

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2021

THE PETROSEYCHELLES LIMITED
FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 2021

CONTENTS	PAGES
DIRECTORS' REPORT	2-4
INDEPENDENT AUDITORS' REPORT	5-8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF COMPREHENSIVE INCOME	10
STATEMENT OF CHANGES IN EQUITY	10
STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12-30

**THE PETROSEYCHELLES LIMITED
FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 2021**

2.

The Directors have pleasure in submitting the audited financial statements of PetroSeychelles Limited - 'The Company' for the year ended December 31, 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year has been to promote, conduct and supervise any activity undertaken for the purpose of exploring, prospecting and mining of hydrocarbon deposits in Seychelles' Exclusive Economic Zone (EEZ). The Company's activity has also been to generate, acquire, interpret, parse and classify data or any other information necessary to sustain or further commercial interest in the exploration of hydrocarbon deposits in Seychelles' EEZ.

INCORPORATION

The Company was incorporated in Seychelles under the Companies Act 1972, in July 2012. The Company's principal place of business is in the Seychelles. The Company's registered place of business is New Port, Victoria, Mahe, Seychelles.

DEVELOPMENT IN OIL SECTOR

Hydrocarbon exploration in Seychelles started in the early 1970's following the discovery of thick sedimentary sequences offshore the granitic islands during the international Indian Ocean Expedition in the 1960s. Since then, several oil companies have conducted geophysical surveys and four wells have been drilled with the aim of finding commercial accumulations of hydrocarbon. Although no commercial discovery has been made to date, the results from three wells and data from the geophysical surveys are very encouraging.

Since losing its contracts with WHL Energy Ltd and East Africa Exploration company, PetroSeychelles has been approached by new and interested parties. During the year 2018, two companies were successful in entering into agreements with PetroSeychelles for the exploration of oil in the Seychelles waters. This in turn has resulted in a positive turnover and the Company is hopeful for new agreements in the coming years.

RESULTS FOR THE YEAR

The statement of comprehensive income is shown on page 10. The net loss for the year ended December, 31 2021 was SCR 7,230,681 (Year ended 2020: net loss SCR 7,141,516).

**THE PETROSEYCHELLES LIMITED
FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 2021**

3.

DIRECTORS AND THEIR INTERESTS IN THE COMPANY

The directors of the Company during the year ended December 31, 2021 and since incorporation were as follows:

NAMES	NATIONALITY	CATEGORY
Barry Jude Jean Faure (Chairman)	Seychellois	Non-Executive Director
Patrick Joseph(CEO)	Seychellois	Executive Director
Allain Patrick Payet	Seychellois	Non-Executive Director
Eddy Dennis Matatiken	Seychellois	Non-Executive Director
Raymond F. ChangTave	Seychellois	Non-Executive Director

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

DIRECTORS' RESPONSIBILITIES

The directors of the Company are responsible for the preparation and fair presentation of these financial statements, comprising the Company's statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements which includes a summary of significant accounting policies and other explanatory notes and, in accordance with international financial reporting standards the manner and the requirements of the Companies Act 1972.

This directors' responsibility include designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements 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 are of the opinion that they have met their responsibilities as set out in the Companies Act 1972.

THE PETROSEYCHELLES LIMITED
FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 2021

4.

AUDITORS

The auditors, ACM & Associates have indicated their willingness to continue in office and their re-appointment will be proposed in the next Annual General Meeting in accordance with and subject to the provision to section 155(2) of the Companies Act 1972.

Approved by the Board of Directors in Victoria, Seychelles on 31/08/2022


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Barry Jude Jean Faure


.....
Patrick Joseph


.....
Allain Patrick Payet


.....
Eddy Dennis Matatiken


.....
Raymond F. Chang Tave

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS AND DIRECTORS OF
PETRO SEYCHELLES LTD**

Opinion

We have audited the financial statements of Petro Seychelles Ltd ('the Company') on pages 6 to 45, which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31st 2021, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements on pages 6 to 45 give a true and fair view of the financial position of Petro Seychelles Ltd ('the Company') as at December 31, 2021, and of its financial performance and cash flows for the year ended December 31, 2021 in accordance with the International Financial Reporting Standards and the requirements of the Seychelles Companies Act 1972.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code to performing the audit of the Company. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Seychelles Companies Act 1972. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Seychelles Companies Act 1972. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate 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.
- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Use of our report

This report has been prepared solely for the Company's directors, as a body, in accordance with the Seychelles Companies Act 1972. Our audit work has been undertaken so that we might state to the Company's directors those matters 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 Company and the Company's directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Seychelles Companies Act 1972

The Seychelles Companies Act 1972 requires that in carrying out our audit we consider and report to you on the following matter:

We confirm that:

- We have obtained all the information and explanations necessary for the performance of our audit and:
- In our opinion:
 - proper accounting records have been kept by the Company as far as it appears from our examination of those records.
 - the company's statements of financial position and statement of comprehensive income are in agreements with the books of accounts.
- We have no relationship with or interests in the Company other than in our capacity as auditors and dealings with the Company in the ordinary course of business.

