



## ISLANDS DEVELOPMENT COMPANY LTD

P.O Box 638, New Port Mahé, Seychelles

Telephone: 224640

Fax: 224467

Email: [idc@seychelles.sc](mailto:idc@seychelles.sc)

Please address all correspondence to Chief Executive Officer

### DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

## INDEX

	PAGE
DIRECTORS REPORT	1 - 2
AUDITORS REPORT	3
INCOME STATEMENT	4
STATEMENT OF CHANGES IN OWNERS' EQUITY	5
BALANCE SHEET	6
CASH FLOW STATEMENT	7
FIVE YEAR FINANCIAL SUMMARY	8
NOTES TO THE ACCOUNTS	9 - 14

## ISLANDS DEVELOPMENT COMPANY LIMITED

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2010

The directors present herewith their report and audited financial statements of the company for the year ended 31 March 2010.

#### **Activities**

The principal activity of the company during the year was the management of outlying islands, the transportation related thereto on behalf of the Seychelles Government and construction activities.

The company is also actively engaged in promoting tourism and private investment which has resulted in the company engaging itself in construction activities of resorts and villas on island managed by itself.

#### **Results**

As shown in the profit & loss account on page 4 activities of the current year give the company a profit of R 13,548,620.

#### **Application of profits and revenue reserves**

The results for the current year and accumulated losses from prior years give the company R 11,700,888 available for distribution.

The directors have not proposed any dividend for the year.

#### **Fixed assets**

Major additions to fixed assets represents additions to:

Machinery and equipment (Primarily generators)	-	R 4.8 m
Marine engines	-	R 2.1 m
Staff housing on Platte	-	R 1.0 m
Manager's house and store on Farquhar	-	R 1.5 m

The carrying amounts of property, plant and equipment are reviewed to determine whether they are in excess of their market or recoverable amount at balance sheet date. If the carrying amount exceeds the recoverable amount, the asset is written down to the lower amount.

#### **Directors and their interest in the company**

The directors of the company during the year and their interests in accordance with the register maintained under Section 111 of the Companies Act 1972, were as follows:-

	SHARES HELD	
	1 April	31 March
Mr. G.M.Savy	0	0
Mr. D. Dogley	0	0
Mr. H. Aglae	0	0
Mr. R. Renaud	0	0
Ms. L. Desaubin	0	0
Ms. S. Renaud	0	0
Mr. P. Payet	(Appointed 1.09.2009)	0
		0

Mr. D. Dogley retires from the board in accordance with Articles of Association and being eligible offers himself for re-election.

No contract of significance subsisted with the company at any time during the year in which the directors had directly or indirectly, a material interest.

## ISLANDS DEVELOPMENT COMPANY LIMITED

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2010

#### *Statement of directors responsibilities*

The directors are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for the period. In preparing those accounts, the directors are required to:-

prepare financial statements on the going concern basis unless it is inappropriate to assume continuance of business;

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

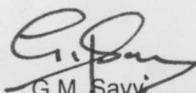
disclose and explain any material departures from applicable accounting standards.

The Companies Act 1972 also requires the directors to keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They also have the general responsibility for taking reasonable steps to safeguard the assets of the company and detect fraud and other irregularities.

#### *Auditors*

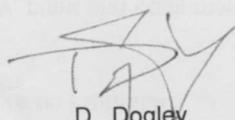
The retiring auditors are Pool & Patel who are eligible for re-appointment.

#### DIRECTORS

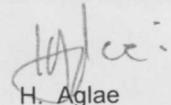


G.M. Savy

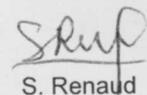
Executive chairman



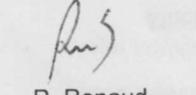
D. Dogley



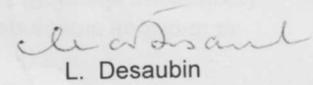
H. Aglae



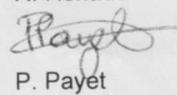
S. Renaud



R. Renaud



L. Desaubin



P. Payet

30 June 2010



# Pool & Patel

## Chartered Accountants

Partners   Bernard L. Pool FCA  
                 Suketu Patel FCA  
                 Gemma Roberts FCCA

Maison La Rosière  
Palm Street  
P. O. Box 117  
Victoria,  
Mahé  
Seychelles.

