would have been as follows:

	2014		2013	
	Land	Buildings	Total	Total
	SR	SR	SR	SR
Cost	9,396,560	371,821,174	381,217,734	321,531,484
Accumulated depreciation	-	(18,330,411)	(18,330,411)	(9,648,825)
<b>Net book value</b>	<b>9,396,560</b>	<b>353,490,763</b>	<b>362,887,323</b>	<b>311,882,659</b>

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

	THE GROUP AND THE FUND	
	2014	2013
	SR	SR
Rental income	52,629,457	53,179,153
Direct operating expenses generating rental income	(12,952,199)	(10,337,690)
<b>Profit arising from investment property</b>	<b>39,677,258</b>	<b>42,841,463</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

## 7. INVESTMENT PROPERTIES (CONT'D)

- (f) As at December 31, 2014, several property developments are carried at cost SR 44.5m (2013: SR 37.6m) because their fair values could not be reliably measured. On the basis of current economic and property environment, the directors have estimated that their fair values approximates their costs.

## 8. DEPOSIT ON LEASEHOLD LAND

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

	THE GROUP AND THE FUND	
	2014	2013
Cost		
At January 1 and December 31,		
Amortisation		
At January 1,	4,252,544	-
- As previously stated	-	13,194,597
- Prior year adjustment		(9,457,513)
Charge for the year	515,460	515,460
At December 31,	<u>4,768,004</u>	<u>4,252,544</u>
Net Book Value		
At December 31,	<u>45,231,996</u>	<u>45,747,456</u>

- (b) The prior year adjustment in 2013 was in respect of reversal of amortisation charge over-stated in previous years.

## 9. INVESTMENT IN SUBSIDIARY

	THE FUND
	2014 AND 2013
	SR
Cost	
At January 1, and December 31,	<u>5,100</u>

- (a) Details of the Fund's subsidiary, Opportunity Investment Company Limited (OICL), are given below:

	2014 & 2013
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





## 9. INVESTMENT IN SUBSIDIARY (CONT'D)

(b) Summarised financial information in respect of the Group's subsidiary is set out as below.

(i) Summarised statement of Financial position and statement of profit or loss and other income:

Year	Name of Company	Current assets SR '000	Non-current assets SR '000	Current liabilities SR '000	Non-current liabilities SR '000	Revenue SR '000	Profit for the year and other comprehensive income		Total comprehensive income for the year SR '000
							comprehensive income SR '000	comprehensive income for the year SR '000	
2014	OICL	354	10,624	263	-	5,200	5,176	5,176	5,176
2013	OICL	348	10,624	263	-	4,492	4,492	4,492	4,492

(ii) Summarised cash flow information:

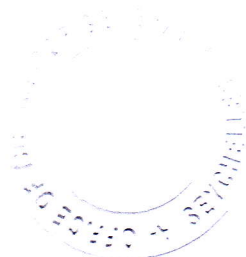
Year	Name of Company	Operating activities SR '000	Investing activities SR '000	Financing activities SR '000	Net change in cash and cash equivalents SR '000
2014	OICL	5,176	-	(5,170)	6
2013	OICL	4,395	-	(4,418)	(23)

## 10. INVESTMENT IN ASSOCIATES

(a) THE FUND - AT COST

2014 AND 2013
SR
59,662,908

At January 1, and December 31,



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

## 10. INVESTMENT IN ASSOCIATES (CONT'D)

## (b) THE GROUP

	2014	2013
	SR	SR
At January 1,	91,294,535	90,469,243
Transfer from available-for-sale financial assets (note 11(a))	1,955,570	-
Share of results for the year	20,009,074	27,315,128
Dividends	(12,764,667)	(26,489,836)
At December 31,	100,494,512	91,294,535

## (c) Details of the Fund's associates at the end of the reporting period:

Name	Principal activity	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) %
<b>At December 31, 2014</b>							
Seychelles Breweries Ltd	Beverage manufacturing	385,047	111,005	474,891	71,731	26	-
SACOS Group Limited	Insurance	648,866	500,004	152,600	21,736	1.33	18.87
<b>At December 31, 2013</b>							
Seychelles Breweries Ltd	Beverage manufacturing	383,197	137,084	442,367	91,865	26	-
SACOS Group Limited	Insurance	621,342	476,641	95,790	20,016	-	18.87

(d) All the above associates are accounted using the equity method.

