

**SEYCHELLES PENSION FUND**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2021**

**SEYCHELLES PENSION FUND**  
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## SEYCHELLES PENSION FUND

### BOARD OF TRUSTEES' REPORT

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The Board of Trustees of the Seychelles Pension Fund (SPF) is pleased to present its report together with the auditors report and the audited Financial Statements for the year ended December 31, 2021. As per the Seychelles Pension Fund, 2005 (SPF Act 2005), Section 54, the annual report is presented to the Minister responsible for Finance, the National Assembly and a copy is made available on SPF's website.

#### BACKGROUND INFORMATION

Seychelles Pension Scheme commenced its operations under the Seychelles Pension Scheme Act, 1990, CAP 220 with effect from January 1, 1991. In August 2005, the Seychelles Pension Scheme Act, 1990 was repealed and was replaced by Seychelles Pension Fund Act, 2005 under which the scheme became a statutory body and was renamed as SPF.

#### REGISTERED OFFICE OF SPF

The registered office of SPF is at Caravelle House, second floor, PO Box 576, Victoria, Mahé, Seychelles.

#### PRINCIPAL ACTIVITIES

The principal activity of SPF is to collect contributions from members and pay benefits mostly to retiring members. It includes payment of monthly pension to pensioners and the dependents of the deceased members, as well as other benefits under various schemes as per Section 4 of the Act and applicable Regulations.

#### RESULTS FOR THE YEAR

|  | 2021                 | 2020                 |
|--|----------------------|----------------------|
|  | SCR                  | SCR                  |
| Surplus for the year before fair value changes | 1,459,610            | 80,918,991           |
| Net changes in fair values of investments      | 17,243,131           | (11,699,391)         |
| Retained surplus brought forward               | 1,012,628,514        | 943,408,914          |
| <b>Retained surplus carried forward</b>        | <b>1,031,331,255</b> | <b>1,012,628,514</b> |

#### INTEREST ON MEMBERS' FUND

Interest rate for the year 01.01.2021 to 31.12.2021 was 2.53% and 5.00% for Mandatory and Voluntary contributions respectively. The rates are based on average 91 days treasury bills and average saving rates for the previous year end 2020, as published by Central Bank of Seychelles. (01.01.2020 to 31.03.2020: Mandatory 2.72%, Voluntary 5.99% and 01.04.2020 to 31.12.2020: Mandatory 2.72%, Voluntary 5.00%).

#### PLANT AND EQUIPMENT

SPF acquired property and equipment amounting to **SCR 2.6m** during the year, comprising mainly of equipment (2020: SCR 3.5m).

The Board is of the opinion that the fair value of property and equipment as at December 31, 2021 did not differ materially from their carrying amounts as per the Statement of Net Assets available for benefits at that date.

#### INVESTMENT PROPERTIES

SPF has invested substantial amounts in properties for rental and capital appreciation purposes. As at December 31, 2021, these totaled to **SCR 1.41b** (2020: SCR 1.39b). During the year, additions amounted to **SCR 36.8m** (2020: SCR 72.37m). The net deficit on change in fair value on investment properties as at December 31, 2021 amounted to **SCR 19.2m** (2020: Deficit of SCR 9.33m).

**SEYCHELLES PENSION FUND**  
**BOARD OF TRUSTEES' REPORT (CONT...)**

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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:

Existing members

Appointment Date

|                          |                       |
|--------------------------|-----------------------|
| Marc Houareau - Chairman | (From 1st March 2021) |
| Patrick Payet            | (From February 2018)  |
| Elsie Morel              | (From 1st March 2018) |
| Jovinella Rath           | (From 1st March 2021) |
| Shannon Jolicoeur        | (From 1st March 2021) |
| Jose St Ange             | (From 1st March 2021) |
| Shella Mohideen          | (From 1st March 2021) |
| Brenda Morin             | (From 1st March 2021) |
| Sarah Lang               | (From 1st March 2021) |

**STATEMENT OF BOARD OF TRUSTEES' RESPONSIBILITY**

The Board of Trustees is responsible for the overall management of the affairs of SPF and all its investment decisions. The Board also ensures that proper accounts and other books and records in relation thereto are maintained. In preparing these 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 SPF;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent and;
- disclose and explain any material departures from applicable accounting standards.

The Chief Executive Officer of SPF is, as defined in the Seychelles Pension Fund Act, 2005, responsible for the day to day administration, including the collection of contributions, payment of pensions and other benefits, investment of surplus monies and accounting for all monies collected, paid or invested by the SPF.


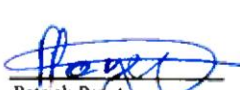
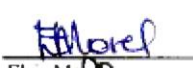
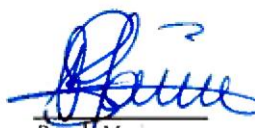
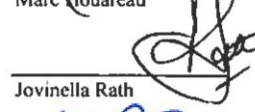
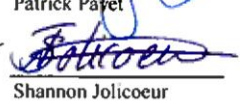

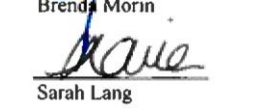

The Board and the Chief Executive Officer also have the general responsibility for taking reasonable steps to safeguard the assets of SPF and detect fraud and other irregularities.

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

**AUDITORS**

The Auditor General of Seychelles is mandated to carry out the audit of the SPF under Section 53(2) of the Seychelles Pension Fund Act, 2005. They have outsourced the services to Baker Tilly, Chartered Accountants, Seychelles for the year 2021.

**TRUSTEES**

|  |  |  |   |
|--|--|--|---|
| <br>Marc Houareau   | <br>Patrick Payet     | <br>Elsie Morel  | <br>Brenda Morin |
| <br>Jovinella Rath  | <br>Shannon Jolicoeur | <br>Jose St Ange | <br>Sarah Lang   |
| <br>Shella Mohideen |  |  |   |

Date: May 6, 2022



## Office of the Auditor General

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### OPINION OF AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE SEYCHELLES PENSION FUND

#### Opinion

The accompanying financial statements of the Seychelles Pension Fund, set out on pages 4 to 39, which comprise of the statement of financial position as at 31 December 2021; statement of surplus and other comprehensive income; statement of changes in net assets available for benefits; and statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies, have been audited on my behalf by Baker Tilly Chartered Accountants (auditors), appointed under Section 19 of the Auditor General Act, 2010 read with Section 53(2) of the Seychelles Pension Fund Act, 2005 as amended. As per the agreement with the auditors, they have reported to me the results of their audit and on the basis of their report, I am satisfied that all information and explanations which, to the best of my knowledge and belief, where necessary for the purpose of the audit, have been obtained.

Accordingly, in our opinion,

- (c) proper accounting records have been kept by the Fund as far as it appeared from examination of those records; and
- (d) the financial statements on pages 4 to 39 present fairly, in all material aspects, the financial position of the Fund as at 31 December 2021 and of its financial performance and its cash flows for the year then ended, in accordance with the applicable International Financial Reporting Standards, Seychelles Pension Fund Act, 2005 and Public Enterprise Monitoring Commission Act, 2013.

#### Basis for Opinion

The audit was conducted in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the 'Auditor-General's responsibilities for the audit of financial statements' section of this report. I am independent of the Fund in accordance with the INTOSAI Code of Ethics applicable to its members, together with other ethical requirements that are relevant to the audit of financial statements in Seychelles. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

### **Going concern basis**

Attention is drawn to note 36 of the financial statements which indicates that as a result of spread of Covid-19, economic uncertainties have risen which have negatively impacted on all businesses in the Seychelles. The extent of the impact on the Fund's operations and financial performance will depend on the duration and spread of the outbreak and its effect on the economy, employees, customers and suppliers, all of which remains uncertain presently.

The financial statements have been prepared on the basis of the SPF being a going concern. Our opinion is not modified in respect of this matter.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### **➤ *Fair valuation of financial assets and investment properties based on IFRS 13:***

Our audit considered fair valuation of financial assets and investment properties as a key audit matter. The materiality of the reported amounts in the financial statements, inherent subjectivity due to the estimates used in determining the fair values and use of inputs from various sources in the fair value calculation underpinned our basis for considering it as a key audit matter.

To assess the reasonableness of the fair value of financial assets and investment properties, the audit procedures (among others) were designed to obtain sufficient and appropriate audit evidence, including the following:

- Evaluating the design effectiveness of controls over estimation of impairment of financial assets, which included assessing the level of oversight, review and approval of impairment policies of the Fund;
- Test-checking the underlying calculations and data;
- Assessing the valuation expert's competency, experience, qualifications and independence where necessary;
- Verifying the reasonability of the assumptions used in fair valuation;
- Obtaining a written representation in regard to the valuation decisions and assumptions;
- Assessing the adequacy of the related financial statement disclosures.

➤ *Impairment allowance for Financial assets based on IFRS 9:*

The audit considered impairment allowance for financial assets as a key audit matter. The materiality of the reported amounts in the financial statements, subjectivity associated with Management's impairment estimation, probable impacts of COVID -19 outbreak and related government relief measures on the key assumptions underpinned our basis for considering it as a key audit matter.

To assess the reasonableness of the impairment allowance, the audit procedures (among others) were designed to obtain sufficient and appropriate audit evidence, including the following:

- Performing procedures in order to assist our understanding of the methodology applied by management in their IFRS 9 model;
- Evaluating the impairment methodology applied against the requirements of IFRS 9; financial instruments;
- Evaluating the completeness of data in the impairment model by reconciling the data used in the impairment model to the debtor's source;
- Agreeing source data used in the modelling to supporting documentation on a sample basis to assess accuracy and validity;
- Testing the assumptions and calculations used in the ECL, including, but not limited to performing an assessment of the developed methodology applied in calculating the ECL allowance and reasonableness of the overlays that management calculated to determine the potential impact of Covid-19 and other legislation on the impairment allowance.

As a result of the above audit procedures, no material differences were noted.

**Responsibilities of management and those charged with governance for the Financial Statements**

The management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Seychelles Pension Fund Act, 2005 as amended and for such internal control as management determine, is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Trustees are also responsible for the overall management of the affairs of the Fund including the operation of the Fund and making investment decisions and financial reporting process.

## **Responsibilities of the Auditor General**

My responsibility is to express an opinion on those financial statements based on our audit and report it to the Board of Trustees.

The audit objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and issue an auditor's report in accordance with the Seychelles Pension Fund Act, 2005 as amended. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identifies and assesses that risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the opinion. The risk of not detecting material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission or misrepresentation, or the override of internal control;
- obtains an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SPF's internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- concludes on the appropriateness of the management's use of going concern basis of accounting and, based on the audit evidence obtained, concludes whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify the opinion. My conclusions are based on audit evidence obtained to the date of my auditor's report. However, future unforeseeable events or conditions may cause the fund to cease to continue as a going concern;

3 (d)

- evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicates with those charged with governance among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.



