

**L'UNION ESTATE COMPANY LIMITED**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2016**

**L'UNION ESTATE COMPANY LIMITED**

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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**DIRECTORS' REPORT**

The Directors are pleased to submit their report together with the audited financial statements of the Company for the financial year ended December 31, 2016.

**PRINCIPAL ACTIVITY**

The Company's principle activity is to cultivate land for vegetables and fruits and it is also engaged in poultry and pig farming. It is also responsible for the up keep and maintenance of the Estate and charges a fee to overseas visitors to enjoy the use of the premises and there has been no change in these activities for the financial year under review.

**RESULTS**

SR

Profit for the year	483,198
Revenue deficit brought forward	(15,800,293)
Revenue deficit carried forward	<u>(15,317,095)</u>

**PROPERTY, PLANT AND EQUIPMENT**

Additions to property, plant and equipment of **SR 1.81m** comprised mainly capital work in progress and equipment. (2015: SR 1.15m). Assets with a net book value of **SR 58k** were written off while a motor vehicle with nil net book value was disposed during the year under review .

The Directors are of the opinion that the carrying value of the property, plant and equipment at December 31, 2016 approximates their fair value at the end of reporting period.

**DIRECTORS AND DIRECTORS' INTERESTS**

The Directors of the Company and their interest in shares of the Company since the date of the last report and the date of this report are:

Ms Rannie Jeanne  
 Mr Keddy Nibourette  
 Ms Barbara Barallon  
 Ms Monica Figaro  
 Mr Robert Pool  
 Mr Ansley Constance  
 Mr Gerard Lablache  
 Mr Andreix Rosalie  
 Mr Damien Thesee

None of the Directors held any interest in the share of the Company at the date of this report.



## DIRECTORS' REPORT (CONT'D)

## DIRECTORS AND DIRECTORS' INTERESTS (CONT'D)

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the overall management of the affairs of the Company including the operations of the Company and making investment decisions.

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Standards in Seychelles and in compliance with the Seychelles Companies Act, 1972. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. The Directors have the general responsibility of safeguarding the assets, both owned by the Company and those that are held in trust and used by the Company.

The Directors consider they have met their aforesaid responsibilities.

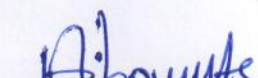
## AUDITORS

The auditors Messrs. BDO Associates retire and being eligible, offer themselves for re-appointment.

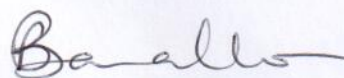
## BOARD APPROVAL



Ms Rannie Jeanne  
Chairman



Mr Keddy Nibourette  
Chief Executive Officer



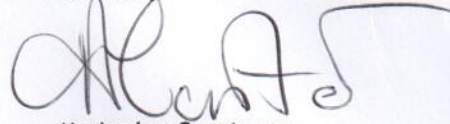
Ms Barbara Barallon  
Director



Ms Monica Figaro  
Director



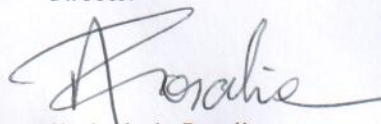
Mr Robert Pool  
Director



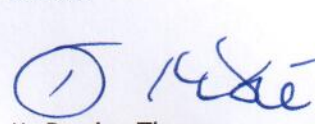
Mr Ansley Constance  
Director



Mr Gerard Lablache  
Director



Mr Andreix Rosalie  
Director



Mr Damien Thesee  
Director

Dated: 14 JUN 2018  
Victoria, Seychelles



## **L'UNION ESTATE COMPANY LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

This report is made solely to the members of **L'Union Estate Company Limited** (hereafter referred to as the 'Company'), as a body, in terms of our engagement to conduct the audit on their behalf. Our audit work has been undertaken so that we might state to the members those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Report on the Financial Statements**

We have audited the attached financial statements of **L'Union Estate Company Limited** set out on pages 4 to 16 which comprise the Balance Sheet at December 31, 2016, the Income Statement, Statement of Changes in Equity and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### **Board's Responsibility for the Financial Statements**

As stated on page 2 of the Director's Report, the Board of Directors is responsible for preparation of the financial statements.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on those financial statements based on our audit. We conducted our audit in accordance with Generally Accepted Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