(e) The financial year-end date of Seychelles Breweries Ltd is 30th June. For the purposes of applying the equity method of accounting, the audited financial statements of Seychelles Breweries Ltd for the year ended June 30, 2014 has been used and adjusted for significant transactions between that date and December 31, 2014 based on management's financial reports.



**10. INVESTMENT IN ASSOCIATES (CONT'D)**

(f) At December 31, 2014, the fair value of the Fund's interest in SACOS Group Limited which is listed on Trop-X, the Stock Exchange of Seychelles, was SR 115 per share (2013: SR 110) based on the quoted market price available, which is a level 1 input in terms of IFRS 13. Seychelles Breweries Ltd is a private company and there is no quoted market price available for its shares.

(g) Although the Fund held less than 20% of the equity shares of SACOS Group Limited in 2013 and it had less than 20% of the voting power at the shareholders' meeting, the Fund exercised significant influence by virtue of its contractual right to appoint two out of the ten directors to the Board of Directors of the Company.

**11. INVESTMENT IN FINANCIAL ASSETS****(a) THE GROUP**

(i) The movement in investments on financial assets may be summarised as follows:

	Money markets	2014		2013	
		Held-to-Maturity	Available-for-sale	Total	Total
	SR	SR	SR	SR	SR
At January 1,	257,559,640	138,577,405	16,846,751	412,983,796	398,784,025
Additions	295,853,046	166,607,784	57,190,554	519,651,384	151,425,115
Transfer to associate (note 10)	-	-	(1,955,570)	(1,955,570)	-
Increase in fair value (note 19)	-	676,576	1,999,537	2,676,113	(1,185,734)
Redemptions/Disposals	(296,804,000)	(95,272,451)	(977,738)	(393,054,189)	(137,997,384)
Accrued interests	-	652,964	-	652,964	1,957,774
At December 31,	256,608,686	211,242,278	73,103,534	540,954,498	412,983,796

Analysed as follows:

Non-current  
Current

193,506,551	136,056,240
347,447,947	276,927,556
<u>540,954,498</u>	<u>412,983,796</u>

## 11. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

## (b) THE FUND

	2014			2013		
	Unquoted		Listed	Total		Total
	Money markets	Held-to-Maturity	Available-for-sale	SR		SR
At January 1,	257,559,640	138,577,405	16,846,751	412,983,796		398,784,025
Additions	295,853,046	166,607,784	57,190,554	519,651,384		151,425,115
Increase in fair value (note 18)	-	676,576	2,934,217	3,610,793		(1,185,734)
Redemptions/Disposals	(296,804,000)	(95,272,451)	(977,738)	(393,054,189)		(137,997,384)
Accrued interests	-	652,964	-	652,964		1,957,774
At December 31,	256,608,686	211,242,278	75,993,784	543,844,748		412,983,796
Analysed as follows :						
Non-current				196,396,801		136,056,240
Current				347,447,947		276,927,556
				543,844,748		412,983,796



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

## 11. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

- (c) Investment in money markets represent term deposits with banks with interest rates ranging from 2% to 10.5% per annum (2013: 3.1% to 7.5%).
- (d) Held-to-maturity investments comprise treasury bonds with interest rates ranging from 4% to 8% per annum (2013: 6% to 8%) and treasury bills from 4.76% to 13.04% per annum (2013: 5% to 15%) and maturity dates from May 3, 2015 to September 24, 2019 (2013 : August 19, 2014 to August 19, 2016).
- (e) Available-for-sale investments comprise foreign securities listed on overseas stock markets and an unquoted investment in a foreign bank. Hierarchy of fair value levels is detailed under note 5(d).
- (f) None of the financial assets are either past due or impaired.
- (g) Investments in financial assets are denominated in the following currencies:

	THE GROUP	THE FUND	THE GROUP AND THE FUND
	2014	2014	2013
	SR	SR	SR
Seychelles Rupee	434,890,489	437,780,739	370,612,115
Mauritian Rupee	28,378,359	28,378,359	24,818,681
US Dollar	77,685,650	77,685,650	17,553,000
	<u>540,954,498</u>	<u>543,844,748</u>	<u>412,983,796</u>