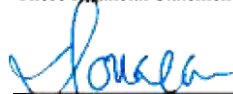
Gamini Herath  
Auditor General

10 May 2022  
Victoria, Seychelles

SEYCHELLES PENSION FUND  
STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2021

|   | Notes | 2021<br>SCR          | 2020<br>SCR          |
|---|-------|----------------------|----------------------|
| <b>ASSETS</b>   |       |                      |                      |
| <b>Non-current assets</b>   |       |                      |                      |
| Property and equipment  | 7     | 17,809,512           | 20,789,806           |
| Investment properties   | 8     | 1,408,297,206        | 1,395,698,478        |
| Right of use on assets  | 9     | 41,623,711           | 42,139,175           |
| Investment in subsidiary - Opportunity Investment Company Limited | 10    | 40,562,865           | 40,562,865           |
| Investment in associates - Seychelles Breweries Limited           | 11    | 264,339,829          | 265,135,334          |
| Investment in associates - Al Salam Bank Seychelles Limited       | 11    | 25,333,715           | 36,111,891           |
| Investment in associates - Cable & Wireless Seychelles Limited    | 11    | 294,435,792          | 154,934,990          |
| Investment in financial assets                                    | 14    | 564,242,410          | 613,641,987          |
| Loans receivable  | 16    | 71,946,931           | 90,778,933           |
|   |       | <u>2,728,591,971</u> | <u>2,659,793,459</u> |
| <b>Current assets</b>   |       |                      |                      |
| Investment in financial assets                                    | 14    | 336,280,046          | 410,949,766          |
| Receivables and prepayments                                       | 15    | 78,597,741           | 81,564,966           |
| Assets held for sale  | 12    | 206,565,978          | 203,923,578          |
| Loans receivable  | 16    | 18,832,001           | 17,257,127           |
| Cash and bank balances  | 13    | 143,932,704          | 158,988,060          |
|   |       | <u>784,208,470</u>   | <u>872,683,497</u>   |
| <b>Total assets</b>   |       | <u>3,512,800,441</u> | <u>3,532,476,956</u> |
| <b>Current liability</b>  |       |                      |                      |
| Other payables  | 17    | 20,951,340           | 81,349,149           |
| <b>Non-current liability</b>                                      |       |                      |                      |
| Retirement benefit obligations                                    | 18    | 8,225,665            | 8,632,172            |
| Deferred property lease   | 19    | 6,418,035            | 6,526,715            |
| <b>Net assets</b>   | 20    | <u>3,477,205,401</u> | <u>3,435,968,920</u> |
| <b>Made up as follows:</b>  |       |                      |                      |
| Member's fund   | 21    | 1,744,099,632        | 1,721,565,892        |
| Other fund  | 22    | 533,279,754          | 533,279,754          |
| Reserve funds   | 23    | 14,568,591           | 14,568,591           |
| Other reserves  | 24    | 153,926,169          | 153,926,169          |
| Retained surplus  |       | <u>1,031,331,255</u> | <u>1,012,628,514</u> |
|   |       | <u>3,477,205,401</u> | <u>3,435,968,920</u> |

These Financial Statements have been approved for issue by the Board of Trustees on May 6, 2022



**Marc Houareau**  
Chairperson



**Nisreen Abdulmajid**  
Chief Executive Officer

The notes on pages 8 to 39 form an integral part of these financial statements.

## SEYCHELLES PENSION FUND

## STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - YEAR ENDED DECEMBER 31, 2021

|   | Notes  | 2021<br>SCR          | 2020<br>SCR          |
|---|--------|----------------------|----------------------|
| <b>Contribution Income</b>  |        |                      |                      |
| <b>Compulsory contributions:</b>  |        |                      |                      |
| - by employees  |        | 213,810,890          | 213,027,495          |
| - by employers  |        | 214,389,034          | 212,094,704          |
| <b>Voluntary contributions:</b>   |        |                      |                      |
| - by employees  |        | 29,022,839           | 25,851,795           |
| - by employers  |        | 9,739,544            | 9,257,133            |
|   |        | <b>466,962,307</b>   | <b>460,231,127</b>   |
| <b>Investment income</b>  |        |                      |                      |
| Interest received by members  | 27     | 37,306,953           | 35,595,498           |
| Net change in fair value on financial assets                                |        | -                    | -                    |
| Surplus for the year from investments                                       | Page 6 | 18,702,741           | 69,219,602           |
| Revaluation of property to reserve  | 7      | -                    | -                    |
| Net fair value changes  |        | -                    | -                    |
|   |        | <b>56,009,694</b>    | <b>104,815,100</b>   |
| <b>Total contribution and investment income</b>                             |        | <b>522,972,001</b>   | <b>565,046,227</b>   |
| <b>Benefits Paid</b>  |        |                      |                      |
| - Normal Retirement   |        | 368,478,144          | 323,292,156          |
| - Voluntary retirement refund upon retirement                               |        | 1,730,613            | 2,251,932            |
| - Death before Normal Retirement  |        | 4,245,118            | 2,676,207            |
| - Permanent Incapacity  |        | 58,448,508           | 52,552,315           |
| - Pre-Migration Retirement  |        | 202,740              | 889,278              |
| - Surviving Spouse Pension  |        | 13,696,747           | 12,648,606           |
| - Children Pension  |        | 4,482,746            | 4,199,655            |
| - Death after Normal Retirement   |        | 14,224,134           | 11,572,678           |
| - Post-Retirement Surviving Spouse  |        | 1,332,423            | 1,216,417            |
| - Post-Retirement Children Pension  |        | 14,346,191           | 8,665,876            |
| - Voluntary retirement contribution refund at 55 years onwards              |        |                      |                      |
| - Dependent/Severe Disability   |        | 25,252               | 12,516               |
| - Refund of overpaid contributions  |        | 528,115              | -                    |
| - Early retirement benefit  |        | (5,211)              | (270,006)            |
| - Other adjustments   |        |                      |                      |
|   |        | <b>481,735,520</b>   | <b>419,707,630</b>   |
| <b>Total Benefits paid</b>  |        | <b>481,735,520</b>   | <b>419,707,630</b>   |
| <b>(Deficit)/Excess contribution over benefits paid</b>                     |        | <b>(14,773,213)</b>  | <b>40,523,497</b>    |
| Adjustment: Prior year deferred lease                                       | 18     | -                    | -                    |
| Adjustment- Salaries and amortisation (restated)                            |        | -                    | -                    |
| Overall surplus for the year- net increase in assets available for benefits |        | <b>41,236,481</b>    | <b>145,338,596</b>   |
| Balance at January 1,   |        | <b>3,435,968,920</b> | <b>3,290,630,324</b> |
| <b>Balance as at December 31,</b>   |        | <b>3,477,205,401</b> | <b>3,435,968,920</b> |

The notes on pages 8 to 39 form an integral part of these financial statements.

## SEYCHELLES PENSION FUND

## STATEMENT OF SURPLUS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2021

|  | Notes      | 2021<br>SCR          | 2020<br>SCR          |
|--|------------|----------------------|----------------------|
| <b>Income</b>  |            |                      |                      |
| Interest income  | 25         | 47,391,176           | 45,427,219           |
| Dividend income  | 26         | 21,350,691           | 22,311,789           |
| Rental income  | 8d         | 94,098,444           | 114,219,599          |
| Profit on sale of investment properties and other financial assets             | 33         | 286,778              | 17,573,504           |
| Profit on disposal of property and equipment                                   |            | -                    | 130,000              |
| Other income - Surcharges  |            | 566,019              | 980,453              |
| Change in provision for bad debts  | 14         | -                    | -                    |
| Amortisation of deferred Government Grant                                      | 19         | 108,680              | 108,680              |
|  |            | <b>163,801,788</b>   | <b>200,751,244</b>   |
| <b>Expenditure</b>   |            |                      |                      |
| Interest credited to members   | 27         | 37,306,953           | 35,595,498           |
| Administrative expenses  | 28         | 44,448,384           | 48,629,326           |
| Investment fees  |            | 1,122,597            | 220,448              |
| Events and marketing   |            | 1,601,639            | 2,529,726            |
| Property management expenses   | 8 (d)      | 21,964,936           | 32,069,385           |
| Covid -19 related expenses   |            | 271,046              | 303,239              |
| Depreciation of property and equipment   | 7          | 5,557,161            | 6,049,692            |
| Amortisation of right of use of assets   | 9          | 515,464              | 515,464              |
| Loss on disposal of property and equipment                                     |            | -                    | -                    |
| Provision charge for bad and doubtful debts                                    | 15 (ii)    | 1,142,001            | 4,886,240            |
| Auditors' remuneration   |            | 385,000              | 400,000              |
| Other professional fees  | 29         | 3,195,882            | 3,204,711            |
|  |            | <b>117,511,063</b>   | <b>134,403,729</b>   |
| <b>Surplus for the year before fair value changes and exchange differences</b> |            | <b>46,290,725</b>    | <b>66,347,515</b>    |
| (Loss)/gain on exchange  |            | <b>(44,831,115)</b>  | <b>14,571,476</b>    |
| <b>Surplus for the year before fair value changes</b>                          |            | <b>1,459,610</b>     | <b>80,918,991</b>    |
| Decrease in fair value of quoted equities                                      | 14 (d)     | (2,533,531)          | (33,307)             |
| Decrease in fair value of subsidiaries (Opportunity Investment Co Ltd)         | 10         | -                    | (3,863,161)          |
| Decrease in fair value of investment properties                                | 8d         | (15,678,063)         | (9,328,282)          |
| (Decrease) /Increase in fair value of associate (Seybrew)                      | 11 (a) (i) | (795,505)            | 16,539,884           |
| (Decrease)/Increase in fair value of associate (Al Salam Bank)                 | 11 (a) (i) | (10,778,176)         | 13,708,224           |
| (Decrease)/Increase in fair value of associate (Cable & Wireless)              | 11 (a) (i) | 139,500,802          | (175,469,110)        |
| <b>Total fair value changes</b>  |            | <b>109,715,527</b>   | <b>(158,445,752)</b> |
| <b>Other comprehensive income</b>  |            |                      |                      |
| (Decrease)/Increase in fair value of unquoted equities                         | 14 (d)     | (92,472,396)         | 146,746,361          |
| <b>Total other comprehensive income</b>  |            | <b>(92,472,396)</b>  | <b>146,746,361</b>   |
| <b>Net changes in fair values of investment</b>                                |            | <b>17,243,131</b>    | <b>(11,699,391)</b>  |
| <b>Surplus for the year</b>  |            | <b>18,702,741</b>    | <b>69,219,600</b>    |
| Retained surplus brought forward   |            | <b>1,012,628,514</b> | <b>943,408,914</b>   |
| <b>Retained surplus carried forward</b>  |            | <b>1,031,331,255</b> | <b>1,012,628,514</b> |

The notes on pages 8 to 39 form an integral part of these financial statements.

**SEYCHELLES PENSION FUND**  
**STATEMENTS OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2021**

|  | <b>Notes</b> | <b>2021</b>          | <b>2020</b>         |
|--|--------------|----------------------|---------------------|
|  |              | <b>SCR</b>           | <b>SCR</b>          |
| <b>Cash generated from operations</b>                  |              |                      |                     |
| Net increase in assets available for benefits          | Page 5       | <b>41,236,481</b>    | 145,338,596         |
| <b>Net cash generated from operations</b>              |              | <b>41,236,481</b>    | 145,338,596         |
| <i>Adjustments for :</i>                               |              |                      |                     |
| Depreciation of property and equipment                 | 7            | <b>5,557,161</b>     | 6,049,691           |
| Amortization of right of use                           | 9            | <b>515,464</b>       | 515,464             |
| Amortization of deferred government grant              | 19           | <b>(108,680)</b>     | (108,680)           |
| Write off of property plant and equipment              |              | -                    | 91,884              |
| Profit on disposal of plant and equipment              |              | -                    | (130,000)           |
| Profit on disposal of held for sale assets             | 33           | <b>(286,778)</b>     | (11,754,518)        |
| Retirement benefit obligation charge                   | 18           | <b>(406,507)</b>     | 1,393,593           |
| Revaluation of plant and equipment                     | 7            | -                    | -                   |
| Provision for bad and doubtful debts                   | 15           | <b>1,142,001</b>     | 4,886,240           |
| Bad and doubtful debts written off against provision   | 15           | -                    | (37,566)            |
| Fair value loss on investment properties               | 8            | <b>19,224,282</b>    | 9,328,282           |
| Fair value gain/(loss) on quoted and unquoted equities | 14 (d)       | <b>95,005,927</b>    | (146,713,054)       |
| Fair value loss on associates                          | 11           | <b>(127,927,121)</b> | 145,221,002         |
| Fair value loss on subsidiary                          | 10           | -                    | 3,863,161           |
| Interest receivable                                    | 25           | <b>(47,391,176)</b>  | (45,427,219)        |
| Dividend income  | 26           | <b>(21,350,691)</b>  | (22,311,789)        |
|  |              | <b>(34,789,637)</b>  | 90,205,087          |
| <i>Changes in working capital:</i>                     |              |                      |                     |
| - Decrease/(Increase) in receivables and prepayments   |              | <b>1,825,224</b>     | (13,086,363)        |
| - Decrease in payables and accruals                    |              | <b>(60,397,809)</b>  | (151,115,920)       |
| <b>Net cash used in operations</b>                     |              | <b>(93,362,222)</b>  | <b>(73,997,196)</b> |
| <b>Cash flows from investing activities</b>            |              |                      |                     |
| Purchase of property and equipment                     | 7            | <b>(2,576,867)</b>   | (3,481,638)         |
| Proceeds from disposal of property and equipment       |              | -                    | 130,000             |
| Proceeds from disposal of asset held for sale          |              | -                    | 68,500,000          |
| Proceeds from disposal of investment properties        | 8            | <b>5,261,000</b>     | -                   |
| Purchase of assets held for sale                       | 12           | <b>(2,642,400)</b>   | (1,264,165)         |
| Purchase of investment properties                      | 8            | <b>(36,797,232)</b>  | (72,374,133)        |
| Purchase of shares- Cable & Wireless                   | 11a (iii)    | -                    | -                   |
| Repayment of loans by PMC                              | 16           | <b>25,109,336</b>    | 25,109,335          |
| Purchase of financial assets                           | 14 (e)       | <b>(344,319,818)</b> | (351,529,515)       |
| Proceeds from redemption of financial assets           | 14 (e)       | <b>373,383,190</b>   | 402,971,987         |
| Interest received (net of interest on PMC loan)        | 16 & 25      | <b>39,538,966</b>    | 36,252,450          |
| Dividend received                                      | 26           | <b>21,350,691</b>    | 22,311,789          |
| <b>Net cash generated from investing activities</b>    |              | <b>78,306,866</b>    | 126,626,110         |
| Net (Decrease)/increase in cash and cash equivalents   |              | <b>(15,055,356)</b>  | 52,628,914          |
| Cash and cash equivalents at January 1,                |              | <b>158,988,060</b>   | 106,359,146         |
| Cash and cash equivalents at December 31,              | 13           | <b>143,932,704</b>   | 158,988,060         |

The notes on pages 8 to 39 form an integral part of these financial statements.