Tel: (+248) 323201  
Fax: (+248) 323518  
E-mail: pnp@seychelles.net

### INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ISLANDS DEVELOPMENT COMPANY LIMITED

We have audited the financial statements for the year ended 31 March 2010 on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 & 10.

This report is made solely to the Company's members as a body in accordance with section 158 of the Companies Act 1972. Our audit work has been undertaken so that we might state to the Company's members 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's members as a body, for our audit work, for this report, or for the opinion we have formed.

#### *Respective responsibilities of directors and auditors*

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and report our opinion to you.

#### *Basis of opinion*

We conducted our audit in accordance with international standards on auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

#### *Reliance on representations*

In view of the company's specialised nature and operations, its controls are dependent upon close involvement of its senior management. Where independent confirmation of the completeness of the accounting records is not possible, we have accepted assurances from the management or appropriate representatives of Seychelles Government that their representations together with the company's records accurately reflect all such transactions undertaken during the year.

We have no relationship with, or material interest in the Company, other than in our capacities as auditors, tax and business advisors and arms length dealings with the company in the ordinary course of business.

#### *Concentration of credit risk and valuation of debtors*

We draw your attention to note 11 to the financial statements on credit risk, which indicates that the company is owed R 26.5 m by a developer for construction work carried out on one of the island leased from IDC. Whilst the debtor has proposed a payment plan, this is not being adhered to.

No provision has been made in regard to the impairment of the debt as the Directors consider that the debt is fully recoverable. The Directors have indicated that as a last resort, they will apply to the courts for a lien over the buildings and utilities constructed by them which they believe have a value at least equal to the debts owed.

#### *Opinion*

Subject to above, in our opinion, the financial statements give a true and fair view of the company's affairs at 31 March 2010 and of its profits and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1972.

*Pool & Patel*  
Chartered Accountants  
30 June 2010

ISLANDS DEVELOPMENT COMPANY LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

Financial statements are prepared in Seychelles Rupees.

	Note		2009
Revenue		168,097,045	325,684,969
Maintenance of Government assets		<u>2,250,000</u>	<u>8,260,000</u>
Contribution to overheads from			
Construction activities		27,899,423	67,184,054
Management of transportation		6,384,782	9,304,579
Sale of produce		42,103	379,578
Maintenance of Government assets		2,250,000	8,260,000
Maintenance of villas		1,292,358	0
Guest house activities		1,093,011	2,840,218
landing fees		466,607	1,401,609
Property rental		11,169,328	7,733,851
Sale of fuel		3,020,604	2,379,991
Shop sales		160,225	118,570
Other		1,838,943	4,296,655
		<u>55,617,384</u>	<u>103,899,105</u>
Overheads			
Employment costs		(15,499,084)	(12,230,094)
Fuel for electricity generation & island use		(6,948,889)	(8,731,420)
Repairs and maintenance		(9,513,515)	(7,607,171)
Communication		(1,454,793)	(1,635,211)
External transportation		(2,169,563)	(1,224,446)
Utilities		(895,426)	(834,684)
Travelling		(1,254,036)	(549,501)
Insurances		(544,657)	(682,466)
Other		(2,122,290)	(1,521,515)
		<u>15,215,131</u>	<u>68,882,597</u>
Depreciation			
Charge for year	8	(9,610,768)	(5,579,044)
Adjustment for deferred grants	1(h) & 9	1,700,041	1,787,057
Results from operating activities		<u>7,304,404</u>	<u>65,090,610</u>
Finance income	5	13,010,333	5,735
Finance expense	5	(6,766,117)	(50,112,746)
Net finance income/(cost)		<u>6,244,216</u>	<u>(50,107,011)</u>
Profit before income tax		<u>13,548,620</u>	<u>14,983,599</u>
Income tax expense	1(l)	0	0
Profit for the period		<u>13,548,620</u>	<u>14,983,599</u>
Earnings per share		<u>135,486</u>	<u>149,836</u>

# ISLANDS DEVELOPMENT COMPANY

## STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2010

Financial statements are prepared in Seychelles Rupees.