ACM & Associates

ACM & ASSOCIATES
P O BOX 1289
VICTORIA
Date:

ACM & ASSOCIATES
Chartered Certified Accountants
The Link, 5th Floor,
Ile Du Port,
P O Box 1289,
Victoria, Mahe, Seychelles
Tel: +248 4224691/+248 2810123
Email: acm@seychelles.sc

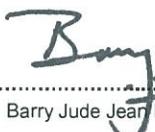
THE PETROSEYCHELLES LIMITED
FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 2021

9.

	Notes	2021	2020
		SCR	SCR
ASSETS			
Non-Current Assets			
Property and equipment	4	320,680	328,492
Intangible asset	5	-	480
Total Non-Current Assets		320,680	328,971
Trade and other receivables	6	48,736	33,056
Cash and cash equivalents	7	8,583,367	7,578,167
Other current financial assets	8	63,871	62,240
Total Current Assets		8,695,974	7,673,463
Total Assets		9,016,655	8,002,435
EQUITY AND LIABILITIES			
Equity			
Share capital	9	1,000,000	1,000,000
Revenue deficit		(29,951,793)	(22,721,112)
Total funds available		(28,951,793)	(21,721,112)
Non-Current Liabilities			
Shareholder loan		20,000,000	15,000,000
Retirement benefit obligation	12	530,955	483,651
Deferred income	11	15,315,774	9,627,741
		35,846,730	25,111,392
Current Liabilities			
Trade and other payables	10	457,862	336,430
Deferred income	11	1,663,856	4,275,725
		2,121,718	4,612,155
Total Liabilities		37,968,448	29,723,548
Total Equity and Liabilities		9,016,655	8,002,435

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

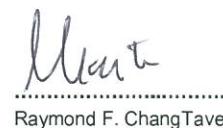
31/08/2022


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Barry Jude Jean Faure


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Patrick Joseph


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Eddy Dennis Mataiken


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Raymond F. Chang Tave

THE PETROSEYCHELLES LIMITED
FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 2021

10.

	Notes	2021 SCR	2020 SCR
Revenue	13	2,945,149	2,876,556
Operating costs	14	(1,386,650)	(1,534,327)
Gross profit		1,558,498	1,342,229
Other income	17	(8,862,492)	7,724,382
Administrative expenses	14	(5,866,157)	(2,921,466)
Allowance for credit impairment	7(d)	5,934,142	(13,293,016)
Operating loss		(7,236,009)	(7,147,872)
Finance income	7(f)	5,328	6,355
Total comprehensive loss for the year		(7,230,681)	(7,141,516)

STATEMENTS OF CHANGES IN EQUITY FOR YEAR ENDED DECEMBER 31, 2021

	Notes	Issued capital	Revenue deficit	Total SCR
		SCR	SCR	
Balance at January 1, 2020	9	1,000,000	(15,579,596)	(14,579,596)
Total comprehensive loss for the year		-	(7,141,516)	(7,141,516)
Balance at December 31, 2020		1,000,000	(22,721,112)	(21,721,112)
Balance at January 1, 2021	9	1,000,000	(22,721,112)	(21,721,112)
Total comprehensive loss for the year		-	(7,230,681)	(7,230,681)
Balance at December 31, 2021		1,000,000	(29,951,793)	(28,951,793)

THE PETROSEYCHELLES LIMITED
FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 2021

11.

	2021 SCR	2020 SCR
Operating Activities		
Loss for the year	(7,230,681)	(7,141,516)
Adjustments for:		
Foreign exchange movement on trade and other receivable	1,008,383	(7,586,768)
Amounts released for deferred income	4,910,431	3,630,077
Interest earned	(5,328)	(6,355)
Depreciation	38,912	53,040
Amortisation	480	958
Change in provision for credit impairment	(5,934,142)	13,293,017
Bad Debts	3,093,121	-
Change in provision for retirement benefit obligation	47,304	67,343
	(4,071,519)	2,309,796
<i>Changes in working capital</i>		
Change in trade and other receivables	(17,311)	(696,566)
Change in trade and other payables	121,432	(156,111)
Net cash generated from operating activities	(3,967,397)	1,457,118
Investing Activities		
Purchase of equipment	(31,100)	(27,783)
Interest received on staff loans	3,697	3,909
Net cash generated from/(used in) investing activities	(27,403)	(23,874)
Financing Activities		
Shareholders loan	5,000,000	5,000,000
Net cash provided by/(used in) financing activities	5,000,000	5,000,000
Net (decrease)/increase in cash and cash equivalents	1,005,200	6,433,245
Movement in cash and cash equivalents		
At January 1,	7,578,167	1,144,922
Net (decrease)/increase in cash and cash equivalents	1,005,200	6,433,245
At December 31,	8,583,367	7,578,167

1. CORPORATE INFORMATION AND ACTIVITIES

The Company was incorporated in Seychelles under the Companies Act 1972, in July 2012. The Company's principal place of business is in the Seychelles. The Company's registered place of business is New Port, Victoria, Mahe, Seychelles.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared under the historical cost basis.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with the Companies Act 1972.