## 12. LOAN TO SUBSIDIARY

At January 1, and December 31,

2014 &amp; 2013

SR

5,413,016

- (a) The loan to subsidiary company is unsecured, 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	
	2014	2013	2014	2013
	SR	SR	SR	SR
Contributions receivable from members	14,761,462	9,469,971	14,761,462	9,469,971
Amount receivable from the Government of Seychelles	8,059,507	11,674,292	8,059,507	11,674,292
Interest receivable	5,660,596	5,794,675	5,660,596	5,794,675
Rental income receivable	4,876,292	5,573,672	4,876,292	5,573,672
Advance payment	98,007,579	15,105,236	98,007,579	15,105,236
Other receivables	4,611,267	3,464,618	4,611,267	3,464,618
	<u>135,976,703</u>	<u>51,082,464</u>	<u>135,976,703</u>	<u>51,082,464</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.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

## 14. OTHER PAYABLES

	THE GROUP		THE FUND	
	2014	2013	2014	2013
	SR	SR	SR	SR
Rental deposits	6,494,989	6,598,510	6,494,989	6,598,510
Advance on rent	383,448	532,296	383,448	532,296
Interest received in advance	5,740,762	190,734	5,740,762	190,734
Accrued expenses	688,087	1,515,044	688,087	1,515,044
Retention payable	11,039,541	5,193,626	11,039,541	5,193,626
Other payables	458,513	319,234	190,209	314,134
	<u>24,805,340</u>	<u>14,349,444</u>	<u>24,537,036</u>	<u>14,344,344</u>

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

## 15. RETIREMENT BENEFIT OBLIGATION

Retirement benefit obligations is in respect of length-of-service compensation as per the Seychelles Employment Act 1995 as amended).

	THE GROUP AND THE FUND	
	2014	2013
	SR	SR
At January 1,	841,612	699,337
Charge for the year	1,802,331	142,275
Paid during the year	(194,326)	-
At December 31,	<u>2,449,617</u>	<u>841,612</u>

## 16. 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, 2014 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.

## 17. OTHER FUNDS

	THE GROUP AND THE FUND	
	2014	2013
	SR	SR
Contributions from Social Security Division (note (a) below)	331,010,655	191,957,248
Payments made for Social Security Pension	<u>(319,306,720)</u>	<u>(180,253,313)</u>
	11,703,935	11,703,935
Receipt from National Provident Fund (note (b) below)	71,215,276	71,215,276
SPF contribution from Govt (note (c) below)	43,489,567	43,489,567
	<u>126,408,778</u>	<u>126,408,778</u>



# SEYCHELLES PENSION FUND

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

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### 17. OTHER FUNDS (CONT'D)

- (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 (2013: Nil).

### 18. RESERVE FUND

At January 1, and December 31,

THE GROUP AND THE FUND
2014 & 2013
SR
14,568,591

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.

### 19. OTHER RESERVES

(a) THE GROUP

	2014				2013	
	Revaluation reserve	Fair value reserve	Associates' reserve	Total	Total	SR
	SR	SR	SR	SR		
At January 1,	16,350,422	4,404,799	4,109,220	24,864,441	22,818,587	
Revaluation of property and equipment (note 6)	1,105,000	-	-	1,105,000	-	
Net change in fair value of financial assets (note 10)	-	2,676,113	-	2,676,113	2,045,854	
At December 31,	17,455,422	7,080,912	4,109,220	28,645,554	24,864,441	

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

## 19. OTHER RESERVES (CONT'D)

## (b) THE FUND

	2014		2013	
	Revaluation reserve	Fair value reserve	Total	Total
	SR	SR	SR	SR
At January 1,	16,350,422	4,404,799	20,755,221	18,709,367
Revaluation of property and equipment (note 6)				
Net change in fair value of financial assets	1,105,000	-	1,105,000	-
(note 10)	-	3,610,793	3,610,793	2,045,854
At December 31,	<u>17,455,422</u>	<u>8,015,592</u>	<u>25,471,014</u>	<u>20,755,221</u>

## 20. NON-CONTROLLING INTEREST

	2014	2013
	SR	SR
At January 1,	5,381,367	5,210,567
Share of results (page 5)	2,536,130	2,330,287
Share of dividends	(2,796,716)	(2,159,487)
At December 31, (page 3)	<u>5,120,781</u>	<u>5,381,367</u>