	Issued capital	Accumulated profit	Total
<b>31 March 2007</b>	<b>13,634,300</b>	<b>(22,275,842)</b>	<b>(8,641,542)</b>
Shares issued	0	0	0
Profit for the year	0	5,444,511	5,444,511
Dividends declared	0	0	0
<b>31 March 2008</b>	<b>13,634,300</b>	<b>(16,831,331)</b>	<b>(3,197,031)</b>
Shares issued	0	0	0
Profit for the year	0	14,983,599	14,983,599
Dividends declared	0	0	0
<b>31 March 2009</b>	<b>13,634,300</b>	<b>(1,847,732)</b>	<b>11,786,568</b>
Shares issued	0	0	0
Profit for the year	0	13,548,620	13,548,620
Dividends declared	0	0	0
<b>31 March 2010</b>	<b>13,634,300</b>	<b>11,700,888</b>	<b>25,335,188</b>

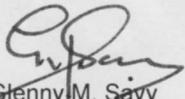
# ISLANDS DEVELOPMENT COMPANY LIMITED

## BALANCE SHEET AS AT 31 MARCH 2010

Financial statements are prepared in Seychelles Rupees.

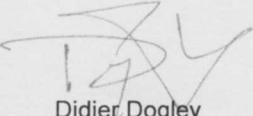
	Note		2009
<b>Assets</b>			
Plant & equipment	1(e)&8	60,695,481	60,540,349
Capital work in progress	14	189,705	1,292,965
Investments	4	1,935,237	1,935,237
<b>Total non-current assets</b>		<b>62,820,423</b>	<b>63,768,551</b>
Inventories	1(g)&12	1,602,372	1,387,288
Construction debtors		33,817,903	48,634,817
Trade debtors		7,574,598	10,175,421
Other receivables & prepayments		10,083,884	2,510,469
Cash and cash equivalents		9,396,704	9,292,909
<b>Total current assets</b>		<b>62,475,461</b>	<b>72,000,904</b>
<b>Total Assets</b>		<b>125,295,884</b>	<b>135,769,455</b>
<b>Equity</b>			
Share capital	7	13,634,300	13,634,300
Retained earnings/(loss)		11,700,888	(1,847,732)
		<b>25,335,188</b>	<b>11,786,568</b>
<b>Liabilities</b>			
Employee benefits	1(k)	2,922,764	3,163,333
Deferred grants	9	34,353,078	36,053,118
Loans	10	7,212,403	7,016,590
<b>Total non-current liabilities</b>		<b>44,488,245</b>	<b>46,233,041</b>
Construction creditors		22,904,014	58,267,439
Trade creditors		22,257,400	17,152,599
Other payables and accruals		9,817,959	2,287,131
Bank overdraft		493,078	42,677
<b>Total current liabilities</b>		<b>55,472,451</b>	<b>77,749,846</b>
<b>Total liabilities</b>		<b>99,960,696</b>	<b>123,982,887</b>
<b>Total equity &amp; liabilities</b>		<b>125,295,884</b>	<b>135,769,455</b>

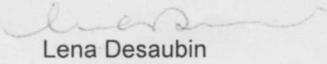
### Directors

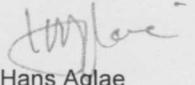
  
Glenny M. Savy  
(Executive Chairman)

