



# ISLANDS DEVELOPMENT COMPANY LTD

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## DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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## ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2014

The directors present herewith their report and audited financial statements of the company for the year ended 31 March 2014.

#### **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**

The subsidiary, Green Island Construction Company Limited, carries on the business of building contractors.

As shown in the statement of income on page 5 activities of the current year give the group a profit of R 7,684,500 and the company a profit of R 5,062,770 after taxation.

#### ***Application of profits and revenue reserves (company)***

The profit for the year with revenue reserves from prior years give the company R 38,201,398 (2013 - R 33,138,628) available for distribution.

The directors do not propose to distribute a dividend for the current year.

#### **Fixed assets**

Major changes to fixed assets of the group during the year represents:

- construction of managers' house on Marie-Louise (R1,190,592), Assumption (R589,207), Desroches guest houses(R1,300,214) & major renovation of Silhouette guest house at cost of R1,534,464.
- purchase of vehicle at a cost of R 358,080
- purchase of sundry machinery tools at a cost of R 1,611,157

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. P. Lablache	0	0
Mr. R. Renaud	0	0
Mr. D. Dogley	0	0
Mr. H. Aglae	0	0
Ms. L. Desaubin	0	0
Ms. S. Renaud	0	0
Mr. P. Payet	0	0

All directors of the company are citizens of Seychelles.

Mr. R. Renaud retires from the board in accordance with Articles of Association and being eligible offer himself for re-election.

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

**ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY**

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2014**

***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 judgments 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**



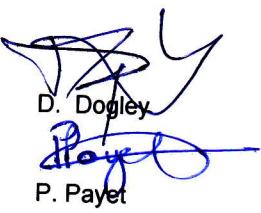
P. Lablache  
Chairman



G.M. Savy  
Chief Executive Officer



R. Renaud  
Deputy Chief Executive Officer



D. Dogley  
P. Payet


L. Desaun

22 July 2014



## INDEPENDENT AUDITOR'S REPORT

### ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

We have audited the accompanying financial statements of Islands Development Company Limited on pages 4 to 16, which comprise the balance sheet for the Parent Company and the Group as at March 31, 2014, the income statement including the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management, under the historical cost convention and the financial reporting provisions of the Seychelles Companies Act 1972.

This report is made solely for the Company's members as a body in accordance with Section 158 of the Companies Act 1972. 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.

#### Management's Responsibility for the Financial Statements

Management is responsible for keeping proper accounting records and for the preparation of financial statements that give a true and fair view of the company's affairs in accordance with the financial reporting provisions of the Seychelles Companies Act 1972, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and that these are in accordance with the accounting records maintained by the management. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

#### Opinion

In our opinion, the accompanying financial statements of Islands Development Company Limited set out on pages 4 to 16 give a true and fair view of the financial position of Parent Company and the Group as at March 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting provisions of the Seychelles Companies Act 1972.

*Pool & Patel*  
POOL & PATEL  
CHARTERED ACCOUNTANTS

22 July 2014

**ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY**

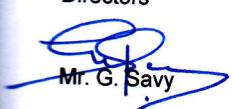
**Consolidated statement of financial position**

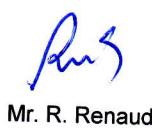
Financial statements are prepared in Seychelles Rupees

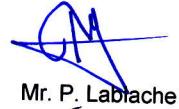
	Note	CONSOLIDATED		COMPANY	
		As at 31 March		2014	2013
		2014	2013		
<b>Assets</b>					
Property, plant and equipment	12	68,356,870	71,992,144	55,897,342	58,631,300
Investments	13	50,237	50,237	150,237	150,237
Lendings	20	2,169,690	2,169,690	2,169,690	2,169,690
Capital work in progress	21	977,931	0	977,931	0
Deferred income tax asset	10	663,287	493,652	587,328	488,238
<b>Non-current assets</b>		<b>72,218,015</b>	<b>74,705,723</b>	<b>59,782,528</b>	<b>61,439,465</b>
Inventories	15	16,793,558	14,007,034	8,089,818	7,099,153
Taxation	10	727,431	0	899,100	0
Trade and other receivables	16	78,893,709	71,175,565	49,605,120	47,611,892
Cash and cash equivalent		18,987,420	23,451,365	18,965,986	23,438,743
<b>Current assets</b>		<b>115,402,118</b>	<b>108,633,964</b>	<b>77,560,024</b>	<b>78,149,788</b>
<b>Total assets</b>		<b>187,620,133</b>	<b>183,339,687</b>	<b>137,342,552</b>	<b>139,589,253</b>
<b>Liabilities</b>					
Employee benefit obligations	17	2,151,289	1,483,917	2,071,292	1,467,511
Deferred tax liability	10	152,340	1,632,497	0	782,030
Deferred grants	14	25,647,363	27,550,180	25,647,363	27,550,180
Borrowings	18	604,234	8,033,662	0	8,033,662
<b>Non-current liabilities</b>		<b>28,555,226</b>	<b>38,700,256</b>	<b>27,718,655</b>	<b>37,833,383</b>
Borrowings	18	21,965,642	10,246,910	6,363,823	7,234,285
Taxation	10	0	1,316,935	0	697,478
Trade and other payables	19	71,886,220	83,243,666	43,727,751	47,051,179
<b>Current liabilities</b>		<b>93,851,862</b>	<b>94,807,511</b>	<b>50,091,574</b>	<b>54,982,942</b>
<b>Total liabilities</b>		<b>122,407,088</b>	<b>133,507,767</b>	<b>77,810,229</b>	<b>92,816,325</b>
Share capital	11	13,634,300	13,634,300	13,634,300	13,634,300
Subscription in advance for share capital	11	7,696,625	0	7,696,625	0
Retained earnings		43,882,120	36,197,620	38,201,398	33,138,628
<b>Equity</b>		<b>65,213,045</b>	<b>49,831,920</b>	<b>59,532,323</b>	<b>46,772,928</b>
<b>Total liabilities and equity</b>		<b>187,620,133</b>	<b>183,339,687</b>	<b>137,342,552</b>	<b>139,589,253</b>