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021**

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**1. General information**

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

Investments made by SPF as required under Section 50 of the Seychelles Pension Fund Act, 2005 are disclosed in the notes to the financial statements.

These financial statements will be presented to the Minister responsible for Finance, laid before the National Assembly by the Minister responsible for Finance and made available under SPF's website in accordance with Section 53 of the SPF Act, 2005.

*Type of pension system*

SPF operates a Pay-As-You-Go pension plan, which is a solidarity between generations. This means that the working generation of today pays for retirees of today and the next generation pays for tomorrow's retirees. The pension plan is a Defined Benefits one where pensions are paid a pre-determined formula as per Regulation 8 (1B) of the SPF (Benefits) Regulations.

**2. Funding policy**

The overriding principle of the SPF's Funding policy is that contributions are increased in a steady and phased manner as recommended by SPF's Actuary and excess funds invested to yield maximum returns on the assets matching SPF's liabilities. In other words, funds which are not required for current benefit payments and administration expenses are invested to provide returns to assist in sustaining the SPF in the medium to long-term. As at 31.12.2021, SPF had around 65% of its members below the age of 45, which means that SPF can invest the same percentage of its funds for longer than 15 years, as it only needs to meet the long-term liabilities of these members after 15 years.

**3. Valuation of SPF**

Under Section 55 of the SPF Act 2005, an actuarial valuation of SPF shall be carried out every three years by an approved actuary. The last actuarial valuation exercise of SPF was undertaken by BBL World Actuaries from Quebec, Canada in 2019 for the year ending 31<sup>st</sup> December 2018. The next actuarial valuation will be undertaken in 2022 for the year ending 31<sup>st</sup> December 2021.

**4. Significant accounting policies**

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

The financial statements are presented in Seychelles Rupees (SCR).

The Financial Statements of SPF comply with the "Public Enterprise Monitoring Commission Act, 2013", including any amendments thereof, and have been prepared in accordance with International Financial Reporting Standards (IFRS). The Financial Statements have been prepared under the historical cost concept, except as disclosed in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**(a) Basis of preparation**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the SPF's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5 (Critical accounting estimates and judgements). The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021**

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**4. Significant accounting policies (cont...)**

**(a) Basis of preparation (cont...)**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

***Consolidation***

SPF adopted IFRS 10 (Consolidated financial statements) consolidation exemption with regards to 'investment entities'. SPF believes that a class of entity (an investment entity) uses a different business model to most other entities. It manages all of its investments on a fair value basis, whether they are simple investments, associates or controlled. It provides fair value information to its users, and that fair value information is more useful for decision-making than consolidated information. All the subsidiaries, associates and joint ventures held as investments are measured in accordance with IFRS 9 (Financial instruments).

SPF further noted that preparing consolidated financial statements for such entities could hinder users' ability to assess their financial position and results; this is because consolidated financial statements emphasise the financial position, operations and cash flow of their investees, rather than those of the entities themselves.

IFRS 10 requires an entity that is a parent, to present consolidated financial statements. The amendment provides a limited scope exception to parents that are 'investment entities'. If the entity is an investment entity under the standard, it is exempt from consolidating underlying investees that it controls; instead, it is required to account for these subsidiaries at fair value through profit or loss under IFRS 9, 'Financial instruments'.

The standard defines an investment entity as, an entity that:

- obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

For an entity to qualify as an investment entity it must meet the above definition. The entity must also consider the following typical characteristics of an investment entity:

- holding more than one investment;
- having more than one investor;
- having investors that are not the entity's related parties; and
- Having ownership interests in the form of equity or similar interests.

As it stands the very purpose of a pension fund is to accumulate contributions from both employers and employees and to invest these funds for investment returns (both capital appreciation and investment income) and to distribute these returns once its members reach the age requirements in annuity until death and/or to their beneficiaries where applicable.

The Board has found that the SPF complies with all the definitions of an investment entity and possesses all the characteristics of an investment entity; namely:

- SPF holds various financial asset investments;
- SPF investors include all Seychellois-employed residents;
- while SPF may have a few members who are related to SPF, this is purely incidental since SPF supports, by definition, all Seychellois residents and this does not affect compliance with this characteristic;
- The members have ownership interests in SPF represented by the Member's fund displayed in equity under the Statement of Financial Position.

#### 4. Significant accounting policies (cont...)

##### (b) Going concern

The Board of Trustees have assessed SPF's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board of Trustees are not aware of any material uncertainties that may cast significant doubt upon SPF's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of SPF. Therefore, the financial statements continue to be prepared on the going concern basis.

##### (c) Comparative information

The previous year figures and phrases have been reclassified whenever necessary to conform to current year presentation.

##### (d) Changes in accounting policies

The accounting policies adopted are consistent with those used in the previous financial year, except for the following new standards and amendments to IFRS that are mandatorily effective for accounting periods beginning on or after January 1, 2021:

###### *New standards, improvements, interpretations and amendments issued*

- Amendments to IFRS 3 - Business Combinations
- Amendments to IFRS 4 - Insurance Contracts
- Amendments to IFRS 7 - Financial Instruments: Disclosures
- Amendments to IFRS 9 - Financial Instruments
- Amendments to IFRS 16 - Leases
- Amendments to IAS 39 - Financial Instruments: Recognition and Measurement
- Revisions to the Conceptual Framework: Amendments to IAS 1, IAS 32, IAS 36 and IAS 38

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

###### *Covid-19-Related Rent Concessions beyond June 30, 2021 Amendments to IFRS 16*

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification.

**4. Significant accounting policies (cont...)**

**(d) Changes in accounting policies/ Covid-19-Related Rent Concessions beyond June 30, 2021  
Amendments to IFRS 16 (cont...)**

The amendment was intended to apply until June 30, 2021, but as the impact of the Covid-19 pandemic is continuing, on March 31, 2021, the IASB extended the period of application of the practical expedient to June 30, 2022. The amendment applies to annual reporting periods beginning on or after April 1, 2021. However, the Company has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

The following new accounting standards, improvements, interpretations, and amendments have been issued, but are not mandatory until the dates shown, and hence have not been early adopted by the Company in preparing the financial statements for the year ended December 31, 2021.

- |                            |   |
|----------------------------|---|
| • Amendments to IAS 1      | Presentation of Financial Statements (January 1, 2023)                                      |
| • Amendments to IAS 16     | Property, Plant and Equipment (January 1, 2022)   |
| • Amendments to IAS 37     | Provisions, Contingent Liabilities and Contingent Assets (January 1, 2022)                  |
| • Amendments to IFRS 3     | Business Combinations (January 1, 2022)   |
| • IFRS 17 & its amendments | Insurance Contracts (January 1, 2023)   |
| • Annual improvements      | IFRS Standards 2018-2020 Cycle (January 1, 2022)  |
|                            | IFRS 1 First-time Adoption of International Financial Reporting Standards (January 1, 2022) |
|                            | IFRS 9 Financial Instruments (January 1, 2022)  |
|                            | IFRS 16 Leases (January 1, 2022)  |
|                            | IAS 41 Agriculture (January 1, 2022)  |

Management anticipates that all of the above standards, improvements, interpretations, and amendments will be adopted by the Company to the extent applicable from their effective dates. The adoption of these standards, improvements, interpretations, and amendments is not expected to have a material impact on the financial statements of the Company in the year of their initial application.

**(e) Financial Instruments**

***Recognition and initial measurement***

Financial instruments are recognised in the statement of financial position when SPF becomes a party to the contractual provisions of the financial instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

***Financial assets: Classification, subsequent measurement and gains and losses***

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity instrument; or Fair Value through Profit and Loss (FVTPL).

#### 4. Significant accounting policies (cont...)

##### (e) Financial Instruments/ *Financial assets: Classification, subsequent measurement and gains and losses (cont...)*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI).

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

The financial statements do not include any debt investments measured at FVOCI.

On initial recognition of an equity investment that is not held for trading, SPF may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, SPF may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### *Business model assessment*

SPF makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities, or expected cash outflows or realising cash flows through the sale of assets;
- the risks that affect performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or contractual cash flows collected; and
- The frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the SPF's continuing recognition of the assets.

##### *Assessment whether contractual cash flows are SPPIs*

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

**4. Significant accounting policies (cont...)****(e) Financial Instruments/ Assessment whether contractual cash flows are SPPIs (cont...)**

In assessing whether the contractual cash flows are solely payments of principal and interest, SPF considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, SPF considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- Terms that limit SPF's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

*Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless SPF were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

*Subsequent measurement and gains and losses*

|   |  |
|---|--|
| <b>Financial assets at FVTPL</b>          | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income and expense and foreign exchange gains and losses are recognised in profit or loss.  |
|   | Equity investments (listed) and unlisted private equities which are managed and their performance is evaluated, on a fair value basis and are designated as FVTPL are included in this category.   |
| <b>Financial assets at amortised cost</b> | These assets are subsequently measured at amortised cost using the effective interest rate. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. |
|   | Cash and cash equivalents, fixed deposits, contribution receivable from members, rental receivables, loans and receivables and investments in treasury assets are included in this category.   |
| <b>Equity investments at FVOCI</b>        | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.                     |
|   | Unlisted private equities which are managed and their performance is evaluated, on a fair value basis and are not designated as FVTPL are included in this category.   |

#### 4. Significant accounting policies (cont...)

##### (e) Financial Instruments (cont...)

###### *Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. The financial statements do not include any FVTPL financial liabilities.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. This includes deposits from tenants and other payables.

###### *Derecognition*

###### *Financial assets*

SPF derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which SPF neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

###### *Financial liabilities*

SPF derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. SPF also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

###### *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, SPF currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

###### *Impairment of financial assets*

The impairment for financial assets is derived based on an 'expected credit loss' (ECL) model and applies to financial assets measured at amortised cost and debt investments at FVOCI, but not to investments in equity instruments.

ECL model is the impairment method prescribed under IFRS 9 on "Financial Instruments" and will be calculated by multiplying the current gross receivable balance by the probability adjusted loss rate. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If credit risk has not increased significantly, twelve month expected credit loss ('ECL') is used to provide for impairment loss, otherwise lifetime ECL is used. However, only in case of trade receivables, SPF applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables. SPF measures the impairment by applying a predetermined percentage to the receivables falling under different age buckets and is not significantly deviated had it been computed based on expected credit loss model.

**4. Significant accounting policies (cont...)**

**(e) Financial Instruments (cont...)**

***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when SPF determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with SPF's procedures for recovery of amounts due.