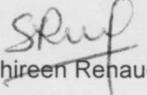
  
Ronny Renaud

  
Patrick Payet

  
Didier Dogley

  
Lena Desaubin

  
Hans Aglae

  
Shireen Renaud

**ISLANDS DEVELOPMENT COMPANY LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010**

Financial Statements are prepared in Seychelles Rupees

		2009
<b>Net cash inflow from operating activities</b>		
Operating profit	13,548,620	14,983,599
Interest payable	195,813	224,098
Interest received	(5,169)	(5,735)
Depreciation charges	9,610,768	5,579,044
Decrease in gratuity & length of service reserve	(240,569)	229,670
Deferred grants credited in profit & loss account	1,700,040	(1,787,057)
(Profit) / Loss on asset disposal	0	(15,830)
Impairment of work in progress	1,103,260	0
Exchange differences on converting year end balances	(6,570,304)	17,396,722
	<b>15,942,379</b>	36,604,511
<b>Changes in working capital</b>		
Decrease in debtors	9,844,322	(24,960,712)
Increase in inventories	(215,084)	(411,137)
Decrease in creditors	(16,157,492)	12,723,376
	<b>9,414,125</b>	23,956,038
<b>Returns on investments and servicing of finance</b>		
Interest paid	0	0
Interest received	5,169	5,735
	<b>5,169</b>	5,735
<b>Taxation (Business and provisional taxes)</b>		
	0	0
<b>Investing activities</b>		
Work in progress	0	4,063,421
Payments to acquire tangible fixed assets	(9,765,900)	(27,850,009)
Payments to acquire investment	0	(1,887,000)
Receipts from sale of tangible fixed assets	0	30,092
	<b>(9,765,900)</b>	(25,643,496)
<b>Decrease in cash &amp; cash equivalents</b>		
	(346,606)	(1,681,723)
<b>Cash &amp; cash equivalent 1 April</b>	<b>9,250,232</b>	10,931,955
<b>Cash &amp; cash equivalents 31 March</b>	<b>8,903,626</b>	9,250,232

# ISLANDS DEVELOPMENT COMPANY LIMITED

## FIVE YEAR FINANCIAL SUMMARY - 31 MARCH 2010

Prepared in Seychelles Rupees' 000

	2010	2009	2008	2007	2006
<b>Balance sheet</b>					
Share capital					
Authorised	<b>13,635</b>	13,635	13,635	13,635	13,635
Issued and fully paid	<b>13,634</b>	13,634	13,634	13,634	13,634
Retained earnings	<b>11,701</b>	(1,848)	(16,831)	(22,276)	(17,852)
	<b>25,335</b>	11,786	(3,197)	(8,642)	(4,218)
Deferred grants	<b>34,353</b>	36,053	37,840	36,201	32,944
Gratuity & length of service reserve	<b>2,923</b>	3,163	2,934	2,931	3,059
	<b>62,611</b>	51,002	37,577	30,490	31,785
Loans	<b>7,212</b>	7,017	6,792	6,592	6,862
Net assets employed	<b>69,823</b>	58,019	44,369	37,082	38,647
<b>Profit and loss</b>					
Turnover	<b>168,097</b>	325,685	16,686	22,201	21,411
Subvention - operating	<b>2,250</b>	8,501	20,575	11,813	15,323
Surplus from construction activities	<b>27,899</b>	67,184	9,074	1,311	0
Insurance receivable	<b>0</b>	0	2,371	0	0
Profit/(Deficit) for the year	<b>13,549</b>	14,983	5,445	(4,423)	3,004
Taxation	<b>0</b>	0	0	0	0
	<b>13,549</b>	14,983	5,445	(4,423)	3,004
Transfer to/(from) reserve	<b>0</b>	0	0	0	0
	<b>13,549</b>	14,983	5,445	(4,423)	3,004
Accumulated deficit -1 April	<b>(1,848)</b>	(16,831)	(22,276)	(17,852)	(20,856)
Accumulated deficit - 31 March	<b>11,701</b>	(1,848)	(16,831)	(22,276)	(17,852)

# ISLANDS DEVELOPMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

Financial statements are prepared in Seychelles Rupees

### **1. Significant accounting policies**

The significant accounting policies adopted in preparation of financial statements of the company are set out below.

#### **(a) Statement of compliance**

These financial statements have been prepared in accordance with the requirements of the Seychelles Companies Act (1972).

#### **(b) Measurement basis and accounting policies applied**

The measurement basis used is historical cost.

The accounting policies have been consistently applied by the company with those of the previous year.

#### **(c) Impairment of financial assets**

The carrying amounts of the financial assets is reviewed by the directors periodically to determine whether it is in excess of its market or recoverable amount in the balance sheet. If there is any evidence of other then a temporary impairment in the carrying amount of an asset, it is written down to its fair value or recoverable amount and the loss recognised in the income statement.