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



**L'UNION ESTATE COMPANY LIMITED**

3(a)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (Contd.)**

*Bases of Qualified Opinion*

Our opinion is qualified in respect of the followings:

(a) Inventories

The Company carried out a physical count in respect of the year ended 2016, for livestock and fertilisers, which we were not invited to attend. A report was subsequently prepared and authorised by Management. The Company did not however, maintain any movement records thereafter December 31, 2016, making it difficult to enable roll back exercises at date of audit assignment. We therefore could not carry out proper audit procedures with respect to existence and valuation of inventories at December 31, 2016 nor were we able to satisfy ourselves through other alternative tests. We also had to rely on Management's best estimates for prices of livestock.

(b) Business tax

The Company has not submitted any tax returns to the Seychelles Revenue Commission (SRC) since 2011. SRC has raised a "Default Tax Assessment" totaling SR 7.8 million for the years 2011 to 2013.

Tax provided for the year 2014 has been computed based on Company's existing records which could be incomplete and may be subject to adjustments. There were no tax provided for financial years 2015 and 2016 in view of the fact that the Company incurred a substantial loss of SR 5.6m in 2015.

(c) Contingent liabilities

The Company defaulted in payments with respect to social security, business tax, corporate social responsibility tax and tourism marketing tax. These have been estimated to SR 14.5m at the end of 2013 which are yet to be provided by the Company for since it intends to dispute those assessments and object to these.

**Opinion**

Except for the financial effect, mentioned under the bases of qualified opinion paragraph, in respect of those financial areas had we been able to obtain sufficient appropriate audit evidence, in our opinion, the financial statements on pages 4 to 16 give a true and fair view of the financial position of the Company at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Standards in Seychelles and comply with the Companies Act, 1972.



**L'UNION ESTATE COMPANY LIMITED**

3(b)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (Contd.)**

**Emphases of matter**

**Going concern**

At December 31, 2016 the Company had shareholders' deficit of **SR 8.02m** (2015: SR 8.51m) and net current liabilities of **SR 17.1 million** (2015: SR 16.31m) respectively.

We have however obtained management representation which explain the unusual situation which led to unusual losses. The Shareholders have confirmed their continuous financial support to the Company and consequently, the financial statements have been prepared on a going concern basis.


*Our opinion is not qualified in respect of the above.*

**Report on Other Legal Regulatory Requirements**

***Companies Act, 1972***

We have no relationship with, or interests, in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

  
**BDO ASSOCIATES**  
Chartered Accountants

Dated: **14 JUN 2018**  
Victoria, Seychelles



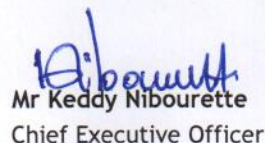
## BALANCE SHEET AS AT DECEMBER 31, 2016

	Notes	2016 SR	2015 SR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	11,488,615	10,565,488
Intangible asset	5	190,922	-
Investment	6	25,000	25,000
		<u>11,704,537</u>	<u>10,590,488</u>
<b>Current assets</b>			
Inventories	7	950,979	800,060
Trade and other receivables	8	1,934,509	3,619,942
Cash and cash equivalents		4,737,298	3,909,444
		<u>7,622,786</u>	<u>8,329,446</u>
<b>Total assets</b>		<u>19,327,323</u>	<u>18,919,934</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' deficit</b>			
Share capital	9	7,292,500	7,292,500
Revenue deficit		(15,317,095)	(15,800,293)
		<u>(8,024,595)</u>	<u>(8,507,793)</u>
<b>Non-current liability</b>			
Retirement benefit obligation	10	2,636,746	2,791,163
<b>Current liabilities</b>			
Trade and other payables	11	14,126,756	14,048,148
Tax payable	12	10,588,416	10,588,416
		<u>24,715,172</u>	<u>24,636,564</u>
<b>Total equity and liabilities</b>		<u>19,327,323</u>	<u>18,919,934</u>

These financial statements have been approved for issue by the Board of Directors on 14 JUN 2018



