



## ISLANDS DEVELOPMENT COMPANY LTD

P.O Box 638, New Port, Mahé, Seychelles

Telephone: 4384640

Fax: 4224467

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

Please address all correspondence to Chief Executive Officer

### DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

## INDEX

	PAGE
DIRECTORS REPORT	1 - 2
AUDITORS REPORT	3
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF INCOME	5
CASH FLOW STATEMENT	6
FIVE YEAR FINANCIAL SUMMARY	7
NOTES TO THE ACCOUNTS	8 - 17

# ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2017

The directors present herewith their report and audited financial statements of the company and the group for the year ended 31 March 2017.

### 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 islands managed by itself.

The activities of the subsidiaries are as follows:

Green Island Construction Company Limited - Building contractors

Green Tree Investment Company limited and Green Oak Investment Company Limited - Developing, managing and leasing immovable properties.

### Results

As shown in the statement of income on page 5 activities of the current year give the group a profit of R 12,177,480 (2016 - R 18,561,204) and the company a profit of R 12,175,240 (2016 - R 8,330,385) after taxation.

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

The profit for the year with revenue reserves from prior years give the company R 69,838,299 (2016 - R 60,663,059) available for distribution.

The directors do not propose to distribute a dividend for the year (2016 - R 3,000,000 or R 14.06 per share).

### Fixed assets

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

- Purchase of 2 loaders - R 2.6m
- Purchase of concrete mixers - R 2.1m
- Purchase of 6 motor vehicles - R 1.5m
- Purchase of a tractor and trailers and forklift - R 0.7m

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:-

	Appointed	Resigned	SHARES HELD	
			1 April	31 March
Mr. G. M. Savy			0	0
Mr. P. Lablache			0	0
Mr. R. Renaud			0	0
Mrs. S. Francis			0	0
Mr. P. Berlouis	01.01.17		0	0
Ms. A. Antat	01.01.17		0	0
Mrs. A. Lebon	01.01.17		0	0
Mr. A. Decomarmond	01.01.17		0	0
Mr. W. Confait	01.01.17		0	0
Mr. D. Dogley		01.01.17	0	0
Mr. H. Aglae		01.01.17	0	0
Ms. L. Desaubin		01.01.17	0	0
Mr. P. Payet		01.01.17	0	0

All directors of the company are citizens of Seychelles.

Mr. P. Berlouis and Ms. A. Antat retire from the board in accordance with Articles of Association and being eligible offer themselves 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 & SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2017

*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:-

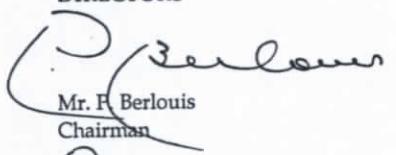
- prepare financial statements on the going concern basis unless it is inappropriate to assume continuance of business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- disclose and explain any material departures from applicable accounting standards.

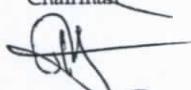
The Companies Act 1972 also requires the directors to keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They also have the general responsibility for taking reasonable steps to safeguard the assets of the company and detect fraud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

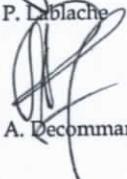
*Auditors*

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

DIRECTORS

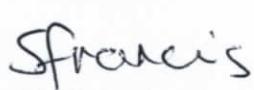
  
Mr. P. Berlouis  
Chairman

  
Mr. P. Lablache

  
Mr. A. Decommarmond

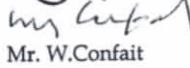
  
Mr. G.M. Savy  
Chief Executive Officer

  
Ms. A. Antat

  
Mrs. S. Francis

  
Mr. R. Renaud  
Deputy Chief Executive Officer

  
Mrs. A. Lebon

  
Mr. W. Confait

5 July 2017



## INDEPENDENT AUDITOR'S REPORT

### ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

We have audited the accompanying financial statements of Islands Development Company Limited on pages 4 to 17, which comprise the statement of financial position for the Parent Company and the Group as at March 31, 2017, the income statement including the cash flow statement for the year then ended, a five year financial summary of the company 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.