The notes on pages 8 to 16 are an integral part of these financial statements.

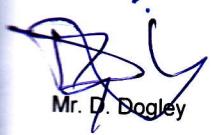
Directors

  
Mr. G. Savy

  
Mr. R. Renaud

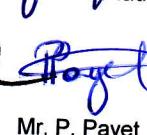
  
Mr. P. Lablache

  
Ms. S. Renaud

  
Mr. D. Dogley

  
Mr. H. Aglae

  
Ms. L. Desaubin

  
Mr. P. Payet

22 July 2014

**ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY**

**Statement of income - by nature of expense and retained earnings**

Financial statements are prepared in Seychelles Rupees

	Note	CONSOLIDATED		COMPANY	
		2014	As at 31 March 2013	2014	2013
Revenue	3	242,974,820	265,207,652	85,342,614	191,962,787
Direct costs	4	(166,320,549)	(210,121,793)	(46,380,191)	(146,508,398)
Other income	5	16,123,671	15,900,529	23,439,906	21,536,639
Administrative salaries and benefits	6	(44,032,249)	(24,829,011)	(25,292,566)	(24,209,339)
Depreciation (net of deferred grant credit)	12/14	(11,697,375)	(10,185,532)	(9,798,575)	(10,147,584)
Fuel for electricity generation & island use		(4,986,661)	(3,633,527)	(4,986,661)	(3,633,527)
Repairs and maintenance		(6,379,942)	(9,769,841)	(6,167,543)	(9,769,841)
Communication		(1,969,477)	(511,215)	(1,667,733)	(1,799,589)
External transportation		(3,206,778)	(3,648,500)	(2,253,630)	(3,648,500)
Exchange (losses)/gains (operating)		(1,699,240)	(432,513)	(1,689,212)	(3,557,650)
Utilities		(1,362,423)	(1,307,269)	(1,105,648)	(1,054,868)
Travelling		(1,256,197)	(1,378,069)	(1,153,515)	(1,269,292)
Insurances		(1,141,748)	(448,691)	(439,148)	(334,621)
Other expenses		(4,148,023)	(4,480,845)	(2,028,376)	(2,540,761)
<b>Operating profit</b>		<b>10,897,829</b>	<b>10,361,375</b>	<b>5,819,722</b>	<b>5,025,456</b>
Finance income	8	74,785	138,801	74,785	138,801
Finance costs	9	(827,604)	(553,582)	(525,228)	(424,777)
<b>Finance costs - net</b>		<b>(752,819)</b>	<b>(414,781)</b>	<b>(450,443)</b>	<b>(285,976)</b>
<b>Profit before income tax</b>					
Income tax expense	10	10,145,010 (2,460,510)	9,946,594 (3,894,139)	5,369,279 (306,509)	4,739,480 (1,746,017)
<b>Profit for the year</b>		<b>7,684,500</b>	<b>6,052,455</b>	<b>5,062,770</b>	<b>2,993,463</b>
Dividends		0	0	0	0
		<b>7,684,500</b>	<b>6,052,455</b>	<b>5,062,770</b>	<b>2,993,463</b>
Retained earnings 1 April		36,197,620	30,145,165	33,138,628	30,145,165
<b>Retained earnings 31 March</b>		<b>43,882,120</b>	<b>36,197,620</b>	<b>38,201,398</b>	<b>33,138,628</b>

**ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY**

**Cash flow statement**

Financial statements are prepared in Seychelles Rupees.