Ms Rannie Jeanne  
Chairman



Mr Keddy Nibourette  
Chief Executive Officer



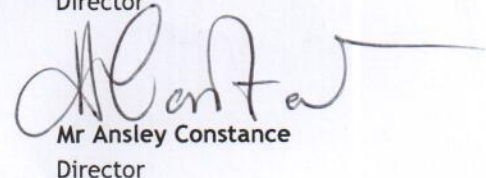
Ms Barbara Barallon  
Director



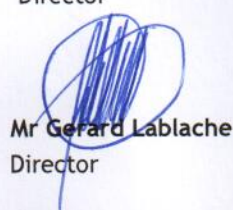
Ms Monica Figaro  
Director



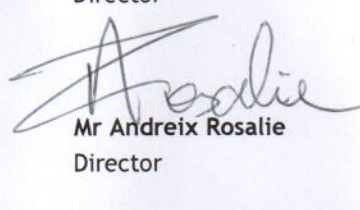
Mr Robert Pool  
Director



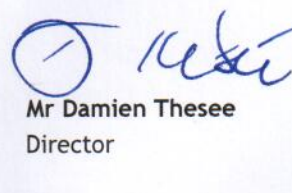
Mr Ansley Constance  
Director



Mr Gerard Lablache  
Director



Mr Andreix Rosalie  
Director



Mr Damien Thesee  
Director

The notes on pages 8 to 16 form an integral part of these financial statements.  
Auditors' Report on pages 3, 3(a) & 3 (b)



## INCOME STATEMENT - YEAR ENDED DECEMBER 31, 2016

	Notes	2016 SR	2015 SR
Turnover	2.2 (h)	2,262,637	2,856,604
Cost of sales		<u>(2,095,699)</u>	<u>(1,784,810)</u>
<b>Gross profit</b>		<b>166,938</b>	<b>1,071,794</b>
Other income	13	15,905,422	10,333,254
Dividend received		12,000	3,051
Operating and administrative expenses	14	<u>(15,601,162)</u>	<u>(17,002,307)</u>
Profit/(Loss) for the year		<u><b>483,198</b></u>	<u><b>(5,594,208)</b></u>

The notes on pages 8 to 16 form an integral part of these financial statements.  
Auditors' Report on pages 3, 3(a) & 3 (b)

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	Share capital SR	Revenue deficit SR	Total SR
At January 1, 2016		7,292,500	(15,800,293)	(8,507,793)
Profit for the year		-	483,198	483,198
At December 31, 2016		<u>7,292,500</u>	<u>(15,317,095)</u>	<u>(8,024,595)</u>
At January 1, 2015		7,292,500	(10,651,541)	(3,359,041)
Loss for the year		-	(5,594,208)	(5,594,208)
Government grant written back		-	445,456	445,456
At December 31, 2015		<u>7,292,500</u>	<u>(15,800,293)</u>	<u>(8,507,793)</u>

The notes on pages 8 to 16 form an integral part of these financial statements.  
Auditors' Report on pages 3, 3(a) & 3 (b)



## STATEMENT OF CASH FLOW FOR YEAR ENDED DECEMBER 31, 2016

	Notes	2016 SR	2015 SR
<b>OPERATING ACTIVITIES</b>			
Profit/(Loss) before tax		483,198	(5,594,208)
<i>Adjustment for:</i>			
- Depreciation	4	829,533	664,646
- Loss on assets written off	4	57,816	-
- Profit on disposal		(75,000)	-
- Amortisation	5	5,287	-
- Movement in provision for bad debts	8	1,071,940	-
- Retirement benefit obligation charge	10	196,750	2,182,857
Operating profit before working capital changes		2,569,524	(2,892,529)
<i>Working capital changes:</i>			
Increase in inventories		(150,919)	(135,727)
Decrease/(Increase) in trade and other receivables		613,493	(1,010,380)
Increase in trade and other payables		78,608	4,574,371
		3,110,706	535,735
- Retirement benefit obligation paid	10	(351,167)	(145,824)
<b>Net cash inflow from operating activities</b>		<b>2,759,539</b>	<b>389,911</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	4	(1,810,476)	(1,152,371)
Purchase of computer software	5	(196,209)	-
Proceeds from disposal		75,000	-
<b>Net cash outflow from investing activity</b>		<b>(1,931,685)</b>	<b>(1,152,371)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>827,854</b>	<b>(616,636)</b>
<b>Movements in cash and cash equivalents:</b>			
At January 1,		3,909,444	4,526,080
Increase/(Decrease)		827,854	(616,636)
At December 31,		<b>4,737,298</b>	<b>3,909,444</b>