2.2 Changes in accounting policy and disclosures

On 1 January 2020, the following new standards, new interpretations and amendments to the standards were made and adopted by the company where applicable.

Amendments to IFRS 3: *Definition of a Business*

Amendments to IFRS 7, IFRS 9 and IAS 39 *Interest Rate Benchmark Reform*

Amendments to IAS 1 and IAS 8 *Definition of Material*

The Conceptual Framework for Financial Reporting issued on March 2018

Amendments to IFRS 16 *Covid-19 Related Rent Concessions*

Amendments and annual improvements stated above did not have an impact on the entity.

2.3 Standards issued but not yet effective

New or revised standards	Effective for accounting period beginning on or after
IFRS 17 <i>Insurance Contracts</i>	01-Jan-23
Amendments to IAS 1: <i>Classification of Liabilities as Current or Non-current</i>	01-Jan-23
Reference to the Conceptual Framework – Amendments to IFRS 3	01-Jan-22
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01-Jan-22
Onerous Contracts – Costs of Fulfilling a Contract – <i>Amendments to IAS 37</i>	01-Jan-22
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	01-Jan-22
IFRS 9 Financial Instruments-Fees in the '10 percent' test for derecognition of financial liabilities	01-Jan-22
IAS 41 Agriculture – Taxation in fair value measurements	01-Jan-22

The above new standards and amendments to existing standards issued but not yet effective are not expected to have an impact on the company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting judgements, estimates and assumptions

The preparation of these financial statement requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(i) Recoverable amount on trade and other receivables

In preparing the financial statements, the directors have made estimates of the recoverable amounts of trade and other receivables and impaired those receivables where the carrying amounts exceeded recoverable amounts. The estimation of recoverable amounts involve an assessment of the financial condition of the debtors concerned and estimate of the timing and the extent of cash flows likely to be received by the Company.

Retirement Benefit Obligations

With reference to Note 2.5 (e) below, the management makes assumptions on the probability that the employees of the company will work for at least five years with the company in order to determine an estimation of the provision.

Training fee deferred income and related income statement movement

With reference to Note 2.5 (g) ii below, the management makes estimates relating to the expense associated with training income in order to amortise the income over the financial years. Estimate is also used to determine the discount factor used to calculate the fair value of the deferred income.

2.5 Significant accounting policies

(a) Property & equipment

Equipment is initially recognised at cost and subsequently stated at cost less accumulated depreciation. 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 expenditure for additions, improvements and renewals are capitalised only when they increase the current economic benefits and meet the recognition criteria. Subsequent expenditure that do not meet the recognition criteria are expensed.

Depreciation is calculated using the straight line method and charged to profit and loss to write down the cost of the property and equipment to their residual values over their estimated useful lives. Depreciation commences from the date when the item of property and equipment is available for use as intended by management. Depreciation ceases temporarily while the carrying value is equal to or below the residual value. Depreciation ceases when the asset is derecognised or classified as held for sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies

(a) Property & equipment (Cont'd)

The estimated useful lives and residual values are as follows:

	Years	Residual Value (% of Cost)
Motor vehicles	5	40%
Furniture and fittings	1 - 10	1%
Office equipment	5	5%
Computer Software	3	0%

These residual values and expected useful lives are re-assessed at each financial year and adjusted prospectively if applicable, at the end of each reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is deemed as impaired and it is written down immediately to its recoverable amount.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' or 'Other operating expenses' in the Statement of Comprehensive Income in the year the asset is derecognised.

(b) Operating Lease

The Company occupies a floor of the SEYPEC building for their operation. The floor is leased out to the Company by Seypec at nil cost with a defined period terminating when the company has established itself in its own building. This is characterised as an operating lease with no future cash outflow, hence no asset or cost recognised in the financial statements.

(c) Intangible assets

Intangible assets include computer software. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets with definite lives are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

Development Costs

Development expenditures on an individual project is recognised as an intangible asset when the Company can demonstrate the following:

- The Technical feasibility to complete the intangible asset so that it will be available for use;
- Its intention to complete and its ability to use the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset and;
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in administrative expense. During the period of development, the asset is tested for impairment annually.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (Cont'd)

Development costs (cont'd)

Development relates to a system for processing of applications from exploration companies' agreements and licenses. It is called Exploration and Processing Information Central (EPIC). The software is still in development and amortisation of the asset will commence when development is complete and available for use. The Company capitalises development costs for a project in accordance with the accounting policy. Management applies judgement when assessing the technological and economic feasibility of when a product development project has reached a defined milestone in order to capitalise it. Management has therefore determined that the project has not yet met the criterion in order to capitalise it.