## 21. INTEREST INCOME

	THE GROUP AND THE FUND	
	2014	2013
	SR	SR
<i>Interest arising on:</i>		
- Held-to maturity financial assets	11,815,089	13,173,576
- Investments in money markets	10,165,709	15,702,427
- Investments available-for-sale	130,184	168,515
- Bank balances	1,052,545	64,463
- Staff loans	121,748	111,716
	<u>23,285,275</u>	<u>29,220,697</u>

## 22. INVESTMENT INCOME

	THE GROUP		THE FUND	
	2014	2013	2014	2013
	SR	SR	SR	SR
Dividends on local securities	2,563,515	2,595,207	12,764,667	26,880,458
Dividends on foreign securities	242,854	198,461	242,854	198,461
	<u>2,806,369</u>	<u>2,793,668</u>	<u>13,007,521</u>	<u>27,078,919</u>

## 23. INTEREST CREDITED TO MEMBERS

Interest credited to Members' Fund at 3% for the year ended December 31, 2014, amounted to SR 32.9m to the Fund (2013: 3% - SR 29.5m). However, only SR 3.95m (2013: SR 3.5m) 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.



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

## 24. ADMINISTRATIVE EXPENSES

	THE GROUP		THE FUND	
	2014	2013	2014	2013
	SR	SR	SR	SR
Salaries, wages and other related expenses	14,201,030	10,599,532	14,201,030	10,599,532
Administration costs	3,040,040	3,650,059	3,040,040	3,626,552
Motor vehicles running expenses	336,377	261,100	336,377	261,100
Other expenses	3,694,151	6,089,028	3,669,487	6,089,028
	<u>21,271,598</u>	<u>20,599,719</u>	<u>21,246,934</u>	<u>20,576,212</u>

## 25. CASH AND CASH EQUIVALENTS

	THE GROUP		THE FUND	
	2014	2013	2014	2013
	SR	SR	SR	SR
Cash at bank	67,064,143	153,715,560	66,710,589	153,367,342
Cash in hand	14,600	12,600	14,600	12,600
	<u>67,078,743</u>	<u>153,728,160</u>	<u>66,725,189</u>	<u>153,379,942</u>

## 26. RELATED PARTY TRANSACTIONS

	THE GROUP		THE FUND	
	2014	2013	2014	2013
	SR	SR	SR	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	100,494,512	91,294,535	59,662,908	59,662,908
- Dividends	12,764,667	26,880,458	13,007,521	27,078,919
<i>Key management personnel</i>				
- Gross salaries	953,186	854,874	953,186	854,874
Board of Trustees' remuneration (note 27)	660,096	660,096	660,096	660,096

(a) Transactions with related parties are within the normal course of business.

(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, 2014, the Fund has not recorded any impairment of receivables relating to amounts owed by related parties (2013: 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.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

## 27. BOARD OF TRUSTEES' REMUNERATION

	THE GROUP AND THE FUND	
	2014	2013
	SR	SR
S Cesar (up to June 30, 2013)	-	29,376
P Payet	58,752	29,376
M Afif (Up to February 1, 2015)	50,112	50,112
G Beaudoin (Up to August 25, 2014)	33,408	50,112
R Weber (Up to January 31, 2015)	50,112	50,112
R Spiro (Up to January 31, 2015)	50,112	50,112
L Woodcock	50,112	50,112
M Felix (Up to January 31, 2015)	50,112	50,112
S Labrosse	50,112	50,112
A Mousbe (Up to January 31, 2015)	50,112	50,112
J Esparon	50,112	50,112
W.Labrosse (as from September 1, 2014)	16,704	-
A Lucas	50,112	50,112
C Mangroo	50,112	50,112
Marie-Ange Waye-Hive (Secretary)	50,112	50,112
	<u>660,096</u>	<u>660,096</u>

## 28. COMMITMENTS

## (a) Capital commitments

	THE GROUP AND THE FUND	
	2014	2013
	SR'000	SR'000
Approved and contracted for	217,745	33,109
Approved but not contracted for	230,520	182,436
	<u>448,265</u>	<u>215,545</u>

## 29. CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2014 (2013: Nil).