We have no relation with, or material interest in the Company (or any of its subsidiaries), other than in our capacities as auditors, tax and business advisors and arm's length dealings with the company in the ordinary course of business.

#### Opinion

In our opinion, the accompanying financial statements of Islands Development Company Limited set out on pages 4 to 17 give a true and fair view of the financial position of Parent Company and the Group as at March 31, 2017, 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

5 July 2017

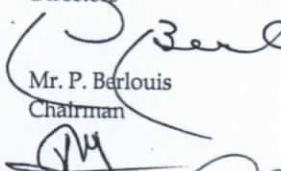
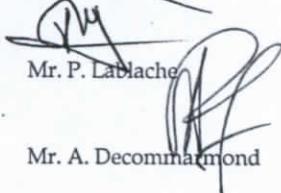
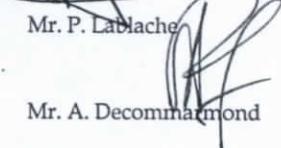
ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

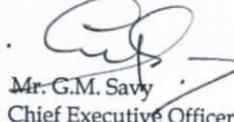
Consolidated statement of financial position  
Financial statements are prepared in Seychelles Rupees

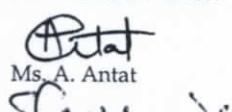
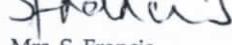
Note	CONSOLIDATED		COMPANY	
	2017	As at 31 March		2016
		2016 (Restated)	2017	
<b>Assets</b>				
Property, plant and equipment	13	78,992,039	92,789,672	63,328,618
Investments	14	3,956,126	3,951,527	4,056,126
Lendings	21	91,801,032	96,353,588	4,051,527
Due from associate	22	14,022,034	12,335,014	14,022,034
Capital work in progress	23	44,214,381	3,825,177	5,701,051
Deferred income tax asset	11	1,980,081	1,534,267	3,594,442
<b>Non-current assets</b>		<b>234,965,693</b>	<b>210,789,245</b>	<b>987,824</b>
				<b>95,009,763</b>
Lendings	21	11,541,237	9,857,439	-
Inventories	16	43,140,429	43,141,332	29,590,249
Taxation	11	2,070,386	-	915,724
Trade and other receivables	17	77,831,518	88,402,680	41,767,122
Cash and cash equivalent		78,117,184	128,249,508	52,799,594
<b>Current assets</b>		<b>212,700,754</b>	<b>269,650,959</b>	<b>108,592,007</b>
				<b>197,262,965</b>
<b>Total assets</b>		<b>447,666,447</b>	<b>480,440,204</b>	<b>217,629,635</b>
				<b>292,272,728</b>
<b>Liabilities</b>				
Employee benefit obligations	18	3,586,202	2,251,120	3,293,627
Deferred tax liability	11	2,067,945	203,993	1,780,760
Deferred grants	15	17,642,541	21,930,668	17,642,541
Borrowings	19	122,190,022	117,820,269	9,674,531
<b>Non-current liabilities</b>		<b>145,486,710</b>	<b>142,206,050</b>	<b>13,690,136</b>
				<b>37,653,033</b>
Borrowings	19	66,605,523	23,557,227	13,509,610
Taxation	11	-	47,303	-
Trade and other payables	20	125,612,153	216,845,043	80,559,343
<b>Current liabilities</b>		<b>192,217,676</b>	<b>240,449,573</b>	<b>163,826,632</b>
				<b>175,625,712</b>
<b>Total liabilities</b>		<b>337,704,386</b>	<b>382,655,623</b>	<b>126,460,412</b>
				<b>213,278,745</b>
Share capital	12	21,330,924	21,330,924	21,330,924
Retained earnings		88,631,137	76,453,657	69,838,299
<b>Equity</b>		<b>109,962,061</b>	<b>97,784,581</b>	<b>57,663,059</b>
<b>Total liabilities and equity</b>		<b>447,666,447</b>	<b>480,440,204</b>	<b>217,629,635</b>
				<b>292,272,728</b>

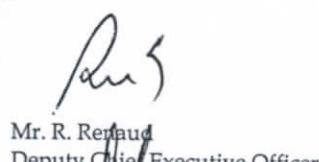
The notes on pages 8 to 17 are an integral part of these financial statements.