	Note	CONSOLIDATED		COMPANY	
		As at 31 March		As at 31 March	
		2014	2013	2014	2013
<b>Cash flows from operating activities</b>					
Profit /loss for the year before exceptional item		10,145,010	9,946,594	5,369,279	4,739,480
Adjustments for:-					
Taxation paid	10	(6,154,667)	(1,854,244)	(2,784,206)	(990,626)
Loan liability extinguished	11	(337,037)	0	0	0
Depreciation (net of adjustment for deferred grant)	14	11,697,375	10,185,532	9,798,575	10,147,584
Changes in provision for employee benefits	17	667,372	(37,323)	603,781	(53,729)
Work in progress expensed to repairs		0	901,863	0	901,863
Profit on disposal of tangible fixed assets		(71,500)	0	(71,500)	(453,000)
Finance costs	8/9	752,819	414,781	450,443	285,976
Changes in working capital		16,699,372	19,557,203	13,366,372	14,577,548
Increase in inventories		(2,786,526)	(6,446,614)	(990,665)	461,267
Increase in debtors		(7,718,144)	(25,266,342)	9,449,913	(1,702,669)
Decrease in creditors		(11,357,446)	32,338,628	(14,766,569)	(4,033,865)
<b>Cash generated (used) from operations</b>		<b>(5,162,744)</b>	<b>20,182,875</b>	<b>7,059,051</b>	<b>9,302,281</b>
Interest received	8	74,785	138,801	74,785	138,801
Interest paid	9	(827,604)	(269,932)	(525,228)	(141,127)
<b>Net cash from (used) in operating activities</b>		<b>(5,915,563)</b>	<b>20,051,744</b>	<b>6,608,608</b>	<b>9,299,955</b>
<b>Cash flows from investing activities</b>					
Payments to acquire tangible fixed assets	12	(10,942,849)	(14,733,290)	(9,945,364)	(1,334,498)
Proceeds from sale of assets		71,500	0	71,500	453,000
<b>Net cash used in investing activities</b>		<b>(10,871,349)</b>	<b>(14,733,290)</b>	<b>(9,873,864)</b>	<b>(881,498)</b>
<b>Cash flow from financing activities</b>					
Loan made	20	0	(284,690)	0	(284,690)
Loan received		2,383,795	0	0	0
Dividend paid		0	0	0	0
<b>Net cash from financing activities</b>		<b>2,383,795</b>	<b>(284,690)</b>	<b>0</b>	<b>(284,690)</b>
<b>Decrease in cash and cash equivalents</b>		<b>(14,403,117)</b>	<b>5,033,764</b>	<b>(3,265,256)</b>	<b>8,133,767</b>
Cash & cash equivalent at 1 April		13,204,455	8,170,691	16,304,458	8,170,691
<b>Cash &amp; cash equivalents 31 March</b>		<b>(1,198,662)</b>	<b>13,204,455</b>	<b>13,039,202</b>	<b>16,304,458</b>

**ISLANDS DEVELOPMENT COMPANY LIMITED**

**FIVE YEAR FINANCIAL SUMMARY - 31 MARCH 2014**

Financial statements are prepared in Seychelles Rupees

	2014	2013	2012	2011	2010
<b>Balance sheet</b>					
<b>Share capital</b>					
Authorised	13,635	13,635	13,635	13,635	13,635
Issued and fully paid	13,634	13,634	13,634	13,634	13,634
Retained earnings	38,201	33,139	30,145	22,874	17,996
Deferred grants	25,647	27,550	29,413	31,883	34,353
Long term loan	0	8,034	7,750	7,476	7,212
Net assets employed	77,482	82,357	80,942	75,867	73,195
<b>Profit and loss</b>					
Turnover	120,019	213,500	155,062	113,954	168,097
Profit / loss before taxation	5,369	4,740	(3,316)	8,721	13,549
Exceptional item - creditor written back	0	0	13,568	0	0
	5,369	4,740	10,252	8,721	13,549
Taxation	(307)	(1,746)	(2,981)	(3,841)	(1,890)
	5,062	2,994	7,271	4,880	11,659
Dividends	0	0	0	0	0
	5,062	2,994	7,271	4,880	11,659
Retained earnings - 1 April	33,139	30,145	22,874	17,994	(1,848)
First time recognition of deferred taxes	0	0	0	0	8,185
Restated retained earnings 1 April	33,139	30,145	22,874	17,994	6,337
Retained earnings - 31 March	38,201	33,139	30,145	22,874	17,996

## ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Financial statements are prepared in Seychelles Rupees

#### **1 Reporting entity**

Island Development Company Limited, wholly owned by the Seychelles Government, is incorporated and domiciled in the Seychelles. The address of the company's registered office is at IDC, New Port, Mahe, Seychelles.

The company's principal activity is the management of outer islands, transportation related thereto on behalf of the Seychelles Government and construction activities.

The wholly owned subsidiary, Green Island Construction Company Limited, carries on the business of a building contractor.

#### **2 Summary of significant accounting policies**

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

##### **2.1 Basis of presentation**

The statements of the group are prepared in accordance with the requirements of the Seychelles Companies Act, 1972 and the International Financial reporting Standard for Small and Medium-sized Entities (IFRS for SME's). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS for SME's requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements, are disclosed in the notes below.

##### **2.2 Basis of consolidation**

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a share holding of more than half of the voting rights.