Data rights

Data acquisition in the Seychelles for petroleum exploration purpose can occur under either an Exploration Licence or a Petroleum Agreement as specified in the Petroleum Mining Act. In both cases ownership of all data acquired is vested in the Government and a copy of the raw and processed data has to be made available to Government. The Company has been mandated to perform Government's role with regards to petroleum data and is thus the receiver, manager and repository for such data.

Under a multi-client business model, seismic contractors acquire seismic data for sale to multiple oil and gas companies. In the Seychelles this type of activity can be performed under an Exploration License. In such cases, an agreement between the seismic contractor, the Company and Government gives the seismic contractor certain exclusive rights to market and sell the data for a specified length of time and through revenue sharing terms and conditions, the Company can benefit from the data sales. At the end of the exclusivity period, all rights to the data are returned to Government and the Company can market and sell the data to third parties.

Data acquired under a Petroleum Agreement as part of a work program remains proprietary and confidential for a length of time specified in the Petroleum Agreement. Following the end of the confidentiality period, the Company can market and sell the data to interested third parties.

PetroSeychelles has available for sale data in storage and has potential to sell packages of data on external hard drives to any interested parties. The data rights have indefinite useful lives and are measured on initial recognition at cost. The Company does not incur any costs in acquiring the data, they only incur the cost of the external hard drives to bring the data packages to condition at point of available for sale. Following initial recognition, assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Company utilises the discounted future cash flow model to determine any impairment. Future cash flow is estimated using past trends, expected number of interested parties, selling price and appropriate discount factor. Based on the uncertainty around reliably estimating the future cash inflow, the Company has not recognised any data rights as at 31 December 2021.

Licenses

The Company made upfront payments to licences for the use of software granted for a period of one year. The Company expenses the license as they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (Cont'd)

Licenses (Cont'd)

A summary of the policies applied to the Group's intangible assets are as follows:

	Useful lives (years)	Amortisation method	Internally generated or acquired
Computer Software	3	Over useful lives	Acquired
Development Costs	3	Over useful lives	Internally generated
Data rights	Indefinite	None, impairment	Acquired
Licenses	1	Over useful lives	Acquired

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(d) Foreign currency translation

Items included in the financial statements of the Company are measured using Seychelles rupees, the currency of the primary economic environment in which the entities operate ("functional currency").

Transactions and balances

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

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

(e) Retirement Benefit Obligations

The Company commenced operations in July 2012. As per the Employment Act of Seychelles, retirement benefit obligation is only paid to employees retiring after five years of continued service.

This type of employee benefit has characteristics of a jubilee benefit. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. In Seychelles, this is conditional on the employee remaining in employment for at least five years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (Cont'd)

(d) Retirement Benefit Obligations (Cont'd)

The obligation is calculated and initially recognised by using a projected unit credit method, adjusted for a probability that the employee will remain in service up to five years. The management computed the obligation and did not utilise any external, independent actuaries. They are of the assumption that 100% of its employees will remain in service for at least five years, therefore full provision is made for all employees that have completed five years of service.

The obligation is calculated annually, along with unrecognised gains and losses which are recognised in Other Comprehensive Income when incurred, Obligations are derecognised upon settlement or curtailment of the obligation.

(e) Financial instruments - initial recognition and subsequent measurement

(i) *Loans and other receivables*

Loans and receivables and cash and cash equivalents are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in profit or loss. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the profit or loss.

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(ii) *Cash and Cash equivalent*

Cash and cash equivalents as referred to in the cash flow statement, comprises of cash on hand, denominated both in Seychelles Rupees and foreign currency.

(iii) *Other payables*

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

(g) *Derecognition of financial instruments*

(i) *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (Cont'd)

(i) Financial Assets (Cont'd)

- The Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(i) Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss

(h) Impairment of non-financial assets (tangible and intangible)

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

(f) Taxes

Current income tax

The company is exempt from the provisions of the Business Tax Act, 2009 under Schedule II(20).

Deferred income tax

Exemption from Business Tax Act implies that deferred income tax is not applicable to the Company.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised. Revenue from the different sources are recognised when the significant risks and rewards have passed to the applicant, usually on signing of the agreement.

(i) Application fee income

Application fee relates to a non-refundable income paid at inception of application for exploration. The income is recognised in the year in which the application is made with the Company whether or not application for agreement is successful. The agreements are tripartite, between the Government of Seychelles, the Company and the exploration company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (Cont'd)

(g) Revenue recognition

(ii) *Income from petroleum agreements*

This is an exclusive agreement which grants exploration and exploitation rights to companies for 34 years, [first 9 years being the exploration phase]. The exploration phase consists of three periods of three years each and the exploration companies can opt to progress to other periods or drop out at the end of each period. Income derived from the exploration phase of the petroleum agreements to date by the Company are as follows:

- Concessionary fees of sea acreage

The fee to be paid by the exploration company in respect of each contract year is specified in the agreement and is a factor of the square kilometres leased out. Revenue in each contract year are time-apportioned for the amount which relates to the financial year.