**(f) Property and equipment**

Capitalisation Policy for the acquisition, management, sale, and disposal of SPF-owned fixed Assets were implemented during the year. Its aim is to establish standard guidelines for capitalisation of fixed assets owned by SPF in conformity with IFRS and SPF's valuation policy and is followed for the accounting and management of all SPF-owned fixed assets. These relate to all transactions relating to the acquisition, maintenance, sale, construction, and final disposal of SPF's fixed assets which will ensure transparency, consistency, and accountability in the accounts.

Land and building, held for use in the production or supply of goods or for administrative purposes, are stated at their fair value, based on 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 are 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 recognized as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to SPF 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 accounts.

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

|                      | <b>Years</b> |
|----------------------|--------------|
| Buildings            | 50           |
| Improvement          | 15           |
| Equipment            | 5            |
| Furniture & Fittings | 10           |
| Motor Vehicle        | 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 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.

**4. Significant accounting policies (cont...)**

**(g) Investment properties**

Properties held to earn rent/or for capital appreciation or both are classified as investment properties. Investment properties are carried at fair value, representing open-market value determined annually. Changes in fair values are recognized in the Income and Expenditure Account and subsequently in net assets available.

Investment properties are transferred to property and equipment, or asset held for sale when they cease to meet the recognition criteria.

**(h) Investment in subsidiary**

*Consolidation*

The subsidiaries of SPF are not consolidated due to the application of IFRS 10 consolidation exemption for 'investment entities'.

*Separate financial statements*

Investments in subsidiaries are measured and accounted for at FVTPL. Fair value gains or losses on subsidiaries are recognised on a separate line on the income statement.

**(i) Investment in associates**

*Separate Financial Statements*

Investments in associates are measured and accounted for at FVTPL. Fair value gains or losses on associated are recognised on a separate line on the income statement.

**(j) Contributions receivable**

Contributions receivable are recognized when due which is 21<sup>st</sup> of the second month. 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.

**(k) Benefits payable**

Benefits payable are stated at their nominal value.

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

**(l) Receivables**

Receivables and prepayments are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**(m) 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 and are measured at amortised cost.

**(n) Foreign currencies**

Transactions in foreign currencies are translated to Seychelles Rupees at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Seychelles Rupees at the exchange rate at that date.

**SEYCHELLES PENSION FUND****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021****4. Significant accounting policies (cont...)****(n) Foreign currencies (cont...)**

Foreign currency gains or losses on monetary items are the differences between the amortised cost in Seychelles Rupees at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on the translation are recognised in the statement of profit or loss.

Due to Corona Virus Pandemic, there has been substantial devaluation of Seychelles Rupees as compared to the major foreign currencies. As at year end, the main exchange rates against the Seychelles Rupees were as follows:

| Currency   | Exchange Rates as at |                  | % Change |
|------------|----------------------|------------------|----------|
|            | <i>31-Dec-31</i>     | <i>31-Dec-21</i> |          |
| US \$: SCR | 14.68                | 21.58            | -31.97%  |
| EURO:SCR   | 16.58                | 26.43            | -37.27%  |

At the year-end or at reporting periods, all assets and liabilities will be valued as per the Investment Policy or the CBS par rate as per the Finance policy. These shall also be treated in accordance with IFRS. The translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized 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 foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation difference on non-monetary items, such as equities held at FVTPL, 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 other reserve in equity.

| Currency   | Exchange Rates as at |                  | % Change |
|------------|----------------------|------------------|----------|
|            | <i>5-Apr-22</i>      | <i>31-Dec-21</i> |          |
| US \$: SCR | 14.36                | 14.68            | 2%       |
| EURO:SCR   | 15.91                | 16.58            | 4%       |

**(o) Impairment of non-financial assets**

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**4. Significant accounting policies (cont...)**

**(p) Leases**

*Leases as lessee*

The amount paid at inception by SPF to acquire lease interest on land has been capitalized as right of use asset and depreciated over the lease term.

*Leases as lessor*

SPF leases out its investment properties and are classified as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Lease rental charges are charged to the income and expenditure account on a straight-line-basis over the period of lease.

**(q) Revenue recognition**

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The SPF recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the SPF's activities.

*Rental income*

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the SPF provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

*Interest income*

Interest income or expense is recognised using the effective interest rate.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial assets to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, the interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

*Dividend income*

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend.

*Net income from financial instruments at FVTPL*

Net income from financial instruments at FVTPL includes all realised and unrealised fair value changes and foreign exchange differences, interest, and dividend income.

## SEYCHELLES PENSION FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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#### 4. Significant accounting policies (cont...)

##### (r) Employment Compensation

As per the Employment Act of Seychelles, compensation obligation is only paid to employees leaving after five years of continued service. The entitlement is usually conditional on the employee remaining in service up to existing and the completion of a minimum service period. In Seychelles, this is conditional on the employee remaining in employment for at least five years.

The obligation has been determined using the method as per the Seychelles Employment Act and management has estimated that the amount of liability provided will not be materially different had it been computed by an external actuary.

##### (s) Tax

In accordance with paragraph 69 of the Seychelles Pension Act, 2005, SPF is exempt from stamp duty, business tax, trade tax, goods and services tax and all other taxes, fees and duties on its assets, documents, instruments, profits, operations, and properties.

However, Seychelles Revenue Commission (SRC) has registered SPF as a Value Added Tax Business on the 1<sup>st</sup> January 2020; and SPF deduct income tax for its employees' salary for onward remittance to SRC including tax on the Income and Non-Monetary Benefits Act.

##### (t) Accruals

Accruals are recognised when SPF 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.

#### 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.

SPF 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 significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next year are discussed below.

##### (a) Classification of financial assets

SPF follows the guidance of International Financial Reporting Standard (IFRS) 9 – “Financial instruments” on classifying non-derivative financial assets in accordance with SPF’s business model and cash flow test. This classification requires significant judgement. In making this judgement, SPF evaluates its intention and ability to hold such investments to collect contractual cash flows or to achieve an objective by both collecting contractual cash flows and selling financial assets.

##### (b) Impairment of financial assets

SPF follows the guidance of IFRS 9 ECL method to determine whether its financial assets require impairment. Expected credit losses are calculated by identifying scenarios in which a loan or receivable defaults; estimating the cash shortfall that would be incurred in each scenario if a default were to happen; multiplying that loss by the probability of the default happening; and summing the results of all such possible default events. This process requires significant judgement. In making this judgement, SPF considers all facts and circumstances that are available at the reporting date.

##### (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 the best estimates.

**5. Critical accounting estimates and judgements (cont...)**

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

**(e) Contributions receivable**

As per SPF Act 2005, contributions are due on the 21<sup>st</sup> day of the following month. At year end, contributions for the month of December are due to be paid in January the following year which is not in the financial year. Therefore, an estimate is made based on the actual contribution received of the preceding months.

**(f) Fair Value Estimation**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from for example, a stock exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the SPF is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table shows the carrying amounts and fair values of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value:

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021**

**5. Critical accounting estimates and judgements (cont...)**

**(f) Fair Value Estimation (cont...)**

| 31 December 2021<br>In thousands of rupees         | Note | Carrying amount  |                   | Fair value |         |                  |
|--|------|------------------|-------------------|------------|---------|------------------|
|  |      | FV/TOCI<br>FVTPL | Amortised<br>cost | Level 1    | Level 2 | Level 3<br>Total |
| <b>Financial assets measured at fair value</b>     |      |                  |                   |            |         |                  |
| Equity securities                                  | 14   | 288,893          |                   | 14         | -       | 288,893          |
| <b>Financial assets not measured at fair value</b> |      |                  |                   |            |         |                  |
| Fixed deposits                                     | 14   |                  | 330,805           |            |         | 330,805          |
| Treasury bills and bonds                           | 14   |                  | 280,824           |            |         | 280,824          |
|  |      |                  | <b>611,629</b>    |            |         | <b>900,522</b>   |
|  |      |                  |                   |            |         |                  |
| 31 December 2020<br>In thousands of rupees         | Note | Carrying amount  |                   | Fair value |         |                  |
|  |      | FV/TOCI<br>FVTPL | Amortised<br>cost | Level 1    | Level 2 | Level 3<br>Total |
| <b>Financial assets measured at fair value</b>     |      |                  |                   |            |         |                  |
| Equity securities                                  | 14   | 376,564          |                   | 14         | -       | 376,564          |
| <b>Financial assets not measured at fair value</b> |      |                  |                   |            |         |                  |
| Fixed deposits                                     | 14   |                  | 364,491           |            |         | 364,491          |
| Treasury bills and bonds                           | 14   |                  | 283,537           |            |         | 283,537          |
|  |      |                  | <b>648,028</b>    |            |         | <b>1,024,592</b> |

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021**

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**6. Risk management**

The Board of Trustees has the overall responsibility of determining the risk management objectives and policies of SPF. It also delegates the authority for designing and implementing risk management processes to the risk management function.

SPF's activities expose the institution to a variety of risks. The overall objective of the Board of Trustees is to set policies that seek to mitigate and reduce risks as far as possible, without unduly affecting the competitiveness and flexibility of the institution's operations. Further details regarding some of the main risks are set out below:

**(a) Investment risk**

There are some risks that are directly linked to the investments of SPF. Sustained poor performance would lead to insufficient returns that are necessary to support the institution's long-term sustainability. SPF has adopted a prudent approach to asset management that is likely to generate moderate, yet regular returns. The primary control measure is the regular appraisal of SPF's assets and investment policy by the Board of Trustees upon the advice of the Actuary and other external advisors as appropriate.

The following types of investment risks can be justified:

*Interest rate risk*

The risk that falling interest rates will reduce investment income on the assets or lead to falling values of fixed income instruments.

SPF finances its operations through operating cash flows which are principally denominated in Seychelles Rupee.

Several specific risk measures may be cited:

- SPF'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 14.
- SPF does not borrow, so the cost of borrowing is nil and unaffected by rate rises.
- There is a loan portfolio of loans to PMC at "fixed" rates. Although these rates are adjusted where the spread between SPF's rates and bank rates becomes too significant, there is a certain inertia that tends to protect SPF from sudden or temporary falls.

*Sensitivity analysis*

If interest rates have been 100 basis points higher/lower and all other variables were kept constant, SPF's surplus for the year ended December 31, 2021 would be impacted as follows:

|   | <b>Amortised Cost Financial Assets</b> |                        |
|---|--|------------------------|
|   | <b>2021<br/>SR'000</b>                 | <b>2020<br/>SR'000</b> |
| Impact on surplus for the year (+/- 100 basis points) | 47                                     | 46                     |

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021**

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**6. Risk management (cont...)**

**(a) Investment risk (cont...)**

*Price risk*

The risk that a sudden fall in asset values restricts SPF's ability to pay benefits. There are several ways in which SPF manages this risk:

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

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

The table below summarises the impact of increases/decreases in fair value of the investments on SPF's fair value of financial assets. The analysis is based on the assumption that the fair value had increased/decreased by 100 basis point.

|  | <b>Financial assets at<br/>FVTPL</b> |                        |
|--|--------------------------------------|------------------------|
|  | <b>2021<br/>SR'000</b>               | <b>2020<br/>SR'000</b> |
| Impact of change in fair value of (+/- 100 basis points) | 17                                   | 11                     |

*Liquidity risk*

The risk that cash flow requirements will force SPF to realize 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).

SPF 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 SPF to take appropriate actions.

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

*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 SPF by active workers are mandatory and contributions are deducted directly from employees' salaries and remitted to SPF. There is no history of material bad debts from contributions. SPF has established procedures to ensure that rental agreements are made with tenants with an appropriate credit history and through a newly introduced standing of order monthly rent payments which are assumed. Therefore, risks of bad debts are considered to be low.

**6. Risk management (cont...)**

**(a) Investment risk/ Credit risk (cont...)**

A Debtor Management Policy was implemented late in the year. The policy aims to put in place effective procedures for SPF to manage its debts in an efficient manner.

*Currency risk*

SPF's activities are not exposed to currency risk. However, SPF requires foreign exchange for developing its overseas investment 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.

*Counter party risk*

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

The risk is mitigated via the following measures:

- All fund managers are subject to rigorous in-house assessment and due diligence from well known, independent external experts prior to appointment, and to regular appraisal thereafter.
- Overseas fund managers are generally large, well-established organisations with sound reputations and track records.
- SPF seeks independent professional advice on overseas fund managers and required regular reporting in accordance with its investment policy.