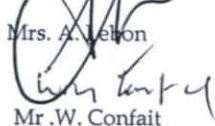
Directors

Mr. P. Berlouis  
Chairman  
  
Mr. P. Lablache  
  
Mr. A. Decomarmond  


Mr. G.M. Savy  
Chief Executive Officer  


Ms. A. Antat  
Mrs. S. Francis  
  


Mr. R. Renaud  
Deputy Chief Executive Officer  


Mrs. A. Nelson  
Mr. W. Confait  
  


5 July 2017

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Statement of income - by nature of expense and retained earnings

Financial statements are prepared in Seychelles Rupees

Note	CONSOLIDATED		COMPANY	
	As at 31 March		2017	2016
	2017	(Restated)		
Revenue	3	384,022,412	343,725,520	301,179,414
Direct costs	4	(252,230,160)	(228,894,633)	(202,625,918)
Other income	5	14,434,765	17,158,145	13,629,211
Administrative salaries and benefits	6	(46,686,296)	(46,150,616)	(36,047,122)
Depreciation (net of deferred grant credit)	13/15	(17,368,766)	(14,667,877)	(12,661,239)
Camp running expenses		(5,342,539)	(6,910,652)	-
Fuel for electricity generation & island use		(7,491,940)	(7,134,123)	(7,491,940)
Repairs and maintenance		(13,358,795)	(7,786,258)	(13,358,795)
Communication		(4,004,280)	(2,704,296)	(4,004,280)
External transportation		(6,604,170)	(3,790,995)	(6,604,170)
Exchange (losses)/ gains (operating)		(1,525,707)	(1,013,452)	(1,608,972)
Utilities		(3,996,137)	(3,520,301)	(1,900,137)
Travelling		(4,883,600)	(3,658,588)	(1,293,277)
Insurances		(2,276,355)	(1,713,179)	(1,459,654)
Rental		(2,207,933)	(1,759,390)	(120,000)
Other expenses		(5,847,418)	(3,328,101)	(4,335,938)
<b>Operating profit</b>		<b>24,633,081</b>	<b>27,851,204</b>	<b>21,297,183</b>
Finance income	9	12,468,625	4,250,025	553,638
Finance costs	10	(17,017,563)	(7,255,976)	(3,235,535)
<b>Finance costs - net</b>		<b>(4,548,938)</b>	<b>(3,005,951)</b>	<b>(2,681,897)</b>
<b>Profit before income tax</b>		<b>20,084,143</b>	<b>24,845,253</b>	<b>18,615,286</b>
Income tax expense	11	(7,906,663)	(6,284,049)	(6,440,046)
<b>Profit for the year</b>		<b>12,177,480</b>	<b>18,561,204</b>	<b>12,175,240</b>
Dividends		-	(3,000,000)	-
		<b>12,177,480</b>	<b>15,561,204</b>	<b>12,175,240</b>
<b>Retained earnings 1 April</b>		<b>76,453,657</b>	<b>60,892,453</b>	<b>57,663,059</b>
<b>Retained earnings 31 March</b>		<b>88,631,137</b>	<b>76,453,657</b>	<b>69,838,299</b>
				<b>57,663,059</b>

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

**Cash flow statement**

Financial statements are prepared in Seychelles Rupees.