- *Training fee income*

This is an amount paid annually at the commencement of each contract year along with settlement of the rental of acreage. It is fixed at different amounts for each of the stages of exploration, it is however subject to change in the event of commercial discovery. As per the agreements training income is used for the following purpose:

* sending Seychelles' nationals on petroleum and energy-related courses at universities, colleges and other training institutions;

* expenses in attending petroleum and energy-related conferences and workshops; and/or

* purchases for the Company and Government technical books, professional publications, scientific instruments or other equipment required by the Company and the Government.

The company recognises training income in line with the terms and conditions of the agreement giving rise to the income. This occurs as and when the Company incurs any of the training costs specified above, regardless of when the payment is being made. Revenue in respect to a financial year is therefore recognised as a deferred income and released to the Statement of Comprehensive Income to the extent that the Company has incurred training expenses during the same financial year.

(iii) *Profit commission on sale of data by exploration companies*

Once Multi-client data have been acquired, the service company is given a fixed period within which it can commercially sell the data which it has gathered during the survey. The service company must remit specific commission on future sales of these data. The factors considered to arrive at the profit commission are detailed per individual contracts. Once the fixed period is over the service company can no longer market the data and it is considered to be the property of the Government of Seychelles, but managed by PetroSeychelles.

(iv) *Sale of data packages*

As specified in Note 2.5 (c) Intangibles - Data Rights, PetroSeychelles has available for sale data in storage and has potential to sell packages of data on external hard drives to any interested parties. Revenue with respect to data sales are recognised on accruals basis.

(v) *Other revenues*

Other revenues are recognised on the accrual basis in accordance with the substance of the relevant agreements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (Cont'd)

(h) Related party and intercompany transaction

Transactions between the Company and the government are made at nominal market price. The balance represents issue of share capital outstanding. The outstanding balance at year-end is unsecured, interest free and settlement normally occurs in cash. There has been no guarantees provided for any related party payable.

3 MANAGEMENT OF FINANCIAL RISKS

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

3.1 Financial Risks

The Company is exposed to financial risks through its financial assets and financial liabilities. The main risks to which the Company is exposed include:

- Market risk (which includes interest rate and foreign exchange risk);
- Credit risk; and
- Liquidity risk.

3.1.1 Market risk

This is the risk of adverse financial impact due to changes in fair value or future cash flows of financial instruments from fluctuations in foreign currency exchange and interest rates.

(i) Foreign exchange risk

Currency risks that the fair value or future cash flows will fluctuate because of changes in foreign exchange rates. Daily exposure to foreign currency risk is not hedged but closely monitored by management.

As of 31 December, the Company had the following significant net foreign currency exposures in the relation to its trade receivables.

	2021 - Foreign currency	2021 - SCR equivalent	2020- Foreign currency	2020 - SCR equivalent
	USD	SCR	USD	SCR
United States Dollars	1,315,607	19,958,681	1,238,607	25,892,823

(i) Foreign exchange risk (Cont'd)

The impact on the Company's profits and equity of a reasonable change in exchange rates is demonstrated in the table below:

Currency	2021		2020	
	Impact on profit	Impact on equity	Impact on profit	Impact on equity
USD 5%	997,934	997,934	1,294,641	1,294,641
USD -5%	(997,934)	(997,934)	(1,294,641)	(1,294,641)

3. MANAGEMENT OF FINANCIAL RISKS

3.1.2 Credit risk

Credit risks is a risk that a counter party will be unable to pay amount in full when due. The Company's credit risk is primarily attributable to its trade and other receivables and cash and cash equivalents. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment. The company assesses the creditworthiness of parties to exploration agreements based on details of recent payment history, past experience and by taking into account their financial position.

The Company is also exposed to the possibility of default by its staff on car and general purpose loan provided. Management binds the employees to minimum employment period in order to meet loan repayment, and obligation to refund the balances due if the clause of minimum employment is breached. The management also always issue of only two car loans in any year to minimise their credit risks.

The table shows the maximum exposure to credit risk for the components of the financial position.

	2021		2020	
	SCR	SCR	SCR	SCR
Trade and other receivable	48,736		33,056	
Cash and Cash equivalent	8,583,367		7,578,167	
Other current financial assets	63,871		62,240	
	8,695,974		7,673,463	

There is a concentration of risk with respect to the trade receivable and cash balance. The former is not widely spread over a number of customers and the latter is held with a single financial institution, the Mauritius Commercial Bank in Seychelles.

The company manages this risk by imposing a tight credit period and charging interest on default payments. The company also invested its fund into fixed deposit in order to generate additional revenue than maintain in the single financial institution.

Age analysis of financial assets past due but not impaired:

	Total	Neither past due or impaired	Past due but not impaired		
			< 90 days	90 - 365 days	> 365 days
	SCR	SCR	SCR	SCR	SCR
2021	8,695,974	8,695,974	-	-	-
2020	7,673,463	7,673,463	-	-	-

At 31 December 2021 there are impaired trade receivables of SCR 19,958,681 (2020: SCR 25,892,823).