Where a subsidiary either began or ceased to be a subsidiary, the results are included are only from the date the control commenced or up to the date the control ceased.

Intercompany transactions, balances and unrealised gains within the group, which are related parties, are eliminated in full.

##### **2.3 Comparatives**

Where necessary comparatives figures have been adjusted to conform to changes in the current year.

##### **2.4 Functional and reporting currency**

The financial statements are presented in the Seychelles Rupee, which is the reporting currency under the Companies Act, 1972.

##### **2.5 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 statement of income.

##### **2.6 Foreign currency translation**

Foreign currency transactions are translated in the Seychelles Rupee at the rate of exchange prevailing at 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 statement of income.

## ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Financial statements are prepared in Seychelles Rupees

#### 2.6 Foreign currency translation (cont...)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income within finance income or costs.

The Banks mid-rates for the period were:

Currency	Exchange rates at 31 March			Changes in percent	
	2014	2013	2012	2012-2013	2011-2012
US \$/SR	12.36	11.57	14.02	-7%	17%
Euro/SR	16.99	15.28	18.77	-11%	19%

#### 2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner indicated by the management.

The company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when cost is incurred if the replacement part is expected to provide future benefits to the company. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to statement of income during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. The estimated useful lives range as follows:

Property, furniture & equipment	5 -10 years	Computers	5 years
Motor vehicles	4 years	Staff houses	33 years
Office building	25 years	Hotels & airstrips	25 years

The assets residual values and depreciation methods are reviewed, and adjusted prospectively, if there is an indication or a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income or expenses in the statement of income.

#### 2.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cost is based on the averaging principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

At each reporting date, inventories are assessed for impairment. If the inventory is impaired, the carrying amount is reduced to its selling price less cost to complete and sell; the impairment loss is recognised immediately in statement of income.

#### 2.9 Taxation

The tax expense for the period comprises of current, corporate social responsibility and deferred tax.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and unused tax losses or tax credits.

The current income tax charge and deferred tax is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the reporting date.

## ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Financial statements are prepared in Seychelles Rupees

#### **2.10 Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

#### **2.11 Trade receivables**

Trade receivables are initially recognised at the transaction price. 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 original terms of the receivables.

#### **2.12 Government grants**

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

Grants towards acquisition of fixed assets - Deferred and amortised over estimated useful lives of the assets.

Grants for recurrent expenditure - Treated as revenue on an accrual basis.

Grants for managing Government assets - offset against operating costs.

#### **2.13 Revenue recognition**

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.

Retention withheld by clients is recognised in the income statement when received by the company.

#### **2.14 Borrowings**

Borrowings are recognised initially at transaction price and subsequently at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance cost.

Borrowings are classified as current liabilities unless the company/group has an unconditional right to defer settlement of the liability for 12 months after the reporting date.

#### **2.15 Employee benefit obligations**

Employment Amendments Act (1999) requires employees to be compensated upon retirement or resignation for continuous service from date of their employment. The financial statements include liability accrued to the employee in full with the expense included as part employment costs.

#### **2.16 Leases**

The Seychelles Government has granted 99 year leases, for islands managed by the company for a fully paid up nominal rent. (Commencing 20th December 1994).

The company leases out (as operating leases) various islands or parts thereof on sub leases.

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss account on a straight line basis over the period of the lease.

<b>3 Revenue</b> <b>Analysis of revenue by category</b>	<b>Consolidated</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Construction	179,017,666	196,605,200	21,385,460	123,360,335
Transportation	51,642,135	56,264,435	51,642,135	56,264,435
Property rental	12,315,019	12,338,017	12,315,019	12,338,017
<b>Total</b>	<b>242,974,820</b>	<b>265,207,652</b>	<b>85,342,614</b>	<b>191,962,787</b>

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

**4 Cost of sales**

**Analysis of cost by category**

**Construction**

	Consolidated		Company	
	2014	2013	2014	2013
Material	102,000,041	98,195,085	5,556,467	73,352,436
Labour	24,544,154	29,440,973	1,047,370	23,020,275
Subcontractor	0	32,350,048	0	0
Accommodation	0	1,843,912	0	1,843,912
	<b>126,544,195</b>	<b>161,830,018</b>	<b>6,603,837</b>	<b>98,216,623</b>
<b>Transportation</b>				
Insurance	2,831,520	3,313,013	2,831,520	3,313,013
Repairs & maintenance	12,370,788	17,886,641	12,370,788	17,886,641
Staff costs	9,521,184	7,913,637	9,521,184	7,913,637
Fuel and oil	12,385,381	14,371,513	12,385,381	14,371,513
Other operational costs	2,667,481	4,806,971	2,667,481	4,806,971
	<b>39,776,354</b>	<b>48,291,775</b>	<b>39,776,354</b>	<b>48,291,775</b>
<b>Total</b>	<b>166,320,549</b>	<b>210,121,793</b>	<b>46,380,191</b>	<b>146,508,398</b>