Note	CONSOLIDATED		COMPANY	
	As at 31 March 2017	2016 (Restated)	As at 31 March 2017	2016
<b>Cash flows from operating activities</b>				
Profit / loss for the year before exceptional item	20,084,143	24,845,253	18,615,286	9,150,068
Adjustments for:-				
Taxation paid	11	(8,200,120)	(5,123,018)	(3,411,367)
Depreciation (net of adjustment for deferred grant)	13/15	17,368,766	14,667,877	12,661,239
Changes in provision for employee benefits	18	1,335,082	(165,168)	1,261,398
Surplus on assets damaged by cyclone	7	(4,704,725)	-	(4,704,725)
Insurance proceeds on assets damaged by cyclone	7	7,531,272	-	7,531,272
Finance costs	9/10	4,548,938	3,005,951	2,681,897
				1,696,058
Changes in working capital		37,963,356	37,230,895	34,635,000
Decrease / (increase) in inventories		903	(26,559,621)	3,626,084
Decrease / (increase) in debtors		10,571,162	(2,577,716)	11,032,472
Increase / (decrease) in creditors and advances on contracts		(91,638,983)	132,402,812	(83,267,289)
Cash generated from /(utilised) in operations		(43,103,562)	140,496,370	(33,973,733)
Interest received	9	12,468,625	3,866,240	553,638
Interest paid	10	(15,352,689)	(6,641,073)	(1,570,661)
<b>Net cash from / (used) in operating activities</b>		<b>(45,987,626)</b>	<b>137,721,537</b>	<b>(34,990,756)</b>
<b>Cash flows from investing activities</b>				
Payments to acquire tangible fixed assets	13	(10,685,807)	(14,862,065)	(11,170,181)
Work in progress realised as lending		0	41,821,466	-
Investment in work in progress		(40,389,204)	-	-
Lending made		(6,988,678)	(104,120,788)	-
Lending repaid		9,857,435	-	-
Purchase of investment	14	(104,599)	-	(4,599)
<b>Net cash used in investing activities</b>		<b>(48,310,853)</b>	<b>(77,161,387)</b>	<b>(11,174,780)</b>
<b>Cash flow from financing activities</b>				
Loans repaid	21	(13,266,988)	(20,355,471)	(4,218,018)
Loans received	19	21,108,554	66,537,457	-
Changes in related party balances		(1,587,020)	-	(1,687,020)
Dividend paid		-	(3,000,000)	-
<b>Net cash from (used) in financing activities</b>		<b>6,254,546</b>	<b>43,181,986</b>	<b>(5,905,038)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>(88,043,933)</b>	<b>103,742,136</b>	<b>(52,070,574)</b>
Exchange losses on bank balances	10	(1,299,785)	(614,903)	(1,299,785)
<b>Cash &amp; cash equivalent at 1 April</b>		<b>117,210,966</b>	<b>14,083,733</b>	<b>101,944,527</b>
<b>Cash &amp; cash equivalents 31 March</b>		<b>27,867,248</b>	<b>117,210,966</b>	<b>48,574,168</b>
				<b>101,944,527</b>

ISLANDS DEVELOPMENT COMPANY LIMITED

FIVE YEAR FINANCIAL SUMMARY - 31 MARCH 2017

Financial statements are prepared in Seychelles Rupees

	2017	2016	2015	2014	2013
<b>Statement of financial position</b>					
<b>Share capital</b>					
Authorised	21,331	21,331	21,331	13,635	13,635
Issued and fully paid	21,331	21,331	21,331	13,634	13,634
Retained earnings	69,837	57,662	52,332	38,201	33,139
Deferred grants	17,643	21,931	23,625	25,647	27,550
Long term loan	14,989	18,842	12,952	-	8,034
<b>Net assets employed</b>	<b>123,799</b>	<b>119,766</b>	<b>110,240</b>	<b>77,482</b>	<b>82,357</b>
<b>Statement of income</b>					
Turnover	301,179	152,677	121,120	120,019	213,500
Profit before taxation	18,615	9,150	18,817	5,369	4,740
Taxation	(6,440)	(820)	(1,686)	(307)	(1,746)
	12,175	8,330	17,131	5,062	2,994
Dividends	-	(3,000)	(3,000)	-	-
	12,175	5,330	14,131	5,062	2,994
Retained earnings - 1 April	57,662	52,332	38,201	33,139	30,145
Retained earnings - 31 March	69,837	57,662	52,332	38,201	33,139

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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 activities of the subsidiaries are as follows:

Green Island Construction Company Limited - Building contractors  
Green Tree Investment Company limited and Green Oak Investment Company Limited -  
Developing, managing and leasing immovable properties.