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity risk is considered to be low since the Company maintains an adequate level of cash resources or assets that are readily available on demand.

The table below summarises the maturity profile of the Company's financial assets and liabilities at December 31, 2021 based on a contractual undiscounted payments:

Financial asset	< 3 months	3 - 12 months	1 - 5 years	Total
	SCR	SCR	SCR	SCR
Cash and bank	8,583,367	-	-	8,583,367
Trade and other receivables	48,736	-	-	48,736
Other current financial assets	63,871	-	-	63,871
	8,695,974	-	-	8,695,974

Financial liabilities	< 3 months	3 - 12 months	1 - 5 years	Total
	SCR	SCR	SCR	SCR
Trade and other payables	172,460	-	3,881	176,341
Retirement benefit obligation	-	-	530,955	530,955
	172,460	-	534,836	707,296

The table below summarises the maturity profile of the Company's financial liabilities at December 31, 2021 based on a contractual undiscounted payments:

Financial asset	< 3 months	3 - 12 months	1 - 5 years	Total
	SCR	SCR	SCR	SCR
Cash and bank	7,578,167	-	-	7,578,167
Trade and other receivables	33,056	-	-	33,056
Other current financial assets	62,240	-	-	62,240
	7,673,463	-	-	7,673,463

Financial liabilities	< 3 months	3 - 12 months	1 - 5 years	Total
	SCR	SCR	SCR	SCR
Trade and other payables	169,085	-	167,345	336,430
Retirement benefit obligation	-	-	483,651	483,651
	169,085	-	650,997	820,082

3.2 Capital Management

Capital includes funds contributed by the holding company as equity and retained earnings.

The company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, by ensuring that the policies and processes in place are revised/updated, in terms of pricing of the agreements, at least every 5 years to reflect and meet its obligations.

No changes were made in the objectives, policies, or process during the years end 31 December 2020 and 31 December 2021.

4. PROPERTY AND EQUIPMENT

	Motor vehicles SCR	Furniture & Fixtures SCR	Office Equipment SCR	Total SCR
Cost:				
At 1 January 2020	428,519	23,692	1,211,758	1,663,969
Additions	-		27,783	27,783
At 31 December 2020	428,519	23,692	1,239,541	1,691,752
At 1 January 2021	428,519	23,692	1,239,541	1,691,752
Additions	-		31,100	31,100
At 31 December 2021	428,519	23,692	1,270,641	1,722,852
Depreciation:				
At 1 January 2020	(257,111)	(14,972)	(1,038,137)	(1,310,220)
Depreciation charge for the year	-	(2,682)	(50,358)	(53,040)
At 31 December 2020	(257,111)	(17,654)	(1,088,494)	(1,363,260)
At 1 January 2021	(257,111)	(17,654)	(1,088,494)	(1,363,260)
Depreciation charge for the year	-	(2,083)	(36,829)	(38,912)
At 31 December 2021	(257,111)	(19,738)	(1,125,323)	(1,402,172)
Net Carrying Amount:				
At 31 December 2020	171,408	6,038	151,047	328,492
At 31 December 2021	171,408	3,954	145,319	320,680

The useful lives and residual values are estimated as follows:

	Years	Residual Value (% of Cost)
Motor vehicles	5	40%
Furniture and fittings	1 - 10	1%
Office equipment	5	5%
Computer Software	3	0%

Cash outflow for the purchase of property and equipment was SCR 31.1k (2020: SCR 27.8k).

The Company occupies a floor of the SEYPEC building for their operation. The floor is leased out to the Company by Seypac at nil cost with a defined period terminating when the company has established itself in its own building. This is characterised as an operating lease with no future cash outflow, hence no asset or cost recognised in the financial statements.

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

24.

5. INTANGIBLE

	Licences SCR	Computer Software SCR	Total SCR
Cost:			
At 1 January 2020	74,513	262,842	337,355
Additions	-	-	-
At 31 December 2020	<u>74,513</u>	<u>262,842</u>	<u>337,355</u>
At 1 January 2021	74,513	262,842	337,355
Additions	-	-	-
At 31 December 2021	<u>74,513</u>	<u>262,842</u>	<u>337,355</u>
Amortisation:			
At 1 January 2020	(74,513)	(261,404)	(334,959)
Charge for the year	-	(958)	(958)
At 31 December 2020	<u>(74,513)</u>	<u>(262,362)</u>	<u>(336,875)</u>
At 1 January 2021	(74,513)	(262,362)	(336,875)
Amortisation charges for the year	-	(480)	(480)
At 31 December 2021	<u>(74,513)</u>	<u>(262,842)</u>	<u>(337,355)</u>
Net Carrying Amount:			
At 31 December 2020	-	480	480
At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>
6. CASH AND CASH EQUIVALENT			
		2021 SCR	2020 SCR
Cash in hand		1,000	660
Bank balances		<u>8,582,367</u>	<u>7,577,507</u>
		<u>8,583,367</u>	<u>7,578,167</u>

The carrying amount of the bank balance approximates its fair value, given its short term nature. It represents bank balance with Mauritius Commercial Bank (MCB) Seychelles, and does not earn any interest.