**5 Other income**

	Consolidated		Company	
	2014	2013	2014	2013
Guest house activities	3,588,590	2,897,782	3,588,590	2,897,782
Surplus from sale of produce	1,213,225	1,524,754	1,213,225	1,524,754
Surplus from shop sales	197,646	207,576	197,646	207,576
Landing fees	808,818	549,831	808,818	549,831
Reimbursement for maintenance of island	6,681,704	4,526,394	6,681,704	4,526,394
Recharges to subsidiary	0	0	7,316,235	5,201,110
Late development penalty	1,212,370	3,243,254	1,212,370	3,243,254
Income from coral fill	1,174,909	1,629,216	1,174,909	1,629,216
Profit on asset disposal	71,500	0	71,500	435,000
Other	1,174,909	1,321,722	1,174,909	1,321,722
<b>Total</b>	<b>16,123,671</b>	<b>15,900,529</b>	<b>23,439,906</b>	<b>21,536,639</b>

**6 Employee salaries and benefits expenses**

	Consolidated		Company	
	2014	2013	2014	2013
Wages and salaries	37,486,228	21,604,399	24,001,547	21,317,079
Pension costs	291,433	306,920	262,975	303,986
Employee benefits cost	3,270,570	2,917,692	1,028,044	2,588,274
Camp running costs	2,984,018	0	0	0
<b>Total</b>	<b>44,032,249</b>	<b>24,829,011</b>	<b>25,292,566</b>	<b>24,209,339</b>

**7 Profit for the year**

	Consolidated		Company	
	2014	2013	2014	2013
Profit for the year has been arrived at after charging/(crediting):				
Auditors remuneration	315,000	310,000	185,000	185,000
Profit on sale of fixed assets	(71,500)	0	(71,500)	(435,000)
Rents paid	1,804,260	761,560	388,200	430,600

**8 Finance income**

	Consolidated		Company	
	2014	2013	2014	2013
Interests on deposits and bonds	74,785	138,801	74,785	138,801

**9 Finance costs**

	Consolidated		Company	
	2014	2013	2014	2013
Interest on loan	0	(283,650)	0	(283,650)
Interest on overdraft	(827,604)	(269,932)	(525,228)	(141,127)
<b>Total</b>	<b>(827,604)</b>	<b>(553,582)</b>	<b>(525,228)</b>	<b>(424,777)</b>

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

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Financial statements are prepared in Seychelles Rupees

**10 Taxation**

**10 (A) Group**

	Balance sheet		Statement of income	
	2014	2013	2014	2013
<b>10.1 Current tax</b>				
Balance due from previous year	1,316,935	(111,896)	0	0
Adjustment to prior year provision	(5,629)	0	(5,629)	0
Adjustment due to revision in tax rate	(979,884)		(979,884)	
Paid/refund received for prior year	(1,515,396)	0	0	0
Provision for the year	3,762,975	2,736,845	3,762,975	2,736,845
Provisionally paid for current year	(3,306,432)	(1,308,014)	0	0
<b>Total</b>	<b>(727,431)</b>	<b>1,316,935</b>	<b>2,777,462</b>	<b>2,736,845</b>
<b>10.2 Deferred tax asset</b>				
Employee compensation obligation	334,693	489,692	155,000	12,317
Tax losses and credits	0	0	0	1,751,053
Deferred due to accelerated tax depreciation	328,594	0	(328,594)	
Other temporary deductible differences	0	3,960	3,960	267,148
<b>Total</b>	<b>663,287</b>	<b>493,652</b>	<b>(169,634)</b>	<b>2,030,518</b>
<b>10.3 Deferred tax liability</b>				
Deferred due to accelerated tax depreciation gains	0	861,632	(861,632)	(2,190,319)
<b>Total</b>	<b>152,340</b>	<b>770,865</b>	<b>(618,525)</b>	<b>770,865</b>
<b>Total deferred tax expense</b>			<b>(1,480,157)</b>	<b>(1,419,454)</b>
<b>10.4 Corporate social responsibility tax</b>			<b>1,332,839</b>	<b>546,230</b>
<b>Total income tax expense (Group)</b>			<b>2,460,510</b>	<b>3,894,139</b>