**(b) Economic risk**

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

*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 SPF 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 realization of assets of SPF would provide the necessary liquidity to counter the cash flow need.

*Inflation risk*

Whilst the Central Bank has 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 SPF if it was accompanied by compensatory increase if one could not necessarily always count on the alignment of inflation and yields.

SPF protects itself in the following ways:

- Real assets, (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, SPF demands a significant yield compensation for inflation risk on long term instruments.
- For pension there is a capping of 5% inflation.

**6. Risk management (cont...)**

**(c) Operational risk**

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

Operational risk is, however, remote since SPF'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 of Trustees who is given a monthly report from the CEO.

There is also an Internal Audit department assessing and testing all risks and internal controls helping to reinforce any shortfalls that could come across. A Risk Department, a Quality Assurance Analyst and compliance function under the Business Development and Compliance Section also does thorough checks and risk mitigation processes to ensure that there are no malpractices and fraud.

**(d) Legal risk**

The risk that SPF commits an act that is subsequently deemed illegal and would be subject to penalty. This risk is somewhat limited since SPF is governed principally under a single, clear piece of legislation: The "Seychelles Pension Act, 2005". All the activities of SPF are regulated by the Act, and SPF are regulated by PEMC. SPF is also accountable to the Minister responsible for Finance for submission of its Annual report, a copy of which is also submitted to the National Assembly by the Minister. SPF also has in place a legal and compliance function to ensure compliance to legal obligations and a legal counsel on retainer.

**(e) Disaster recovery risk**

The risk that a disaster wipes out SPF'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 discs must be scanned on this machine prior to contact with the network. The presence of IT Office adds to the security of the back-ups of electronic information. All records of members have also been digitalised. IT Section also undertakes a vigorous audit of its IT System, practices, and users every 2 years by an independent external IT auditor from Mauritius.

As to the risk to SPF 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 SPF. There is also a clear and well-defined succession planning within SPF, as per its Human Resources Policy.

**(f) Reputational risk**

The risk that certain activities of SPF be badly perceived by the public, thus damaging SPF's capacity to operate.

SPF's policy of transparency and open communication together with corporate governance framework will protect it from this risk. Although reputation is a fragile quality, SPF has established a sound and credible reputation. SPF has always promoted transparency especially with members, notably via dissemination of information and explanatory literature. It's very detailed annual report and financial statements each year also promotes clarity and full comprehensive details of all SPF's activities for the year. Website and other social media platforms are also well used as regular communication and information channels to all SPF stakeholders, especially its members. SPF has put in place its Corporate Communication Policy in 2020 aimed at guiding the extent, quality and output of communication with SPF's external stakeholders and on the adherence to and quality of internal communications in line with SPF's approved standards, as required in its Act, Regulations and Internal policies and procedures.

**6. Risk management (cont...)**

**(f) Reputational risk (cont...)**

SPF 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.).

**(g) Compliance risk/ Anti- Money Laundering and prevention of Terrorism financing**

SPF complies fully with Anti- Money Laundering Act, 2020 and Countering of Financial Terrorism Act, 2020 and its amendments thereof. SPF observes all requirements and policies to ensure that there is no money laundering and terrorist financing sources of funds. SPF's main sources of funds come via the banking system through transactions from employers and employees mostly via SPF's bank accounts with minimal cash. The other source of funds is from investment returns all from banking system. All banks are supervised by Central Bank of Seychelles and have stringent Anti- Money Laundering systems in place. Other mechanisms that SPF observes are:

- Implementing its anti-money laundering and countering financing of terrorism anti-terrorism financing policies in place since 2019. This policy is being updated to ensure full compliance with the AML/CFT Act 2020 and its amendments.
- Employee training in AML.
- Independent audits.
- Policies and procedures to detect and report suspicious transactions and ensure compliance with the laws.
- Timely communications with the Financial Intelligence Unit (FIU).
- Submitting information to FIU, as requested.

There were no reported non-compliance cases concerning AML/ CFT at SPF in 2021.

SEYCHELLES PENSION FUND  
NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

7. PROPERTY AND EQUIPMENT

|                                     | Buildings on<br>Leasehold land<br>and<br>improvements<br>SCR | Equipment<br>SCR  | Furniture<br>and<br>fittings<br>SCR | Motor<br>vehicles<br>SCR | Total<br>SCR      |
|-------------------------------------|--|-------------------|-------------------------------------|--------------------------|-------------------|
| <b>COST</b>                         |  |                   |                                     |                          |                   |
| At January 1, 2020                  | 41,194,420   | 19,113,732        | 11,287,824                          | 3,218,899                | 74,814,875        |
| Additions                           | -  | 2,595,244         | 332,730                             | 553,664                  | 3,481,638         |
| Transfer to investment properties   | (7,941,302)  | -                 | -                                   | -                        | (7,941,302)       |
| Direct write off                    | -  | -                 | (91,884)                            | -                        | (91,884)          |
| Disposal during the year            | -  | (137,278)         | (26,325)                            | (518,675)                | (682,278)         |
| <b>At December 31, 2020</b>         | <b>33,253,118</b>  | <b>21,571,698</b> | <b>11,502,345</b>                   | <b>3,253,888</b>         | <b>69,581,049</b> |
| Additions                           | 1,003,649  | 1,491,562         | 81,656                              | -                        | 2,576,867         |
| <b>At December 31, 2021</b>         | <b>34,256,767</b>  | <b>23,063,260</b> | <b>11,584,001</b>                   | <b>3,253,888</b>         | <b>72,157,916</b> |
| <b>ACCUMULATED<br/>DEPRECIATION</b> |  |                   |                                     |                          |                   |
| At January 1, 2020                  | 23,997,539   | 11,201,065        | 5,490,424                           | 2,734,802                | 43,423,830        |
| Charge for the year                 | 2,709,058  | 2,075,347         | 963,726                             | 301,561                  | 6,049,692         |
| Disposals                           | -  | (107,535)         | (56,069)                            | (518,675)                | (682,279)         |
| <b>At December 31, 2020</b>         | <b>26,706,597</b>  | <b>13,168,877</b> | <b>6,398,081</b>                    | <b>2,517,688</b>         | <b>48,791,243</b> |
| Charge for the year                 | 2,180,194  | 2,188,601         | 967,837                             | 220,529                  | 5,557,161         |
| <b>At December 31, 2021</b>         | <b>28,886,791</b>  | <b>15,357,478</b> | <b>7,365,918</b>                    | <b>2,738,217</b>         | <b>54,348,404</b> |
| <b>NET BOOK VALUE</b>               |  |                   |                                     |                          |                   |
| <b>At December 31, 2021</b>         | <b>5,369,976</b>   | <b>7,705,782</b>  | <b>4,218,083</b>                    | <b>515,671</b>           | <b>17,809,512</b> |
| At December 31, 2020                | 6,546,521  | 8,402,821         | 5,104,264                           | 736,200                  | 20,789,806        |

## SEYCHELLES PENSION FUND

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

- (e) The land and buildings were valued at December 31, 2020 by an independent valuer. The value of the land and buildings is subject to review as per the revised Valuation Policy for Investment Assets approved by the Board of Trustees in November 2020. The valuation and accounting recommended approaches guided under IAS40 for valuation for investment properties and also as per IFRS 16 for leases.

**8. INVESTMENT PROPERTIES**

|  | 2021                 | 2020                 |
|--|----------------------|----------------------|
|  | SCR                  | SCR                  |
| (a) <b>At fair value</b>   |                      |                      |
| The movement of the investment properties during the year is as follows, |                      |                      |
| At January 1,  | 1,395,698,478        | 1,528,634,904        |
| Additions  | 36,797,232           | 72,374,132           |
| Transfer from property and equipment                                     | -                    | 7,941,302            |
| <i>Decrease in fair values:</i>  |                      |                      |
| Investment properties  | (15,678,063)         | (9,328,282)          |
| Assets held for sale   | (2,642,400)          | -                    |
| Revaluation of investment properties to reserve account (note (g))       | (903,819.00)         | -                    |
| Transfer to assets held for sale (note 12)                               | (4,974,222)          | (203,923,578)        |
| <b>At December 31,</b>   | <b>1,408,297,206</b> | <b>1,395,698,478</b> |

- (b) The value of the investment properties are subject to review every two years by an independent professionally qualified valuer, on an open-market basis with existing tenancies based on a Valuation of Properties Policy approved by the Board. A Valuation Committee has also been set up since 2018 to review the value of the investment properties on an annual basis. The Valuation Committee is chaired by an independent, experienced and qualified professional who is well versed in valuation of land. All properties were revalued in Year 2021 for a total of re-evaluation loss **SCR 19.2m** for 25 properties. 1 property with a book value of SCR 4.9m was disposed for SCR 5.3m.

- (c) The fair value of the properties has been valued by an external valuer and administered by the Investment Department under the Property Valuation Committee, chaired by an independent individual.

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

|                          | 2021               |                    |                    | 2020               |
|--------------------------|--------------------|--------------------|--------------------|--------------------|
|                          | SCR                | SCR                | SCR                | SCR                |
|                          | Land               | Building           | Total              | Total              |
| Cost                     | 176,774,099        | 755,237,622        | 932,011,721        | 932,011,721        |
| Accumulated depreciation | -                  | (120,851,721)      | (120,851,721)      | (105,746,970)      |
| <b>Net book value</b>    | <b>176,774,099</b> | <b>634,385,901</b> | <b>811,160,000</b> | <b>826,264,751</b> |
|                          |                    |                    | 2021               | 2020               |
|                          |                    |                    | SCR                | SCR                |

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

|  |                   |                   |
|--|-------------------|-------------------|
| Rental income                                      | 110,129,927       | 118,368,343       |
| Concession provided to tenants                     | (16,031,483)      | (4,148,744)       |
| Net rental income                                  | 94,098,444        | 114,219,599       |
| <b>Property Management expenses:</b>               |                   |                   |
| Direct operating expenses generating rental income | -                 | -                 |
| Direct operating expenses                          | (21,964,936)      | (32,069,385)      |
| <b>Profit arising from investment property</b>     | <b>72,133,508</b> | <b>82,150,214</b> |
| Decrease in fair value                             | (15,678,063)      | (9,328,282)       |
| <b>Surplus after fair value changes</b>            | <b>56,455,445</b> | <b>72,821,932</b> |

- (f) As at 31 December 2021, 3 properties under construction are carried at cost for a total amount of SCR 175.3m (2020: SCR 138.9m) of which 1 is nearing completion and is expected to be completed early 2022. The 2 other properties are expected to be developed at a later stage.

- (g) The fair value changes of the properties which are leased from the government of Seychelles at one rupee are directly recognised in other reserves. This relates to 4 properties with a total deferred income of SCR 108,680 (2020 : SCR 108,680).

## SEYCHELLES PENSION FUND

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 9. RIGHT OF USE ON ASSETS

SPF leased a land located at Caravelle House to run its business for a period of 97 years. The initial deposit on the lease amounting to SR 50 million paid in 2006 is being amortised over the term of lease. The movement during the year is as follows:

|  | 2021<br>SCR       | 2020<br>SCR |
|--|-------------------|-------------|
| <b>Cost</b>                              |                   |             |
| <b>As at 1 January &amp; 31 December</b> | <b>50,000,000</b> | 50,000,000  |
| <b>Amortisation</b>                      |                   |             |
| At 1 January,                            | 7,860,825         | 7,345,361   |
| Charge for the year                      | 515,464           | 515,464     |
| <b>At 31 December</b>                    | <b>8,376,289</b>  | 7,860,825   |
| <b>Net Book Value</b>                    |                   |             |
| <b>At 31 December</b>                    | <b>41,623,711</b> | 42,139,175  |

## 10. INVESTMENT IN SUBSIDIARY

- (a) Subsidiaries are investees controlled by SPF. The SPF "Controls" an investee if it is exposed to, or has right to, variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee.

|  | 2021<br>SCR         | 2020<br>SCR         |
|--|---------------------|---------------------|
| <b>At fair value,</b>  |                     |                     |
| Shareholding   | 100%                | 100%                |
| Opportunity Investment Company Limited -OICL                                       | <b>40,562,865</b>   | 40,562,865          |
|  | <b>2021<br/>SCR</b> | <b>2020<br/>SCR</b> |
| <i>The movement of the investment in subsidiary during the year is as follows,</i> |                     |                     |
| Balance as at January 1,   | <b>40,562,865</b>   | 44,426,026          |
| Decrease in fair value   | -                   | (3,863,161)         |
| Balance as at December, 31   | <b>40,562,865</b>   | 40,562,865          |

SPF holds 100 shares at SCR 100 per share in OICL as at 31 December 2021 representing a shareholding of 100%.