#### **(d) Foreign currency**

Transactions in currencies other than Seychelles Rupee are converted at the rate of exchange ruling at the transaction date. At the balance sheet date, foreign currency monetary assets and liabilities are converted at the rate of exchange ruling at that date. Resulting exchange differences are recognised in the income statement for the year.

The indicative bank selling exchange rates( TT/Drafts) for the period were:-

Currency	Exchange rates at 31 March			Changes in percent	
	2010	2009	2008	2009-2010	2008-2009
US \$	12.03	16.84	8.08	29%	-108%
Euro	16.12	22.27	12.74	28%	-75%

#### **(e) Property, plant and equipment**

Items of property, plant and equipment are stated at the lower of historical cost or fair value and recoverable amount and are depreciated using the straight line method over their estimated useful lives. The cost of property constructed by the company includes cost of materials and direct labour and an appropriate proportion of overheads.

The rates of depreciation used are based on the following useful lives:

Machinery, furniture & equipment	5 years	Cold storage facilities	10 years
Motor vehicles; boats & engines	3-5 years	Staff houses	33 years
Office building	50 years	Hotels & airstrips	25 years

Assets are depreciated or amortised from the date of acquisition or from the time an asset is completed and ready for use.

Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets is recognised as an expense when incurred.

#### **(f) Investments**

Investments classified as non-current are carried at cost, less amounts written off to recognise other than temporary declines in the value of the investment.

#### **(g) Inventories**

Inventories are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

# ISLANDS DEVELOPMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

Financial statements are prepared in Seychelles Rupees

### *(h) Government grants*

Subventions, grants or assets received from the Seychelles Government are dealt with as follows:-

Grants towards acquisition of fixed assets - Amortised over estimated useful lives of the assets.

Grants for managing Government assets - offset against operating costs.

### *(i) Borrowing costs*

Borrowing costs are recognised as an expense in the period in which they are incurred.

### *(j) Revenue recognition*

In relation to the sale of goods, revenue is recognised where the ownership has been transferred to the buyer and no significant uncertainties remain.

In relation to the rendering of services, revenue is recognised by reference to the state of completion of the transaction at the balance sheet date.

In relation to construction activities revenue is recognised by reference to the state of completion of a contract at the balance sheet date. Retentions withheld by clients are recognised in the income statement when received.

### *(k) Gratuity and length of service costs*

Employees of parastatals are compensated for past service based on years of continuous employment. The financial statements include a provision in full for this liability and the costs are dealt with as part of payroll expenses.

### *(l) Taxation*

When required, taxation is provided at rates ruling at the balance sheet date on profits of the company adjusted for items not allowed for taxation purposes and prior year losses.

## **2. Profit from operations**

Profit from operations has been arrived at after charging:-

	2009
Auditors remuneration	185,000
Directors remuneration (Note 3)	<u>385,980</u>

## **3. Directors emoluments, pensions or compensation.**

Emoluments, pensions or compensation paid to directors during the year represents:-

	Salary for Management	Fees, Pensions & Others	
	2009	2009	
Mr. G.M. Savy	285,480	348,246	0
Mr. D. Dogley	0	0	18,000
Mr. H. Aglae	0	0	18,000
Mr. R. Renaud	0	0	18,000
Ms. L. Desaubin	0	0	18,000
Ms. S. Renaud	0	0	18,000
Mr. R. Payet	0	0	0
Mr. J. Nourrice	0	0	0
Mr. J. Attala	0	0	0
Mr. M. Zialor	0	0	0
Mr. M. Nalletamby	0	0	0
Mr. P. Payet	0	0	10,500

# ISLANDS DEVELOPMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

Financial statements are prepared in Seychelles Rupees

### 4. Investments

Investments stated at cost represent:

Holding in the following company incorporated in the Seychelles:

	Yield in year	% Holding
Desroches Island lodge Limited	<u>48,237</u>	0 1 %
Investment in joint venture		
Operation & ownership of vessel Enterprise II	<u>1,887,000</u>	0 20 %