7. TRADE AND OTHER RECEIVABLES

	2021	2020
	SCR	SCR
Trade receivables	19,958,681	25,892,823
Less: Allowances for credit impairment (see note (b) below)	(19,958,681)	(25,892,823)

Staff loan	23,096	10,326
Other receivables	12,218	10,668
Prepayment	13,422	12,062
	48,736	33,056

(a) The ageing of the above debtors are as follows:

	2021	2020
	SCR	SCR
Up to 3 months	-	-
Up to 12 months	48,736	33,056
> 12 months	-	-
	48,736	33,056

(b) Movement in allowances for credit impairment losses is given below.

	2021	2020
	SCR	SCR
At January 1,		
Charged to profit and loss	25,892,823	12,599,806
Recovered during the year	(835,763)	13,748,119
At December 31,	(5,098,379)	(455,102)
	19,958,681	25,892,823

(c) Trade and other receivables are denominated in United States dollars and Seychelles rupees.

(d) The carrying amounts of trade receivable and other receivable approximate their fair values except for staff loans receivable.

(e) Trade receivable balances are due within 1 month of inception, unless specified otherwise in the agreement. All debtors above one month are considered past due, analysis of age analysis of financial assets past due but not impaired is disclosed in Note 3.1.2 Credit risk.

(f) The staff loan balance relates to staff car loans expected to be repaid in the subsequent financial period and general purpose loans issued by the Company which are receivable in instalments over the period of the loan agreement. The non-current portion of the staff car loan is classified as non-current assets in Note 4. Car loans have a maturity of 5 years and general purpose loans have a maturity of 1 year. The balances are neither past due nor impaired. With respect to the car loans, the vehicles are pledged to PetroSeychelles and a lien clause to insurance policy, wherein the event of any claims, proceeds will be paid directly to PetroSeychelles. The Company does not hold any collateral

(g) The Company earns interest on the staff loans, classified as finance income on the face of the Statement of Comprehensive Income. The rates are heavily discounted compared to market rate implying a difference in fair value compared to carrying amount.

THE PETROSEYCHELLES LIMITED

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

26.

8. OTHER NON-CURRENT FINANCIAL INSTRUMENT

	2021	2020
	SCR	SCR
Fixed term investment	<u>63,871</u>	<u>62,240</u>

9. SHARE CAPITAL

	2021	2020
	SCR	SCR
Authorised, issued and ordinary shares 100 shares of SCR 10,000 each	<u>1,000,000</u>	<u>1,000,000</u>

10. TRADE AND OTHER PAYABLES

	2021	2020
	SCR	SCR
Trade payables and accruals	<u>457,862</u>	<u>336,430</u>

All trade and other payable balances are due within a year and relate to bills and audit fees.

11. DEFERRED INCOME

	2021	2020
	SCR	SCR
At January 1.	13,903,466	10,273,389
Received during the year	6,021,313	6,161,351
Released to profit and loss (note 14)	(2,945,149)	(2,531,274)
At December 31,	<u>16,979,630</u>	<u>13,903,466</u>

Represented by

Unutilised portion of training income	1,663,856	4,275,725
Unutilised concessionary fees of sea acreage	-	-
<i>Non-Current Deferred Income</i>		
Unutilised portion of training income	<u>15,315,774</u>	<u>9,627,741</u>
	<u>16,979,630</u>	<u>13,903,466</u>

The company recognises training income in line with the conditions of agreements, occurring when training expenses are recognised. The concessionary fees of sea acreage is time-apportioned for the amount which relates to the financial year, and recognised as such. Accordingly, any unused portion of the training income and concessionary fees of sea acreage which relates to the subsequent period is deferred until incurred. Refer to Note2.5(j)(ii) for the accounting policy.

12. RETIREMENT BENEFIT OBLIGATION

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

	2021	2020
	SCR	SCR
Present value of unfunded obligation	<u>530,955</u>	<u>483,651</u>

12. RETIREMENT BENEFIT OBLIGATION (Cont'd)

(ii) Amount recognised in the Statement of comprehensive income:

	2021	2020
Current service cost	SCR 62,424	SCR 64,960
Interest cost	19,936	19,936
Actuarial (gain)/loss	(35,056)	(17,553)
	<u>47,304</u>	<u>67,343</u>

(iii) Movement in liability recognised in statement of Financial position:

	2021	2020
At January 01,	SCR 483,651	SCR 416,308
Total expenses as above	47,304	67,343
At December 31,	<u>530,956</u>	<u>483,651</u>

(iv) The principal assumption used were as follows

	2021	2020
	%/year old	%/year old
Discount rate	5.00%	5.00%
Future salary increases	5%	5%
Years liability fall due	5	5
% of liability to fall due after 5 years	100%	100%
The figure of 5% used to calculate future salary increases in no way commits the Company to such increase in salary and has been used for calculation purposes only.		