- (a) Details of the SPF's subsidiary (OICL), are given below:

|  | <b>OICL</b>        |
|--|--------------------|
| Class of shares held:  | Ordinary           |
| Year end:  | 31 December        |
| Proportion of ownership interest and voting power held (direct): | 100%               |
| Country of incorporation and residence:                          | Seychelles         |
| Activity:  | Investment holding |

OICL was incorporated as an investment vehicle solely for the purpose of acquiring shares in SACOS Group Limited (SACOS). OICL currently holds 386,313 shares in SACOS which represents an ownership interest of 19.31%.

The fair value of OICL is derived from the fair value of the SACOS shares it holds. At the end of the reporting period the value per SACOS share as listed on the stock exchange was **SCR 105** per share. (2020: SCR 105 per share).

Total value of SACOS shares held in OICL as at 31 December 2021 is 386,313 at **SCR 105 each** (2020: SCR 105 per share).

The SPF has also directly invested in SACOS with a total investment of 26,569 shares which represents an ownership interest of 1.33%. This investment has been classified under financial assets measured at fair value through profit or loss.

As at 31 December 2021, SPF holds 20.64% in SACOS directly and indirectly.

**10. INVESTMENT IN SUBSIDIARY (CONT...)**

(b) Details of the SPF's subsidiary at the end of the reporting period is as follows:

|                    |  |
|--------------------|--|
| Name               | Opportunity Investment Company Limited |
| Principal activity | Investment holding                     |

(i) Summarized statement of Financial position and statement of profit or loss and other income as per audited financial statements:

|  | 2021<br>SCR'000 | 2020<br>SCR'000 |
|--|-----------------|-----------------|
| <b>Assets</b>  |                 |                 |
| Current assets   | 147             | 129             |
| Non-current assets                                       | 40,562          | 40,562          |
| <b>Liabilities</b>                                       |                 |                 |
| Current liabilities                                      | 36              | 9               |
| <b>Equity</b>  | 40,673          | 40,682          |
| Revenue  | -               | -               |
| <b>Total comprehensive profit or (loss) for the year</b> | 1,890           | (40,603)        |

(ii) Summarised cash flow information:

|  |       |       |
|--|-------|-------|
| Operating activities                           | 1,918 | (71)  |
| Investment activities                          | -     | (192) |
| Financing activities                           | -     | -     |
| <b>Net change in cash and cash equivalents</b> | 1,918 | (263) |

(iii) There were no commitment and contingencies as at the reporting period

**11. INVESTMENT IN ASSOCIATES**

(a) Associates are those entities in which the SPF has significant influence, but not control, over variable returns through its power over investee. Significant influence is presumed to exist when the SPF holds 20% or more of voting power of another entity.

| At fair value                                      | 2021<br>% Held | 2020<br>% Held | 2021<br>SCR | 2020<br>SCR |
|--|----------------|----------------|-------------|-------------|
| Seychelles Breweries Limited (listed)              | 26%            | 26%            | 264,339,829 | 265,135,334 |
| Al Salam Bank Seychelles Limited (non- listed)     | 30%            | 30%            | 25,333,715  | 36,111,891  |
| Cable & Wireless Seychelles Limited (non - listed) | 22%            | 22%            | 294,435,792 | 154,934,990 |
|  |                |                | 2021<br>SCR | 2020<br>SCR |
| (i) Movements- Seybrew                             |                |                |             |             |
| Balance as at January 1,                           |                |                | 265,135,334 | 248,595,450 |
| Fair value adjustments                             |                |                | (795,505)   | 16,539,884  |
| Balance as at December, 31                         |                |                | 264,339,829 | 265,135,334 |

Seychelles Breweries has a financial reporting period ending 30 June.

At 31 December 2021, the fair value of the SPF's interest in Seychelles Breweries Limited, which is listed on the MERJ exchange, was 3,314,606 shares at SCR 79.75 per share (2020: 3,314,606 shares at SCR 79.99) based on the quoted market price available, which is a level 1 input in terms of IFRS 13.

|                               | 2021<br>SCR  | 2020<br>SCR |
|-------------------------------|--------------|-------------|
| (ii) Movements- Al Salam bank |              |             |
| Balance as at January 1,      | 36,111,891   | 22,403,667  |
| Fair value adjustments        | (10,778,176) | 13,708,224  |
| Balance as at December, 31    | 25,333,715   | 36,111,891  |

As at 31 December 2021, the fair value of the shares in respect of Al Salam Bank which is a non- listed were calculated using the adjusted net asset value method which is a level 3 input in terms of IFRS 13.

## SEYCHELLES PENSION FUND

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 11. INVESTMENT IN ASSOCIATES (CONT...)

|                                    | 2021        | 2020          |
|------------------------------------|-------------|---------------|
|                                    | SCR         | SCR           |
| (iii) Movements - Cable & Wireless |             |               |
| Balance as at January 1,           | 154,934,990 | 330,404,100   |
| Additions                          | -           | -             |
| Fair value adjustments             | 139,500,802 | (175,469,110) |
| Balance as at December, 31         | 294,435,792 | 154,934,990   |

As at 31 December 2019, the fair value of the shares in respect of Cable & Wireless which is a non-listed company were calculated using the adjusted net asset value method which is a level 3 input in terms of IFRS 13. This is as per SPF's new policy on valuation of unlisted equities.

As at 31 December 2020, the fair value of the shares in respect of Cable & Wireless which is a non-listed company were calculated using the adjusted net asset value method which is a level 3 input in terms of IFRS 13. This is as per SPF's new policy on valuation of unlisted equities.

SPF purchased 22% of shareholdings in Cable and Wireless (Seychelles) Limited (the Company) in December 2019, for a consideration of SCR 330,404,100.

In line with the Adjusted Net Asset Value approach of IFRS 13, it is necessary that the material impact of the expected merger on the Company's Net Asset Value and on SPF's shareholdings is considered. An adjustment is made to the Net Asset Value of the Company for the year ended on December 31, 2019, from SCR 1,879,202,000 to SCR 892,427,000 taking into account the foreign currency obligation which was not taken into consideration initially. Correspondingly, the valuation of SPF's 22% shareholdings in the Company under this approach is determined as SCR 196,334,000, which reflects a premium of 168% paid by SPF for purchasing shares in the Company.

Considering the share purchase premium of 168% paid by SPF, the fair value of SPF's shareholdings in the Company for the year ended 31st December 2020 is calculated as SCR 154,934,990, which is a capital loss of SCR 175,469,110 or 53% year-on-year. For comparative purpose, if the exchange rates were to remain stable at their levels of 31st December 2019, the Company's Net Asset Value would otherwise be SCR 1,039,640 which would correspond to a year-on-year capital appreciation of 16% for SPF.

(b) Details of the SPF's associates at the end of the reporting period is as follows:

|   |                              |
|---|------------------------------|
| (1) Name  | Seychelles Breweries Limited |
| Principle Activities  | Beverage manufacturing       |
| (i) Summarized statement of financial position and statement of profit or loss and other income as per the unaudited financial statements (Seychelles Breweries Limited has a financial reporting period ending 30th June). |                              |

|   | 30 June<br>2021<br>SCR '000 | 30 June<br>2020<br>SCR '000 |
|---|-----------------------------|-----------------------------|
| <b>Assets</b>   |                             |                             |
| Current assets  | 204,098                     | 192,522                     |
| Non-current assets  | 388,774                     | 372,675                     |
| <b>Liabilities</b>  |                             |                             |
| Current liabilities   | 100,184                     | 103,435                     |
| Non-current liabilities                                     | 70,167                      | 61,395                      |
| <b>Equity</b>   | 422,521                     | 400,367                     |
| Revenues  | 443,946                     | 424,441                     |
| Profit before tax   | 94,514                      | 112,826                     |
| Other comprehensive income                                  | -                           | -                           |
| <b>Total comprehensive income</b>                           | 69,404                      | 81,902                      |
| Proportion of ownership interest and voting rights (Direct) | 26%                         | 26%                         |
| (ii) Summarised cash flow information:                      |                             |                             |
| Operating activities  | 73,615                      | 130,501                     |
| Investment activities                                       | (50,733)                    | (59,693)                    |
| Financing activities  | 50,449                      | (30,855)                    |
| <b>Net change in cash and cash equivalents</b>              | 73,331                      | 39,953                      |

(iii) There were no contingent liability as at the reporting period.

## 11. INVESTMENT IN ASSOCIATES (CONT...)

|   |                          |                 |
|---|--------------------------|-----------------|
| (2) Name  | Al Salam Bank Seychelles |                 |
| Principle Activities  | Banking Services         |                 |
| (i) Summarised statement of financial position and statement of profit or loss and other income as per unaudited financial statements (Al Salam Bank Seychelles Limited has a financial reporting period ending 31st December). |                          |                 |
|   | <b>2021</b>              | <b>2020</b>     |
|   | <b>SCR '000</b>          | <b>SCR '000</b> |
| <b>Assets</b>   | <b>895,522</b>           | 1,089,385       |
| <b>Liabilities</b>  | <b>810,209</b>           | 1,007,638       |
| <b>Equity</b>   | <b>85,313</b>            | 81,747          |
| Revenues  | <b>29,262</b>            | 30,265          |
| Profit before tax   | <b>3,606</b>             | 3,936           |
| Tax charge  | <b>(40)</b>              | 605             |
| <b>Total comprehensive income</b>   | <b>3,566</b>             | 4,540           |
| Proportion of ownership interest and voting rights (Direct)   | <b>30%</b>               | 30%             |
| Proportion of ownership interest and voting rights (Direct)   | <b>30%</b>               | 30%             |
| (ii) Summarised cash flow information:  |                          |                 |
| Operating activities  | <b>(83,700)</b>          | 196,252         |
| Investment activities   | <b>(132)</b>             | (188)           |
| Financing activities  | <b>(112,122)</b>         | 191,441         |
| <b>Net change in cash and cash equivalents</b>  | <b>(195,954)</b>         | 387,505         |

(iii) There were no commitment and contingencies as at the reporting period.

|  |                                     |               |
|--|-------------------------------------|---------------|
| (3) Name   | Cable & Wireless Seychelles Limited |               |
| Principle Activities   | Telecommunication                   |               |
| (i) Summarised statement of financial position and statement of profit or loss and other income as per the unaudited financial statements (Cable & Wireless Seychelles Limited has a financial reporting period ending 31st December). |                                     |               |
|  | <b>2021</b>                         | <b>2020</b>   |
|  | <b>SCR'Mn</b>                       | <b>SCR'Mn</b> |
| <b>Assets</b>  |                                     |               |
| Current assets   | <b>692</b>                          | 1,059         |
| Non-current assets   | <b>1,204</b>                        | 1,260         |
| <b>Liabilities</b>   |                                     |               |
| Current liabilities  | <b>436</b>                          | 507           |
| Non-current liabilities  | <b>742</b>                          | 1,394         |
| <b>Equity</b>  | <b>718</b>                          | 418           |
| (ii) Summarised cash flow information:   |                                     |               |
| Operating activities   | <b>91</b>                           | 216           |
| Investment activities  | <b>(97)</b>                         | (70)          |
| Financing activities   | <b>(96)</b>                         | (89)          |
| <b>Net change in cash and cash equivalents</b>   | <b>(102)</b>                        | 57            |

(iii) There were no contingent liability as at the reporting period.