**10 (B) Company**

	Balance sheet		Statement of income	
	2014	2013	2014	2013
<b>10.1 Current tax</b>				
Balance due from previous year	697,478	(111,896)	0	0
Adjustment to prior year provision	(5,629)	0	(5,629)	0
Adjustment due to revision in tax rate	(979,884)		(979,884)	
Paid/refund received for prior year	(799,364)	0	0	180,006
Provision for the year	1,600,000	1,800,000	1,600,000	1,800,000
Provisionally paid for current year	(1,411,701)	(990,626)	0	0
<b>Total</b>	<b>(899,100)</b>	<b>697,478</b>	<b>614,487</b>	<b>1,980,006</b>
<b>10.2 Deferred tax asset</b>				
Employee compensation obligation	310,694	484,278	173,585	17,731
Tax losses and credits	0	0	0	1,751,053
Other temporary deductible differences	0	3,960	3,960	267,148
<b>Total</b>	<b>310,694</b>	<b>488,238</b>	<b>177,545</b>	<b>2,035,932</b>
<b>10.3 Deferred tax liability</b>				
Deferred due to accelerated tax depreciation	357,880	(782,030)	(1,139,910)	(2,269,921)
Other temporary deductible differences	(81,246)	0	81,246	
<b>Total</b>	<b>276,634</b>	<b>(782,030)</b>	<b>(1,058,664)</b>	<b>(2,269,921)</b>
<b>Total deferred tax expense</b>			<b>(881,119)</b>	<b>(233,989)</b>
<b>10.4 Corporate social responsibility tax</b>			<b>573,141</b>	<b>546,230</b>
<b>Total income tax expense (company)</b>			<b>306,509</b>	<b>1,746,017</b>

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

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**11 Authorised and issued capital**

Authorised and issued and fully paid 136,343 shares of R 100 each	13,634,300	13,634,300
696,625) to one of its corporations and the company is in the process of altering its memorandum to effect this increase.		

**12 Property, plant and equipment**

**12 (A) Group**

	Buildings & utilities	Boats & engines	Machinery & fittings	Vehicles & trailers	Total
<b>Cost</b>					
At 1 April 2013	127,507,446	5,895,190	35,717,345	11,191,268	180,311,249
Additions	7,819,696	175,985	1,611,156	358,080	9,964,917
Disposal	0	0	0	(120,814)	(120,814)
<b>At 31 March 2014</b>	<b>135,327,142</b>	<b>6,071,175</b>	<b>37,328,501</b>	<b>11,428,534</b>	<b>190,155,352</b>
<b>Accumulated depreciation and impairment</b>					
At 1 April 2013	70,495,015	5,040,357	24,814,787	7,968,946	108,319,105
Annual depreciation	10,410,671	525,478	1,838,610	825,432	13,600,191
Disposals	0	0	0	(120,814)	(120,814)
<b>At 31 March 2014</b>	<b>80,905,686</b>	<b>5,565,835</b>	<b>26,653,397</b>	<b>8,673,564</b>	<b>121,798,482</b>
<b>Carrying amount</b>					
At 1 April 2013	57,012,431	854,833	10,902,558	3,222,322	71,992,144
<b>At 31 March 2014</b>	<b>54,421,456</b>	<b>505,340</b>	<b>10,675,104</b>	<b>2,754,970</b>	<b>68,356,870</b>

**12 (B) Company**

	Buildings & utilities	Boats & engines	Machinery & fittings	Vehicles & trailers	Total
<b>Cost</b>					
At 1 April 2013	117,857,411	5,895,190	34,731,299	8,428,557	166,912,457
Additions	7,556,191	175,985	1,056,217	179,040	8,967,433
Disposal	0	0	0	(120,813)	(120,813)
<b>At 31 March 2014</b>	<b>125,413,602</b>	<b>6,071,175</b>	<b>35,787,516</b>	<b>8,486,784</b>	<b>175,759,077</b>
<b>Accumulated depreciation and impairment</b>					
At 1 April 2013	70,495,015	5,040,357	24,813,631	7,932,154	108,281,157
Annual depreciation	9,401,877	525,478	1,606,001	168,035	11,701,391
Disposals	0	0	0	(120,813)	(120,813)
<b>At 31 March 2014</b>	<b>79,896,892</b>	<b>5,565,835</b>	<b>26,419,632</b>	<b>7,979,376</b>	<b>119,861,735</b>
<b>Carrying amount</b>					
At 1 April 2013	47,362,396	854,833	9,917,668	496,403	58,631,300
<b>At 31 March 2014</b>	<b>45,516,710</b>	<b>505,340</b>	<b>9,367,884</b>	<b>507,408</b>	<b>55,897,342</b>

**13 Investments**

Investments are stated at historical less any accumulated impairment losses in the following unquoted companies, incorporated in the Seychelles.

Held in group company	% Holding	2014	2013
Green Island Construction Company Limited	100%	100,000	100,000
<b>Other</b>			
Desroches Island Lodge Limited	1%	48,237	48,237
Paradise Marine Limited	20%	2,000	2,000
<b>Total</b>		<b>150,237</b>	<b>150,237</b>

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

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14 Deferred grants	Consolidated		Company	
	2014	2013	2014	2013
Balance 1 April	27,550,180	29,412,998	27,550,180	29,412,998
Amortisation for the year	(1,902,817)	(1,862,818)	(1,902,817)	(1,862,818)
<b>Balance 31 March</b>	<b>25,647,363</b>	<b>27,550,180</b>	<b>25,647,363</b>	<b>27,550,180</b>