13. REVENUE

	2021	2020
Concessionary fees of sea acreage	SCR 2,931,899	SCR 2,356,212
Release of training income	13,250	175,062
Application fees	-	345,282
Other income - hiring of conference facilities	-	-
	<u>2,945,149</u>	<u>2,876,556</u>

14. OPERATING COSTS AND ADMINISTRATIVE EXPENSES

The company classified costs which can relates directly to its operation as operational costs and the remaining expenses as administrative costs. This is summarised as shown below:

	2021	2020
Operating expenses	SCR 1,386,650	SCR 1,534,327
Administrative expenses	5,866,157	2,921,466
	<u>7,252,808</u>	<u>4,455,793</u>

14. OPERATING COSTS AND ADMINISTRATIVE EXPENSES (Cont'd)

The operating costs and administrative expenses are detailed as per the nature of the expenses:

	2021	2020
	SCR	SCR
Depreciation	38,912	53,040
Amortisation	480	958
Employee benefit expenses (Note 16)	3,492,847	3,538,463
Directors' emoluments	155,520	182,640
Bad debts	3,093,121	-
Repairs and Maintenance	300	8,421
Transportation expenses	6,030	12,060
Other office and administrative expenses	465,598	660,211
Foreign exchange (gains)/Losses	-	-
Total	7,252,808	4,455,793

a)

In the petroleum agreements, the petroleum company shall, annually, pay an amount relating to training expense of PetroSeychelles. The agreement stipulates that the Company shall use these amounts for the following expenses: educational courses and related expense, expenses relating to attendance of petroleum and energy related conferences and workshops and, or, purchases of technical books, publications, scientific instruments and other equipment required.

b) Lease arrangements

Operating lease commitments - Company as lessee

The Company has entered into a rental lease agreement for the premises. The lease is for a period of years until PetroSeychelles has established itself in its own building. The lease agreement is open with no restrictions placed upon the lessee by entering into the lease.

15. LOSS FOR THE YEAR

	2021	2020
	SCR	SCR
The loss for the year has been arrived at after charging		
Auditors' fees	73,790	84,847
Employee benefit expenses (Note 16)	3,492,847	3,538,463
Directors Remuneration	155,520	182,640
Depreciation on equipment (Note 4)	38,912	53,040
Amortisation on intangible assets (Note 5)	480	958

16. EMPLOYEE BENEFIT EXPENSES

	2021	2020
	SCR	SCR
Wages and salaries	3,188,652	3,236,605
Retirement benefit obligation charges (Note 12)	67,201	67,343
Pension Cost	205,584	205,714
Other employee benefits	31,410	28,800
Total	3,492,847	3,538,463

(a)

Other employee benefits includes gratuity expenses, staff uniforms and other miscellaneous expenses pertaining to staff.

17. OTHER INCOME

Other income consists of net foreign exchange gain arising from the settlement of foreign currency transactions and from the translation of foreign currency balances at year-end exchange rates.

18. Directors Remunerations

	Fee	Other emoluments	2021		2020	
			Total	Total	Total	Total
Patrick Joseph	-	857,940	857,940	857,940	840,322	840,322
Barry Jude Jean Faure	51,840			51,840	51,840	59,880
Allain Patrick Payet	34,560			34,560	34,560	40,920
Eddy Dennis Matatiken	34,560			34,560	34,560	40,920
Raymond F. ChangTave	34,560			34,560	34,560	40,920
	155,520	857,940		1,013,460		1,022,962

19. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operating decisions. The following are transactions between the Company and their related parties:

(a) Authorised, Issue share capital	Relationship	SCR	SCR
Government of Seychelles	Shareholders	1,000,000	1,000,000
(b) Expense transactions with related party			
Attorney General's Office	Government entity	72,000	72,000
(c) Remuneration of Key Management personnel:			
Salaries and other short-term benefits		857,940	840,322
Salaries and other short-term benefits		155,520	182,640

Key management personnel consist of the CEO of the Company and the Board of Directors.

Terms and conditions of transactions with related party

Transactions between the Company and the government are made at nominal market price. The balances represents income and expenses incurred in transactions to and from the related parties, as well as share capital outstanding. The outstanding balance at year-end is unsecured, interest free and settlement normally occurs in cash. Refer to Directors' report for guarantee provided by the related parties.

20. CAPITAL COMMITMENTS

There were no significant event after the reporting date requiring disclosure in or amendments to the December 31, 2021 annual financial statements.

21. The Directors hereby disclose that on 4th May 2022,Cabinet discussed and approved for the signing of a petroleum agreement with British company Adamantine Energy.The agreement will cover two areas totaling 9703 sq km on the Southern Shelf.The agreement will have a positive impact on the 2022 balance sheet since PetroSeychelles will start collecting concessionary fees and education bonus fees.