**2 Summary of significant accounting policies**

In prior years the financial statements of the subsidiary Green Tree Investment Company Limited had been prepared on the assumption that all the risks and rewards for undertaking and disposing a project were assumed by the subsidiary. It has been subsequently clarified that the subsidiary only acts as an intermediary for a client with back to back agreements, both for construction and financing of the projects. The comparatives for 2016 have been restated to reflect this arrangement.

The principal 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 above.

**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 judgement in the process of applying accounting policies. Areas involving a higher degree of judgement 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 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 shareholding of more than half of the voting rights.

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

Inter-company 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 than 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 transactions**

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.

**2 Summary of significant accounting policies (cont...)****2.6 Foreign currency transactions (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. All other exchange gains and losses are presented in the statement of income within other income or expenses.

The Banks mid-rates for the period were:

Currency	Exchange rates at 31 March			Changes in percent (Sr)	
	2017	2016	2015	2016-2017	2015-2016
US \$ / Sr	13.81	13.50	13.83	-2%	2%
Euro / Sr	14.75	15.27	14.95	3%	-2%

**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 group 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:

Machinery, furniture & equipment	5 -10 years	Computers	5 years
Motor vehicles	4 years	Staff houses	33 years
Office building	25 years	Hotels & airstrips	25 years
Aircraft	10 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 business, corporate social responsibility and deferred taxes.

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.

**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 Summary of significant accounting policies (cont...)****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

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.

In relation to construction activities, revenue is recognised by reference to the state of completion of the construction at the balance sheet date.

Retention withheld by clients for construction activities is recognised in the income statement when received.

**2.14 Borrowings & lendings**

Borrowings and lendings 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 or income.

Borrowings and lendings are classified as current liabilities or assets unless there is an unconditional right to defer settlement of the liability or asset 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.

The subsidiary Green Tree Investment Company Limited holds land leases for properties developed by it, which revert back to the Seychelles Government upon repayment of lendings related thereto in full.

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.

3 Revenue	Consolidated		Company	
	2017	2016	2017	2016
Analysis of revenue by category				
Construction	308,310,963	242,625,686	225,467,965	51,577,151
Transportation	37,960,456	52,488,110	37,960,456	52,488,110
Maintenance of villas & upkeep of Islands	23,282,104	24,458,444	23,282,104	24,458,444
Property rental	14,468,889	24,153,280	14,468,889	24,153,280
<b>Total</b>	<b>384,022,412</b>	<b>343,725,520</b>	<b>301,179,414</b>	<b>152,676,985</b>