15 Inventories	Consolidated		Company	
	2014	2013	2014	2013
Copra	121,700	472,073	121,700	472,073
Employee shop stocks	1,123,547	857,935	1,123,547	857,935
Live stock & livestock products	156,000	84,750	156,000	84,750
Engineering spares	3,885,371	3,431,344	3,885,371	3,431,344
Building materials	8,920,129	6,907,881	216,389	0
Fuel and sundry	2,586,811	2,253,051	2,586,811	2,253,051
<b>Total</b>	<b>16,793,558</b>	<b>14,007,034</b>	<b>8,089,818</b>	<b>7,099,153</b>

16 Trade and other receivables	Consolidated		Company	
	2014	2013	2014	2013
Receivables from related parties (Notes 20)	13,378,864	6,363,008	23,059,899	12,553,002
Trade receivables	13,444,984	14,829,427	2,001,843	14,829,427
Completed works awaiting certification	3,987,734	10,517,394	0	0
Construction debtors	43,042,973	26,187,898	10,093,696	17,715,840
Prepaid goods and credit with suppliers	1,067,443	6,542,292	0	0
Other receivables	3,971,711	6,735,546	14,449,682	2,513,623
<b>Total</b>	<b>78,893,709</b>	<b>71,175,565</b>	<b>49,605,120</b>	<b>47,611,892</b>

17 Employee benefit obligations	Consolidated		Company	
	2014	2013	2014	2013
1 April	1,483,917	1,521,240	1,467,511	1,521,240
Benefits paid	(424,263)	(1,178,024)	(424,263)	(1,178,024)
Current service cost	1,091,635	1,140,701	1,028,044	1,124,295
<b>Total</b>	<b>2,151,289</b>	<b>1,483,917</b>	<b>2,071,292</b>	<b>1,467,511</b>

Employment Amendment Act (1999) requires employees to be compensated upon retirement or resignation for continuous service from their date of original employment.

18 Borrowings	Consolidated		Company	
	2014	2013	2014	2013
<b>Non current</b>				
Seychelles Housing Corporation	0	8,033,662	0	8,033,662
Bank loan	604,234	0	0	0
<b>Total</b>	<b>604,234</b>	<b>8,033,662</b>	<b>0</b>	<b>8,033,662</b>
<b>Current</b>				
Bank loans	1,779,560	0	0	0
Bank overdrafts	20,186,082	10,246,910	6,363,823	7,234,285
<b>Total</b>	<b>21,965,642</b>	<b>10,246,910</b>	<b>6,363,823</b>	<b>7,234,285</b>
<b>Total borrowings</b>	<b>22,569,876</b>	<b>18,280,572</b>	<b>6,363,823</b>	<b>15,267,947</b>

**ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**  
 Financial statements are prepared in Seychelles Rupees

**18 Borrowings (cont..)**

**18.1 Repayments**

	Consolidated		Company	
	2014	2013	2014	2013
Repayable within 1 year	21,965,642	10,246,910	6,363,823	7,234,285
Repayable later than 1 year and no later than 5 years	604,234	8,033,662	0	8,033,662
<b>Total</b>	<b>22,569,876</b>	<b>18,280,572</b>	<b>6,363,823</b>	<b>15,267,947</b>

**18.2 Currency profile**

US \$	11,312,637	2,726,117	0	0
Seychelles R	11,257,239	15,554,455	6,363,823	15,267,947
<b>Total</b>	<b>22,569,876</b>	<b>18,280,572</b>	<b>6,363,823</b>	<b>15,267,947</b>

**18.3 Finance cost profile**

3 months LIBOR + 5% (average 5.24%)	11,312,637	2,726,117	0	0
Lending rate + 3% (Average 10%)	11,257,239	7,520,793	6,363,823	7,234,285
Lending rate @ 3%	0	8,033,662	0	8,033,662
<b>Total</b>	<b>22,569,876</b>	<b>18,280,572</b>	<b>6,363,823</b>	<b>15,267,947</b>

**19 Trade and other payables**

	Consolidated		Company	
	2014	2013	2014	2013
Trade payables	1,541,187	22,696,659	13,914,190	22,696,659
Advances on contracts	17,218,537	24,818,717	11,443,143	0
Construction creditors	17,585,533	14,331,789	5,212,530	6,146,747
Salaries payable - construction workers	2,369,941	8,259,754	2,369,941	8,259,754
Staff performance incentives	2,000,000	1,625,140	2,000,000	1,625,140
Deferred revenue	1,932,031	2,404,990	1,932,031	2,404,990
Other accruals	29,238,991	9,106,617	6,855,916	5,917,889
<b>Total</b>	<b>71,886,220</b>	<b>83,243,666</b>	<b>43,727,751</b>	<b>47,051,179</b>

**20 Related parties and transactions**

These relate to shareholders, directors and senior management of the company and the companies of which they are principal owners. Pricing policies and terms of these transactions are considered by the Directors to have been conducted at an arms length unless stated otherwise below.