The notes on pages 8 to 16 form an integral part of these financial statements.  
Auditors' Report on pages 3, 3(a) & 3 (b)

**1. GENERAL INFORMATION**

L'Union Estate Company Limited is a limited liability company, incorporated and domiciled in Seychelles. The principal activities of the Company have remained unchanged since the previous year and is as stated on page 1.

These financial statements will be submitted for consideration and approval at the forthcoming Annual General Meeting of Shareholders of the Company.

**2. PRINCIPAL ACCOUNTING POLICIES**

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

- 2.1 The financial statements have been prepared under the historical cost convention and comply with Generally Accepted Accounting Standards in Seychelles and the Companies Act 1972. Where necessary comparative figures have been amended to conform with change in presentation in current year.

**2.2 Summary of significant accounting policies****(a) Property, plant & equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation. Land is stated at cost.

The cost of an asset comprises its purchase price and any attributable costs of bringing the asset to working condition for its intended use.

Subsequent costs i.e. additions, improvements and renewals are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the Income Statement.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Motor Vehicle	4 years
Equipment	8 years
Furniture and fittings	8 years
Computer software	5 years
Buildings	30 years

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the Income Statement.



**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.2 Summary of significant accounting policies (Cont'd.)****(b) Foreign currencies****(i) Functional and presentation currency**

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

**(ii) Transactions and balances**

Foreign currency transactions are translated in the Seychelles Rupee using the exchange rates ruling on the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Income Statement. Monetary assets and liabilities, represented in foreign currency, are translated into Seychelles Rupee using the exchange rates ruling on the Balance Sheet date.

Non-monetary assets which are denominated in a currency other than the Seychelles Rupee are translated at exchange rates prevailing at the date these assets were recognised in the Financial Statements.

**(c) Inventories**

Inventories are valued at the lower of costs or net realizable value. Costs incurred in bringing each product to its present condition and location, are accounted for as follows:

**Raw materials** : purchase costs on a first in first out basis;

**Finished goods** : costs of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

**(d) Financial instruments**

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

Financial instruments of the Company comprise of following:

**(i) Trade and other receivables**

Trade and other receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the amount is no longer probable. Bad debts are written off when in the judgement of the management, there is no prospect of recovery.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.2 Summary of significant accounting policies (Cont'd.)****(d) Financial instruments (Cont'd)****(ii) Cash and cash equivalents**

Cash comprises of cash in hand and at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, against which bank overdrafts, if any, are deducted.

**(iii) Trade and other payables**

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received. The carrying amount of trade payables is assumed to approximate its amortised cost.

**(e) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**(f) Impairment**

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

**(g) Tax**

Current tax is the expected amount of business tax payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date. No provision is made for deferred tax.

**(h) Revenue**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is recognised upon amounts invoiced and customer acceptance, net of discounts.



**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****2.2 Summary of significant accounting policies (Cont'd.)****(h) Revenue (Cont'd)**

Revenue of the Company comprises the following:

- (i) Revenue on sale of agricultural and animal products are recognised upon invoicing and customers' acceptance, net of discounts.
- (ii) Revenue on entrance fees is recognised upon sale of tickets to the tourists.
- (iii) Rental income is recognised as and when it falls due unless collection is in doubt, in which case it is recognised on receipt basis.

**(j) Retirement benefit obligations***Length of service compensation*

The amendments to the Seychelles Employment Act in the year 1999 entitle an employee one day's wage for each completed month of service provided the employee has completed five years of continuous service. The Company accrues this liability on a current basis and carries it to a provision account for payments to be made as and when they occur.

**(k) Government Grants**

The grants of the Company granted by the Government of Seychelles were amortised annually on a reducing balance at the rate of 10%. The rate applied reflected the average life of the property, plant and equipment. Grants was fully written back during financial year ended December 31, 2015.