### 5. Net finance income/ (costs)

Comprise of:

	2009
Exchange adjustments of operating nature	13,005,164
Interest	5,169
Finance income	<u>13,010,333</u>
Exchange adjustments on converting year end balance	(6,570,304)
Exchange adjustments of operating nature	0
Interest (note 6)	(195,813)
Finance costs	<u>(6,766,117)</u>
	(17,396,722)
	(32,491,926)
	(224,098)
	(50,112,746)

### 6. Interest payable

	2009
On liabilities expiring before 1 year	195,813
Housing loan (repayment period expired)	<u>224,098</u>

### 7. Authorised & issued capital

	2009
136,343 Ordinary shares of R 100 each fully paid.	<u>13,634,300</u>
	13,634,300

### 8. Fixed assets

	Buildings & utilities	Boats & engines	Machinery & fittings	Vehicles & trailers	Total
<b>COST/VALUATION</b>					
At 1 April 2009	90,657,359	3,330,737	25,237,595	8,563,183	127,788,874
Additions	2,540,930	2,130,864	4,828,316	265,790	9,765,900
Disposals	0	0	0	0	0
<b>At 31 March 2010</b>	<u>93,198,289</u>	<u>5,461,601</u>	<u>30,065,911</u>	<u>8,828,973</u>	<u>137,554,774</u>
<b>DEPRECIATION</b>					
At 1 April 2008	51,192,342	3,078,276	7,005,474	5,972,433	67,248,525
Additions	3,086,580	423,681	4,572,433	1,528,074	9,610,768
Disposals	0	0	0	0	0
<b>At 31 March 2010</b>	<u>54,278,922</u>	<u>3,501,957</u>	<u>11,577,907</u>	<u>7,500,507</u>	<u>76,859,293</u>
<b>Net book value</b>	<u>38,919,367</u>	<u>1,959,644</u>	<u>18,488,004</u>	<u>1,328,466</u>	<u>60,695,481</u>
<b>At 31 March 2009</b>	<u>39,465,017</u>	<u>252,461</u>	<u>18,232,121</u>	<u>2,590,750</u>	<u>60,540,350</u>

# ISLANDS DEVELOPMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

Financial statements are prepared in Seychelles Rupees

### 9. Grants & subventions

Movement in grants received for capital projects on various islands comprises of:

	Deferred 1 April 2009	Additions 2009/2010	Write off 2009/2010	Deferred 31 March 2010
Alphonse	1,800,000	0	120,000	1,680,000
Astove	2,002,412	0	383	2,002,029
Cosmoledo	2,002,412	0	383	2,002,029
Desroches	9,884,038	0	1,096,912	8,787,126
Farquhar	11,084,569	0	211,565	10,873,004
Head office/general purpose	2,716,728	0	74,865	2,641,863
Marie Louise	4,845	0	765	4,080
Platte	69,000	0	4,500	64,500
Providence	140,415	0	9,383	131,032
Silhouette	2,588,709	0	141,285	2,447,424
Assumption	760,000	0	40,000	720,000
Poivre	3,000,000	0	0	3,000,000
	<b>36,053,128</b>	<b>0</b>	<b>1,700,041</b>	<b>34,353,078</b>

Grants credited to profit and loss account for the year represent:-

	2009
Annual allocation to meet recurrent costs	0
Annual allocation for maintenance of Government assets	2,250,000
Amortisation of grants received for fixed assets	1,700,041
	<b>3,950,041</b>
	10,047,057

### 10. Loans

		Interest per annum	Repayment terms
Housing Loan			
Balance-1 April 2009	<b>7,016,590</b>		
Interest capitalised	<b>195,813</b>	3%	R 34,467 monthly inclusive of interest commencing 1 January 1990
	<b>7,212,403</b>	0	
Repaid in year			
Balance-31 March 2010	<b>7,212,403</b>		

	US\$	Interest per annum	Repayment terms
Bank loan in foreign currency			
Balance-1 April 2009	<b>1,214,838</b>	<b>19,580,022</b>	
Interest capitalised	<b>75,419</b>	<b>907,482</b>	Libor plus 3% 8.32%
	<b>1,290,257</b>	<b>20,487,504</b>	US\$ 50,355 monthly inclusive of interest commencing 1 July 2007
Repaid in year	<b>(604,260)</b>	<b>(7,270,817)</b>	
Exchange adjustment	<b>0</b>	<b>(4,962,368)</b>	
Balance-31 March 2010	<b>685,997</b>	<b>8,254,319</b>	

Less: recoverable from Ministry of finance **(8,254,319)** As and when repayments fall due

0

The loan has been taken to finance the lease purchase of an asset managed by the company for the Seychelles Government and is guaranteed by this entity.