**20.1 Sale of goods; services and expenses recovered**

	Consolidated		Company	
	2014	2013	2014	2013
To associated companies	38,732,559	41,172,189	38,732,559	41,172,189
To subsidiary	0	0	36,182,019	21,251,269
	<b>38,732,559</b>	<b>41,172,189</b>	<b>74,914,578</b>	<b>62,423,458</b>

**20.2 Purchase of services**

	Consolidated		Company	
	2014	2013	2014	2013
From associated company	3,153,765	9,674,149	3,153,765	9,674,149

**20.3 Year end balances receivable from arising from provision of services**

	2014	2013	2014	2013
From associated company	13,378,864	6,363,008	13,378,864	6,363,008
From subsidiary	0	0	9,681,035	6,189,994
	<b>13,378,864</b>	<b>6,363,008</b>	<b>23,059,899</b>	<b>12,553,002</b>

# ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Financial statements are prepared in Seychelles Rupees

### 20 Related parties and transactions (cont..)

#### 20.4 Loan to associated company

	Consolidated		Company	
	2014	2013	2014	2013
<b>At 1 April</b>	2,169,690	1,885,000	2,169,690	1,885,000
Loan given	0	284,690	0	284,690
Loan repaid	0	0	0	0
<b>At 31 March</b>	<b>2,169,690</b>	<b>2,169,690</b>	<b>2,169,690</b>	<b>2,169,690</b>

Loans and advances to/from related parties are free of interest and have no specific repayment terms.

#### 20.5 Directors emoluments, pensions or compensation of parent company from group

	Consolidated		Company	
	Salary for Management		Fees, Pensions & Others	
	2014	2013	2014	2013
Mr. G.M. Savy	771,684	771,684	0	0
Mr. R. Renaud	350,409	350,409	0	0
Mr. P. Lablache	0	0	42,357	42,357
Mr. D. Dogley	0	0	21,177	21,177
Mr. H. Aglae	0	0	21,177	21,177
Ms. L. Desaubin	0	0	21,177	21,177
Ms. S. Renaud	0	0	21,177	21,177
Mr. P. Payet	0	0	21,177	21,177
<b>Total</b>	<b>1,122,093</b>	<b>1,122,093</b>	<b>148,242</b>	<b>148,242</b>

### 21 Commitments

#### 21.1 Capital commitments

The directors had approved the purchase of an Dornier aircraft at a cost of US\$ 1.6M, financed by a bank loan with expected delivery in August 2014.

Capital work in progress represents works being undertaken towards the construction of a generator room, manager's and staff housing on Astove Island. The cost of completion for the project is estimated at R7M, financed entirely by the company.

#### 21.2 Operating lease commitments - company as a lessor

The company leases outer islands and buildings from Seychelles Government under long term leases. The lease is subject to rent reviews every 5 years. There is the option to renew or extend the lease at the end of the lease period provided that the lessee has complied fully with the terms and conditions of the lease.

The future minimum lease payments receivable under non cancelable operating leases are as follows:

	US\$	Rupees
Repayable no later than 1 year	502,320	210,000
Repayable later than 1 year and no later than 5 years	2,511,600	1,050,000
Repayable later than 5 years	24,669,000	10,080,000
	<b>27,682,920</b>	<b>11,340,000</b>

### 22 Contingencies

The directors are not aware of any outstanding contingent liabilities at 31 March 2014.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014

Financial Statements are prepared in Seychelles Rupees

	REF	2013
<b>Contribution from transportation activities</b>	B	11,937,281
<b>Other income</b>	A	28,410,767
<b>Surplus from construction activities</b>	C	8,328,391
<b>Rental from hotels</b>		12,315,019
<b>Sale of fuel</b>		11,312,191
		<u>72,303,649</u>
		81,250,201
<b>Produce</b>		
Income	D	1,406,821
Less: direct expenses	E	(193,596)
		<u>1,213,225</u>
<b>Shop</b>		1,524,754
Sales		2,472,503
Less: cost of sales		(2,274,857)
		<u>197,646</u>
<b>Other Income</b>		207,576
Interest received		74,785
Exchange gain		0
		<u>74,785</u>
		138,801
<b>Overheads</b>		73,789,305
		<u>83,121,332</u>
Advertisement		21,800
Audit		230,000
Bank charges & interest		611,280
Directors fees		148,241
Donations & subscriptions		226,245
Electricity & water		1,105,648
Employment costs		25,292,566
Entertainment & accommodation		60,666
Exchange loss		1,689,212
Fuel for electricity generation & island use		16,298,851
Insurance		439,148
Legal & professional expenses		288,960
Licences		78,495
Loan interest		0
Printing, stationery & postage		379,717
Repairs & maintenance	F	6,167,543
Warehouse rent		508,200
Work in progress written off		0
Telephone & communications		1,667,733
Transportation & fuel costs	G	2,253,630
Travelling		1,153,516
		<u>(58,621,451)</u>
		(68,234,268)
<b>Depreciation adjustment</b>		<u>15,167,854</u>
Charge for the year		14,887,064
Less: adjustment for deferred grant		(1,902,816)
		<u>(9,798,575)</u>
		(10,147,584)
<b>Profit/(loss) for the year</b>		<u>5,369,279</u>
		4,739,480