## 12. ASSETS HELD FOR SALE

|  |                    |              |
|--|--------------------|--------------|
|  | <b>2021</b>        | <b>2020</b>  |
|  | <b>SCR</b>         | <b>SCR</b>   |
| The movement during the year is as follows:        |                    |              |
| Balance as at January 1,                           | <b>203,923,578</b> | 55,481,321   |
| Transfer from investment properties                | <b>4,974,222</b>   | 203,923,577  |
| Additions  | <b>2,642,400</b>   | 1,264,165    |
| Disposals  | <b>(4,974,222)</b> | (56,745,485) |
| Balance as at December, 31                         | <b>206,565,978</b> | 203,923,578  |
| Transfer from investment properties as per note 8. | <b>4,974,222</b>   | 203,923,578  |

In 2021, SPF had the intention to dispose 7 investment properties as approved by the Board of Trustees in not more one year from the date of approval by the board of trustees. These assets were initially recognised at fair value when transferred. In 2021, only 1 of the properties was disposed.

## SEYCHELLES PENSION FUND

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 13. CASH AND BANK BALANCES

|              | 2021               | 2020               |
|--------------|--------------------|--------------------|
|              | SCR                | SCR                |
| Cash at bank | 143,896,252        | 158,952,684        |
| Cash in hand | 36,452             | 35,376             |
|              | <b>143,932,704</b> | <b>158,988,060</b> |

## 14. INVESTMENT IN FINANCIAL ASSETS

|                                |                             | 2021               | 2020                 |
|--------------------------------|-----------------------------|--------------------|----------------------|
|                                |                             | SCR                | SCR                  |
| <b>Non-current investments</b> | <b>Measurement category</b> |                    |                      |
| Fixed deposits                 | Amortised cost              | 32,092,071         | 32,092,071           |
| Treasury bonds                 | Amortised cost              | 243,271,250        | 205,000,000          |
| Equity securities              | Fair value through OCI      | 288,879,089        | 376,549,916          |
|                                |                             | <b>564,242,410</b> | <b>613,641,987</b>   |
| <b>Current investments</b>     |                             |                    |                      |
| Fixed deposits                 | Amortised cost              | 298,713,470        | 332,398,655          |
| Treasury Bills                 | Amortised cost              | 37,552,865         | 49,592,400           |
| Treasury bonds                 | Amortised cost              | -                  | 28,945,000           |
| Equity securities              | Fair value through P&L      | 13,711             | 13,711               |
|                                |                             | <b>336,280,046</b> | <b>410,949,766</b>   |
| <b>Total financial assets</b>  |                             | <b>900,522,456</b> | <b>1,024,591,753</b> |

- (a) Investments in fixed deposits represent term deposits with banks with interest rates ranging from 0.13% to 2.80% for USD account (2020: USD 1% to 3.77%) and 1.45% to 7% (on local currency account) per annum (2020: SCR 4.90% to 7%) with maturity dates from 05th February 2021 to 24th April 2025.
- (b) Investments in Treasury Bonds comprise bonds with interest rates ranging from 3.5% to 12% per annum (2020 : 6% to 12%) and treasury bills from 4.91% to 6.25% for 365 days (2020 : 4.76% to 5.88%) maturity dates from 10th February 2021 to 15th March 2028.
- (c) Equity securities comprise of local securities listed on the MERJ Exchange and other unlisted securities. It also comprise of listed and unlisted foreign securities.
- (d) Hierarchy of fair value levels is detailed under note 5 (f). Due to limited information available for the fair value determination of the unquoted foreign securities, their fair values have been determined based on the adjusted net assets value which is a level 3 input in terms of IFRS 13. In December 2021, SPF purchased 263,158 shares in Africa Finance Corporation for the consideration of USD 500,000, in line with its diversification strategy.

The details of the fair value adjustments for the investments in unquoted equities are as follows;

|                            | 2021                | 2020               |
|----------------------------|---------------------|--------------------|
|                            | SCR                 | SCR                |
| Africa Finance Corporation | 6,953               | -                  |
| Afrexim Bank               | (17,886,179)        | 25,151,927         |
| TDB Class B shares         | (67,113,201)        | 111,567,717        |
| Seychelles Commercial Bank | 863,391             | 375,236            |
| Central Common Cold Store  | (8,343,360)         | 9,651,480          |
|                            | <b>(92,472,396)</b> | <b>146,746,360</b> |

The details of the fair value adjustments for the investments in quoted equities are as follows;

|                          | 2021        | 2020      |
|--------------------------|-------------|-----------|
|                          | SCR         | SCR       |
| GRIT                     | (2,533,531) | 232,383   |
| SACQS                    | -           | (265,690) |
| Mauritius Stock Exchange | (2,533,531) | (33,307)  |

- (e) The net movement in the financial assets including equity securities is shown below:

|                        | 2021               | 2020                 |
|------------------------|--------------------|----------------------|
|                        | SCR                | SCR                  |
| At January 1           | 1,024,591,753      | 929,321,171          |
| Additions              | 344,319,820        | 351,529,515          |
| Redemption             | (373,383,190)      | (402,971,987)        |
| Fair value (loss)/gain | (95,005,927)       | 146,713,054          |
| <b>At December 31</b>  | <b>900,522,456</b> | <b>1,024,591,753</b> |

## SEYCHELLES PENSION FUND

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 14. INVESTMENT IN FINANCIAL ASSETS (CONT...)

|  | 2021               | 2020                 |
|--|--------------------|----------------------|
|  | SCR                | SCR                  |
| (f) Investments in financial assets are denominated in the following currencies: |                    |                      |
| Seychelles Rupee   | 560,118,009        | 644,100,188          |
| Mauritian Rupee  | 13,711             | 13,711               |
| US Dollar  | 340,390,736        | 380,477,854          |
|  | <u>900,522,456</u> | <u>1,024,591,753</u> |

## 15. RECEIVABLES AND PREPAYMENTS

|  | 2021              | 2020              |
|--|-------------------|-------------------|
|  | SCR               | SCR               |
| (i) Contributions receivables from members (note iv)         | 34,809,687        | 37,187,079        |
| Amount receivable from the Government of Seychelles (note v) | 4,731,403         | 1,978,839         |
| Interest receivable (note ix)                                | 29,088,792        | 29,541,195        |
| Rental income receivable (note ii)                           | 5,608,132         | 5,546,487         |
| Advance payment on capital projects                          | -                 | 118,160           |
| Prepayments  | 1,296,300         | 852,610           |
| Other receivables (note vi)                                  | 3,063,427         | 6,340,596         |
|  | <u>78,597,741</u> | <u>81,564,966</u> |
| (ii) Rental income receivable (Net of Concessions Allowed)   | 14,172,500        | 12,968,854        |
| Provision for bad and doubtful debts (Note vii)              | (8,564,368)       | (7,422,367)       |
| <b>Net rent receivable</b>                                   | <u>5,608,132</u>  | <u>5,546,487</u>  |

## The provision for bad and doubtful debts is as follows:

|                             |                  |                  |
|-----------------------------|------------------|------------------|
| At January 1,               | 7,422,367        | 2,573,693        |
| Charge for the year         | 1,142,001        | 4,886,240        |
| Write off against provision | -                | (37,566)         |
| <b>At December, 31</b>      | <u>8,564,368</u> | <u>7,422,367</u> |

(iii) The carrying amount of the above receivables are denominated in Seychelles rupees and approximate their fair value.

(iv) The contributions receivable from members are contributions for 31 December 2021 due on the 21st day of January 2021 and other contribution in arrears.

(v) The amount receivable from Government of Seychelles represents government pension (Special Pension/Entitlement and Early Retirement) which the SPF paid to its members on behalf of and refundable by the Government of Seychelles.

(vi) Other receivables comprise of sundry debtors, staff loan and debtors clearing accounts.

(vii) The above balances are net of provision for credit impairment. As per the policy, provision of 50% has been made for outstanding debts over 60 days and 100% provision made for all debts over 120 days. Debtors with repayment plans in place have been excluded from the provision calculation.

(viii) The SPF does not hold any collateral as security for the above receivables

(ix) Interest receivable includes interest receivable from Fixed Deposit, Treasury Bill and Treasury Bonds and PMC loan.

## 16. LOANS RECEIVABLE

Loan receivable is from Property Management Corporation (PMC) a government entity, secured by Government Gazetted guarantee:

|                               | 2021              | 2020               |
|-------------------------------|-------------------|--------------------|
|                               | SCR               | SCR                |
| Balance as at January 1,      | 108,036,060       | 123,970,625        |
| Repaid during the year        | (25,109,336)      | (25,109,335)       |
| Interest receivable (note 25) | 7,852,208         | 9,174,770          |
| Balance as at December 31,    | <u>90,778,932</u> | <u>108,036,060</u> |
| Current                       | 18,832,001        | 17,257,127         |
| Non-Current                   | 71,946,931        | 90,778,933         |
|                               | <u>90,778,932</u> | <u>108,036,060</u> |

**SEYCHELLES PENSION FUND**  
**NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021**

**17. OTHER PAYABLES**

|   | 2021              | 2020              |
|---|-------------------|-------------------|
|   | SCR               | SCR               |
| Rental deposits                           | 11,524,416        | 10,552,858        |
| Advance on rent                           | 1,216,240         | 1,763,003         |
| Advance on Loan                           | 6,277,333         | 6,277,334         |
| Accrued expenses                          | 1,933,351         | 7,190,118         |
| Account payable-Apartment project         | -                 | 301,021           |
| Account payable-Cable & Wireless (note c) | -                 | 54,092,250        |
| Sundry payables                           | -                 | 1,172,565         |
|   | <b>20,951,340</b> | <b>81,349,149</b> |

- (a) The carrying amount of other payables are denominated in Seychelles rupees and approximate their fair value.  
(b) Sundry payables includes pension payments returned due to incorrect bank accounts/details of the pensioners/members.  
(c) These are share purchase consideration payable to Cable and Wireless Seychelles Limited.

**18. RETIREMENT BENEFIT OBLIGATIONS**

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

- (i) Amount recognised in the statement of financial position:

|   | 2021             | 2020             |
|---|------------------|------------------|
|   | SCR              | SCR              |
| Present value of unfunded obligation                                      | 8,225,665        | 8,632,172        |
| (ii) Movement in liability recognised in statement of financial position: |                  |                  |
| Balance as at January, 1  | 8,632,172        | 7,238,579        |
| Charge for the year   | (406,507)        | 1,393,593        |
| <b>Balance as at December, 31</b>   | <b>8,225,665</b> | <b>8,632,172</b> |

The retirement benefit obligation has not been valued by an actuary since the management decided that had it been valued by actuary the impact would not be material.

**19. DEFERRED PROPERTY LEASE**

|                                 | 2021             | 2020             |
|---------------------------------|------------------|------------------|
|                                 | SCR              | SCR              |
| <b>Cost</b>                     |                  |                  |
| At 1 January & 31 December      | 7,846,750        | 7,846,750        |
| <b>Accumulated amortisation</b> |                  |                  |
| At 1 January ,                  | 1,320,035        | 1,211,355        |
| Charge for the year             | 108,680          | 108,680          |
| <b>At 31 December</b>           | <b>1,428,715</b> | <b>1,320,035</b> |
| <b>At 31 December</b>           | <b>6,418,035</b> | <b>6,526,715</b> |

The leasehold land was originally accounted for at SCR 1, the value at which it was transferred from the Government of Seychelles, this value has been restated to fair value at the time of acquisition. The leasehold properties are Providence Micro Enterprise, Providence Warehouse, Port- Glaud Micro Enterprise, Eve Island Enterprise. The fair value of the benefit is being taken to income over the life of the underlying assets (60 - 99 years).

**20. Valuation of net assets against actuarial value of promised retirement benefits**

As per the actuary valuation the accrued benefits are separated between vested and non vested benefits. The vested benefits are the present value of all expected future payments to current pensioners and future spouses' pension on the death of current pensioners. Non vested benefit is the measure of the value of the amount standing in member accounts at valuation date. SPF will be able to meet all benefit obligations in the future if this is followed as SPF operates a 'pay-as-you-go' pension plan. Actuarial evaluation is done for the next 60 years.