# ISLANDS DEVELOPMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

Financial statements are prepared in Seychelles Rupees

### 11. Financial instruments

#### Fair value

The company's current assets and liabilities include term deposits, sundry receivables and sundry creditors, which are realised or settled within a short term period. The carrying amounts of these assets and liabilities approximate their fair value.

#### Currency risk

Some of the company's bank balances, receivables and payables are denominated in foreign currency. Consequently the company is exposed to the risk that the exchange rate of the Seychelles rupee relative to the foreign currencies may change in a manner which has a material effect on the reported values of the company's foreign assets and liabilities.

#### Credit risk

Credit risk represents the potential loss that the company would incur if counter parties fail to perform pursuant to the terms of their obligations to the company. The company limits its credit risk by carrying out transactions through established reputable institutions. At the balance sheet date, there was one debtor who owed the company R 26.5m representing 53% of its debtors.

The company has entered into an arrangement with this particular debtor to liquidate this debts within next months. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

### 12. Inventories

	2009
Copra	12,357
Employee shop stocks	722,017
Live stock & livestock products	216,681
Fuel & sundry	651,317
	<hr/> <u>1,602,372</u>
	1,387,288

### 13. Related party transactions

These relate to transactions with the Seychelles Government, parastatal companies, Ministries, directors and senior management of the company. The Directors consider pricing policies and terms of these transactions to have been conducted at an arms length unless stated otherwise below.

#### Parent

The company is wholly owned by the Seychelles Government.

#### Leases of islands managed by the company

The Seychelles Government has granted leases, for a nominal value, commencing 20th December 1994 for 99 years, for islands managed by the company.

#### Seychelles Government subventions

In the current year, the company has received subventions to maintain Government assets as described in notes 1(h) and 9.

As from January 2010 the Government has stopped giving subventions to the company.

#### Management of government assets

The company is required to maintain an efficient and modern system of inter island transportation between the islands it manages and for this purpose the company is entrusted with a number of aeroplanes and boats by the Seychelles Government to manage and operate. The operating costs of these assets are borne by the company from rental revenues and subventions it receives from the Seychelles Government.

# ISLANDS DEVELOPMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

Financial statements are prepared in Seychelles Rupees

### **13. Related party transactions (cont..)**

#### ***Services procured from related party***

During the year, the company paid R 2,122,619 for hire of Enterprise II, a vessel it operates in joint venture with other partners (note 4).

#### ***Investment incentives***

The company will enjoy special investment incentives under the Investment Promotion Act under the category of Island Service Providers , until such time as the legislation for incentives granted to Island Service Providers remains enacted.

### **14. Capital commitments**

Capital work in progress represents works being undertaken towards the reconstruction of a guest house on Silhouette Island and a warehouse at Providence Industrial zone. The cost of completion for both projects is estimated at R3M, financed entirely by the company.

### **15. Contingent liabilities**

There is a dispute between the company and one of the sub contractors employed by it. The sub contractor has initiated legal action for US \$ 1,320, 027 for the outstanding contract price as at 31 March 2010 on the grounds that the company had failed to pay an advance prior to commencement of works.

The company disputes the claim on the grounds that it has already paid the sub contractor in excess of the required amount and subsequently made a counter claim of US \$ 1,681,438, being the amount necessary to complete the contract works, as it was obligated by the Licencing Authority to terminate the contract with the sub contractor as it was not licenced to undertake such work in the Seychelles.

The financial statements have provided in full for the work certified as completed by the sub contractor, which in the opinion of the Directors is the maximum liability of the company.