**3. SIGNIFICANT ACCOUNTING ESTIMATES**

The preparation of financial statements requires the use of certain critical estimates and judgements that affect the application of Association's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

There were no significant assumptions made concerning the future or the source of estimation uncertainty that have been identified as giving rise to a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

## 4. PROPERTY, PLANT &amp; EQUIPMENT

COST

	Land and buildings	Plant and equipment	Motor vehicles	Capital work in progress	Total
	SR	SR	SR		SR
At January 1, 2015	18,374,793	7,003,957	1,281,547	-	26,660,297
Additions	-	129,467	615,269	407,635	1,152,371
At December 31, 2015	18,374,793	7,133,424	1,896,816	407,635	27,812,668
Additions	170,924	59,552	-	1,580,000	1,810,476
Disposal and write off	-	-	(396,323)	-	(396,323)
Reclassification	-	23,001	(23,001)	-	-
At December 31, 2016	18,545,717	7,215,977	1,477,492	1,987,635	29,226,821

ACCUMULATED DEPRECIATION

At January 1, 2015	9,899,284	5,482,519	1,200,731	-	16,582,534
Charge for the year	297,701	339,465	27,480	-	664,646
At December 31, 2015	10,196,985	5,821,984	1,228,211	-	17,247,180
Charge for the year	343,710	332,006	153,817	-	829,533
Disposal and write off adjustments	-	-	(338,507)	-	(338,507)
At December 31, 2016	10,540,695	6,153,990	1,043,521	-	17,738,206

NET BOOK VALUES

At December 31, 2016	8,005,022	1,061,987	433,971	1,987,635	11,488,615
At December 31, 2015	8,177,808	1,311,440	668,605	407,635	10,565,488



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

## 5. INTANGIBLE ASSET - COMPUTER SOFTWARE

	<u>2016</u>
	SR
<b>COST</b>	
Additions and At December 31,	<u>196,209</u>
<b>AMORTISATION</b>	
Charge for the year and At December 31,	<u>5,287</u>
<b>NET BOOK VALUE</b>	<u><u>190,922</u></u>

## 6. INVESTMENT

	<u>2016 &amp; 2015</u>
	SR
Shares in Seychelles Commercial Bank Limited	<u><u>25,000</u></u>

## 7. INVENTORIES

	<u>2016</u>	<u>2015</u>
	SR	SR
Inventories	<u><u>950,979</u></u>	<u><u>800,060</u></u>

Inventories comprising livestock and consumables have been valued based on Management's best estimates. Management is also of the opinion that no provision is required for obsolescence in view of the nature of inventories which is mostly livestock.

## 8. TRADE RECEIVABLE

	<u>2016</u>	<u>2015</u>
	SR	SR
Trade receivable	3,460,983	3,265,570
Provision for credit impairment	<u>(2,911,940)</u>	<u>(1,840,000)</u>
Net trade receivables	549,043	1,425,570
Land proceeds receivable	-	90,000
Deposits and advances	<u>1,385,466</u>	<u>2,104,372</u>
	<u><u>1,934,509</u></u>	<u><u>3,619,942</u></u>

## 9. AUTHORISED AND ISSUED SHARE CAPITAL

	<u>2016 &amp; 2015</u>
	SR
72,925 ordinary shares of SR 100 each	<u><u>7,292,500</u></u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

## 10. RETIREMENT BENEFIT OBLIGATION

	2016	2015
	SR	SR
At January 1,	2,791,163	754,130
Charge for the year	196,750	2,182,857
Paid during the year	(351,167)	(145,824)
At December 31,	<u>2,636,746</u>	<u>2,791,163</u>

## 11. TRADE AND OTHER PAYABLES

	2016	2015
	SR	SR
Trade payables	-	614,289
Accruals	879,299	839,467
Miscellaneous provisions	148,260	261,897
Deferred land proceeds	482,500	482,500
Value Added Tax payable	6,335,996	4,255,845
Social security payable	6,280,701	7,594,150
	<u>14,126,756</u>	<u>14,048,148</u>

## 12. TAX PAYABLE

	2016	2015
	SR	SR
At January 1 and At December 31,	<u>10,588,416</u>	<u>10,588,416</u>

The above is a provision of business tax liability up to December 31, 2014. This estimate was computed based on the existing records which could be incomplete and may be subject to adjustments. There were no tax provided for the financial years 2015 and 2016 in view of the fact that the Company incurred a substantial loss of SR 5.6m in 2015.