**21. MEMBERS' FUND**

Member's fund represents the balance due to members who have contributed to the SPF (which also includes the Seychelles Pension Scheme from 1991). This includes mandatory and voluntary contributions from employer and employee and contributions from self-employed with accumulated interest over the years. The members fund is used to finance pension payment on a monthly basis and lump sum refunds for members not qualifying for a monthly pension.

|  | 2021                 | 2020                 |
|--|----------------------|----------------------|
|  | SCR                  | SCR                  |
| <b>Details of members fund are as follows:</b> |                      |                      |
| <b>Opening Balance</b>                         | <b>1,721,565,892</b> | <b>1,646,364,573</b> |
| Mandatory contribution                         | 428,247,697          | 422,716,236          |
| Voluntary contribution                         | 38,762,383           | 37,267,713           |
| Pension and Benefit payments                   | (465,135,811)        | (411,311,760)        |
| Other refunds (overpayments)                   | (16,647,482)         | (9,066,368)          |
| Interest for the year                          | 37,306,953           | 35,595,498           |
| <b>At December 31,</b>                         | <b>1,744,099,632</b> | <b>1,721,565,892</b> |

## SEYCHELLES PENSION FUND

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 22. OTHER FUNDS

|  | 2021               | 2020               |
|--|--------------------|--------------------|
|  | SCR                | SCR                |
| Net contributions from Social Security carried forward (note a)  | 11,703,935         | 11,703,935         |
| Receipts from National Provident Fund  | 71,215,276         | 71,215,276         |
| SSF Investment Funds transferred to SPF  | 406,870,976        | 406,870,976        |
| SPF contribution from the Government   | 43,489,567         | 43,489,567         |
| <b>At December 31,</b>   | <b>533,279,754</b> | <b>533,279,754</b> |
| (a) Net contributions from Social Security includes following,   |                    |                    |
| Contributions from Social Security Division  | 532,099,144        | 532,099,144        |
| Payments made for Social Security Pension  | (520,395,209)      | (520,395,209)      |
|  | <b>11,703,935</b>  | <b>11,703,935</b>  |
| (b) The National Provident Fund Act was repealed and after refunding the contributions to the persons entitled under the Act, the balance was transferred to SPF as required under Section 73(2) of the Seychelles Pension Fund Act, 2005. |                    |                    |

## 23. RESERVE FUND

|              | 2021       | 2020       |
|--------------|------------|------------|
|              | SCR        | SCR        |
| Reserve Fund | 14,568,591 | 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 2006 on the amount set aside which was 30% of the difference between the interest earned by SPF and the interest paid to the members.

The transfer to the Reserve Fund was made in order to increase the distributable reserve.

## 24. OTHER RESERVES

|                        | 2021               |          | 2020               |
|------------------------|--------------------|----------|--------------------|
|                        | reserve            | reserves | Total              |
|                        | SCR                | SCR      | SCR                |
| At January 1,          | 153,926,169        | -        | 153,926,169        |
| Net change in FV       | -                  | -        | -                  |
| <b>At December 31,</b> | <b>153,926,169</b> | <b>-</b> | <b>153,926,169</b> |

## 25. INTEREST INCOME

|                                | 2021              | 2020              |
|--------------------------------|-------------------|-------------------|
|                                | SCR               | SCR               |
| - Fixed deposits               | 15,870,795        | 14,691,426        |
| - Treasury bonds and bills     | 22,491,122        | 21,223,895        |
| - Equity securities            | -                 | 40,496            |
| - Bank balances                | 1,008,744         | 39,717            |
| - Staff loans                  | 168,307           | 256,915           |
| - Loan and receivable from PMC | 7,852,208         | 9,174,770         |
|                                | <b>47,391,176</b> | <b>45,427,219</b> |

## 26. DIVIDEND INCOME

|   | 2021              | 2020              |
|---|-------------------|-------------------|
|   | SCR               | SCR               |
| Dividends on local equity investments   | 14,462,417        | 12,429,773        |
| Dividends on foreign equity investments | 6,888,274         | 9,882,016         |
|   | <b>21,350,691</b> | <b>22,311,789</b> |

# SEYCHELLES PENSION FUND

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

### 27. INTEREST CREDITED TO MEMBERS

Interest credited to Members' Fund was 2.53% and 5% for mandatory and voluntary respectively from 01.01.2021 to 31.12.2021. The new interest policy effective 01.04.2019 calculate the interest rate to be credited to non-vested members who can withdraw lump sum amounts from their account since they do not qualify for a pension based on the 12 months average saving rate. The amount of SCR 37m was credited for the year ended December 31, 2021 (2020 : Mandatory 2.72% and Voluntary 5.99% - SCR. 36m).

### 28. ADMINISTRATIVE EXPENSES

|  | 2021              | 2020              |
|--|-------------------|-------------------|
|  | SCR               | SCR               |
| Salaries, wages and other related        | 34,050,126        | 35,918,063        |
| Office running costs                     | 1,969,231         | 2,498,421         |
| Motor vehicles running expenses          | 378,731           | 404,817           |
| Postage, printing and stationary         | 1,149,690         | 1,539,116         |
| Telephone                                | 945,569           | 2,423,084         |
| Utilities                                | 475,217           | 919,651           |
| Repairs and maintenance                  | 593,570           | 1,044,961         |
| Other expenses                           | 4,886,250         | 3,881,213         |
|  | <b>44,448,384</b> | <b>48,629,326</b> |
| Details of other expenses includes;      |                   |                   |
| Internet charges                         | 1,646,705         | 1,093,652         |
| Rent- Caravelle House                    | 1,354,200         | 1,299,300         |
| Rent- Jupiter House                      | 150,000           | 137,500           |
| Cleaning                                 | 182,686           | 291,952           |
| Board of Trustees fees                   | 682,000           | 816,000           |
| Medical Board fees                       | 176,400           | 176,400           |
| Office consumables                       | 10,738            | 66,409            |
| VAT not claimable                        | 683,521           | -                 |
| <b>Total</b>                             | <b>4,886,250</b>  | <b>3,881,213</b>  |
| Details of Office running cost includes; |                   |                   |
| Training                                 | 461,855           | 491,296           |
| Uniforms                                 | 194,261           | 827,540           |
| Travelling                               | 31,240            | 158,517           |
| Staff Welfare                            | 724,084           | 407,834           |
| Staff Insurance                          | 65,136            | 13,249            |
| Journals And Newspaper                   | 36,084            | 2,500             |
| Bank Charges                             | 343,459           | 478,048           |
| Miscellaneous Expense                    | 90,041            | 119,437           |
| Agency Cost                              | 23,071            | -                 |
|  | <b>1,969,231</b>  | <b>2,498,421</b>  |

### 29. OTHER PROFESSIONAL FEES

It includes the fee paid to Reserve Advisory and Management Partnership (RAMP) for capacity building purposes, a partnership between SPF and the World Bank entered into in the year 2020.

## SEYCHELLES PENSION FUND

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

## 30. RELATED PARTY TRANSACTIONS

|   | 2021       | 2020        |
|---|------------|-------------|
|   | SCR        | SCR         |
| <i>Balances owing from related parties:</i>       |            |             |
| <i>Other related parties</i>                      |            |             |
| Government of Seychelles                          | 4,731,403  | 3,846,745   |
| Loans and receivable from PMC                     | 90,778,932 | 108,036,059 |
| <i>Transactions</i>                               |            |             |
| <i>Dividends received</i>                         |            |             |
| Opportunity Investment Company Limited            | -          | -           |
| Seychelles Breweries Limited                      | 12,429,773 | 12,429,773  |
| <i>Rental received:</i>                           |            |             |
| Government of Seychelles                          | 31,386,669 | 76,956,498  |
| <i>Key management personnel</i>                   |            |             |
| - Gross salaries (strategic management personnel) | 3,528,487  | 3,876,520   |
| Board of Trustees' remuneration (note 31)         | 682,000    | 816,000     |

- (a) Transactions with related parties are within the normal course of business.
- (b) For the year ended December 31, 2021, the SPF has not recorded any impairment of receivables relating to amounts owed by related parties as its carrying value approximates their fair value. (2020: 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.

## 31. BOARD OF TRUSTEES' REMUNERATION AND SECRETARIAT EXPENSES

|                    |  | 2021    | 2020    |
|--------------------|--|---------|---------|
|                    |  | SCR     | SCR     |
| M.Houareau         | (1st March 2021                            | 80,000  | -       |
| J. Dugas           | (18th September 2018-31st Jan 2021)        | 8,000   | 96,000  |
| P Payet            | (February 2018 onwards)                    | 66,000  | 72,000  |
| C Mangroo          | (January 2015-31st Jan 2021)               | 6,000   | 72,000  |
| R Valmont          | (1st March 2018-31st Jan 2021)             | 6,000   | 72,000  |
| B Morin            | (1st March 2018-31st Jan 2021)             | 60,000  | -       |
| C Vidot            | (1st March 2018-31st Jan 2021)             | 6,000   | 72,000  |
| P Sinon            | (1st March 2018-31st Jan 2021)             | 6,000   | 72,000  |
| M C Marie          | (1st August 2017-31st Jan 2021)            | 6,000   | 72,000  |
| B Adonis           | (1st February 2015-31st Jan 2021)          | 6,000   | 72,000  |
| A Robinson         | (1st February 2015-31st Jan 2021)          | 6,000   | 72,000  |
| Elsie Morel        | (1st March 2018 onwards)                   | 66,000  | 72,000  |
| S.Mohideen         | (1st March 2021 onwards)                   | 60,000  | -       |
| Jose St Ange       | (1st March 2021 onwards)                   | 60,000  | -       |
| Sarah Lang         | (1st March 2021 onwards)                   | 60,000  | -       |
| S.Jolicoeur        | (1st March 2021 onwards)                   | 60,000  | -       |
| J. Rath            | (1st March 2021 onwards)                   | 60,000  | -       |
| <b>Secretariat</b> |  |         |         |
| Audrey Nanon       | (From May 1, 2017-31st Jan 2021) Secretary | 6,000   | 72,000  |
| M.Pillay           | (From May 1, 2021) Secretary               | 54,000  | -       |
|                    |  | 682,000 | 816,000 |

## 32. CAPITAL COMMITMENTS

|                                 | 2021    | 2020    |
|---------------------------------|---------|---------|
|                                 | SCR'000 | SCR'000 |
| <b>Capital commitments</b>      |         |         |
| Approved and contracted for     | 126,045 | 190,621 |
| Approved but not contracted for | 516,900 | 424,207 |
|                                 | 642,945 | 614,828 |

Capital commitments are ongoing projects which have been approved by the Board of Trustees as at the reporting date. It includes both contracted out projects as well as those yet to be contracted out. In view of the economic uncertainties, as result of the Covid-19 pandemic, the capital cost of the uncontracted projects maybe subjected to significant changes.

## SEYCHELLES PENSION FUND

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

**33. PROFIT ON SALE OF INVESTMENT**

|  | <b>2021</b>    | <b>2020</b>       |
|--|----------------|-------------------|
|  | <b>SCR</b>     | <b>SCR</b>        |
| Profit on sale of Perseverance apartment               | -              | 11,754,518        |
| Profit on sale of Anse a La Mouche property            | <b>286,778</b> | -                 |
| Profit on sale of foreign deposits, bonds and equities | -              | 5,818,986         |
|  | <b>286,778</b> | <b>17,573,504</b> |

**34. CONTINGENCIES**

- (i) The Board of trustees are not aware of any contingent liabilities at December 31, 2021 (2020 : SCR : nil).
- (ii) Following the fire that occurred at Le Chantier Mall on October 15, 2021, which partially destroyed the 3rd and the 4th Floor of the east wing of the building, as at year ending December 31, 2021, the SPF was in the process of finalising and submitting the insurance claim to our insurer SACOS.

**35. EVENTS OCCURRING AFTER REPORTING PERIOD**

The contribution employee and employer contribution rates shall increase from 3 to 4% and 5% effective 1st April 2022. The employee rate shall increase by a further 1% effective 1st January 2023 bringing it to 5%. The self employed contribution rate shall be increase from 6 % to 9% effective 1st April 2022 with a further 1% increase from 1st January 2023 bringing it to 10%. These changes will be reflected in the amendment of the SPF (Membership and Contributions) Regulations.

**36. GOING CONCERN**

As a result of the spread of Covid 19, economic uncertainties have arisen which have negatively impacted the tourism and airline sector in the Seychelles and consequently the short term profitability of the SPF. The extent of the impact on the SPF's operations and financial performance will depend on the duration and spread of the outbreak and its effect on the economy, employees, customers and suppliers, all of which remains uncertain presently.

The financial statements have been prepared on the basis of the SPF being a going concern.