## 13. OTHER INCOME

	2016	2015
	SR	SR
Entrance fees	13,241,033	
Rental	1,500,289	
Other	661,017	
Excavation	428,083	
Asset Disposal	75,000	
	<u>15,905,422</u>	<u>10,333,254</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

## 14. OPERATING AND ADMINISTRATIVE EXPENSES

	2016	2015
	SR	SR
Staff costs (note 14(a))	7,835,700	9,068,829
Value added tax	2,080,151	2,707,782
Repairs and maintenance	1,026,974	1,059,106
Provision for bad debts	1,071,940	-
Sundry and other administration expenses	787,951	1,602,061
Depreciation and amortisation notes 5 and 6	834,820	664,646
Utilities	443,687	422,060
Freight and transport	357,360	412,641
Entertainment expenses	333,431	167,205
Auditors' remuneration	207,000	207,000
Directors' fees (note 14(b))	183,606	174,000
Telephone and fax	152,760	110,334
Fuel and oil	149,118	280,089
Corporate Social Responsibility & Tourism and Marketing Taxes	136,664	125,554
	<u>15,601,162</u>	<u>17,001,307</u>

## (a) Staff costs

	2016	2015
	SR	SR
Salaries and wages	6,521,456	6,542,010
Pension	212,062	106,007
Gratuity and compensation charge	196,750	2,182,857
Others	905,432	237,955
	<u>7,835,700</u>	<u>9,068,829</u>

## (b) Directors' fees, salary and benefits:

	2016		2015
	SR		SR
Flavien Joubert	4,000	Flavien Joubert	24,000
Damien Thesee	4,000	Damien Thesee	24,000
Allan Killindo	4,000	Allan Killindo	24,000
Marymonde Matatiken	4,000	Marymonde Matatiken	24,000
Ronald Cafrine	7,000	Ronald Cafrine	42,000
Veronique Herminie	6,000	Veronique Herminie	36,000
Ranny Jeanne	19,992		<u>174,000</u>
Robert Pool	17,771		
Monica Figaro	17,771		
Barbera Barallon	24,435		
Andreix Rosalie	20,436		
Gerald	18,659		
Damien Thesee	17,771		
Ansley Constance	17,771		
	<u>183,606</u>		

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

**15. CONTINGENT LIABILITIES**

The Company has defaulted in payments with respect to Social Security, Business Tax, Corporate Social Responsibility and Tourism and Marketing Tax. The penalties and surcharges on the same has been estimated at **SR.14.5 million** since the year 2013.

**16. CAPITAL COMMITMENTS**

There were no capital commitments as at December 31, 2016 (2015 : Nil).

**17. FINANCIAL SUMMARY**

	2016	2015	2014	2013	2012
	SR'000	SR'000	SR'000	SR'000	SR'000
Profit/(Loss) before tax	483	(5,594)	163	(684)	(914)
Tax	-	-	(50)	(800)	(6,430)
Profit/(Loss) for the year	483	(5,594)	113	(1,484)	(7,344)
Revaluation reserve written back	-	-	618	-	-
Government grant written back	-	445	528	586	652
Revenue deficit brought forward	(15,801)	(10,652)	(11,911)	(11,013)	(4,321)
Revenue deficit carried forward	<u>(15,318)</u>	<u>(15,801)</u>	<u>(10,652)</u>	<u>(11,911)</u>	<u>(11,013)</u>
Equity:					
Share capital	7,293	7,293	7,293	7,293	7,293
Revenue deficit	<u>(15,318)</u>	<u>(15,801)</u>	<u>(10,652)</u>	<u>(11,911)</u>	<u>(11,013)</u>
	<u>(8,025)</u>	<u>(8,508)</u>	<u>(3,359)</u>	<u>(4,618)</u>	<u>(3,720)</u>