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	Consolidated		Company	
	2017	2016	2017	2016
<b>4 Cost of sales</b>				
Analysis of cost by category				
<b>4.1 Construction</b>				
Material	187,461,440	136,461,372	134,323,026	25,799,479
Labour	31,558,915	37,109,948	35,093,087	6,831,676
	219,020,355	173,571,320	169,416,113	32,631,155
<b>4.2 Transportation</b>				
Insurance	2,528,185	2,850,594	2,528,185	2,850,594
Repairs & maintenance	10,812,163	23,289,215	10,812,163	23,289,215
Staff costs	11,748,920	11,884,504	11,748,920	11,884,504
Fuel and oil	7,258,319	9,537,486	7,258,319	9,537,486
Other operational costs	862,218	7,761,514	862,218	7,761,514
	33,209,805	55,323,313	33,209,805	55,323,313
<b>Total</b>	<b>252,230,160</b>	<b>228,894,633</b>	<b>202,625,918</b>	<b>87,954,468</b>
<b>5 Other income</b>				
	Consolidated		Company	
	2017	2016	2017	2016
Guest house activities	624,347	5,624,222	624,347	5,624,222
Surplus from sale of produce	4,170,718	1,693,565	4,170,718	1,693,565
Surplus from shop sales	106,371	198,576	106,371	198,576
Landing fees	1,148,324	1,811,266	1,148,324	1,811,266
Recharges to subsidiary	-	-	-	415,597
Sale of coral fill	2,874,726	6,303,365	2,874,726	6,303,365
Surplus on assets damaged by cyclone (note 7)	4,704,725	-	4,704,725	-
Other	805,554	1,527,151	-	1,227,151
<b>Total</b>	<b>14,434,765</b>	<b>17,158,145</b>	<b>13,629,211</b>	<b>17,273,742</b>
<b>6 Employee salaries and benefits expense</b>				
	Consolidated		Company	
	2017	2016	2017	2016
Wages and salaries	38,155,562	39,756,078	30,170,919	29,419,029
Pension costs	414,088	471,270	371,600	433,947
Employee benefits & other cost	8,116,646	5,923,268	5,504,603	2,847,930
<b>Total</b>	<b>46,686,296</b>	<b>46,150,616</b>	<b>36,047,122</b>	<b>32,700,906</b>
<b>7 Assets damaged by cyclone</b>				
	Consolidated		Company	
	2017	2016	2017	2016
Net book value of assets damaged	5,881,622	-	5,881,622	-
Credit from deferred grant	(3,055,078)	-	(3,055,078)	-
Insurance receipts	(7,531,269)	-	(7,531,269)	-
<b>Total</b>	<b>(4,704,725)</b>	<b>-</b>	<b>(4,704,725)</b>	<b>-</b>
<b>8 Profit for the year</b>				
	Consolidated		Company	
	2017	2016	2017	2016
Profit for the year has been arrived at after charging/(crediting):				
Auditors remuneration	445,025	384,043	235,000	213,043
Rents paid	2,207,933	1,879,390	120,000	120,000
<b>9 Finance income</b>				
	Consolidated		Company	
	2017	2016	2017	2016
Interests on deposits and bonds	553,638	136,436	553,638	136,436
Interest on lendings	11,914,987	3,729,804	-	-
Exchange gains on loans	-	383,785	-	383,785
<b>Total</b>	<b>12,468,625</b>	<b>4,250,025</b>	<b>553,638</b>	<b>520,221</b>
<b>10 Finance costs</b>				
	Consolidated		Company	
	2017	2016	2017	2016
Interest on loans	14,196,317	5,585,700	984,774	894,611
Interest on overdraft	1,156,372	1,055,373	585,887	706,765
Exchange losses on banks	1,299,785	614,903	1,299,785	614,903
Exchange loss on loan	365,089	-	365,089	-
<b>Total</b>	<b>17,017,563</b>	<b>7,255,976</b>	<b>3,235,535</b>	<b>2,216,279</b>

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Financial statements are prepared in Seychelles Rupees

**11 Taxation**

**11 (A) Group**

	Statement of financial position		Statement of income	
	2017	2016	2017	2016
<b>11.1 Current tax</b>				
Balance due from previous year	47,302	(1,939,363)	-	-
Adjustment to prior year provision	(1,524)	(712)	(1,524)	(712)
(Paid)/refund received for prior year	(4,064,483)	-	-	-
Provision for the year	3,933,120	5,225,401	3,933,120	5,225,401
Provisionally paid for current year	(1,984,801)	(3,238,024)	-	-
<b>Total</b>	<b>(2,070,386)</b>	<b>47,302</b>	<b>3,931,596</b>	<b>5,224,689</b>
<b>11.2 Deferred tax asset</b>				
Employee compensation obligation	581,816	370,502	(211,314)	6,784
Deferred due to accelerated tax depreciation	819,190	939,493	120,303	(535,175)
Other temporary deductible differences	579,075	224,272	(354,803)	(132,695)
<b>Total</b>	<b>1,980,081</b>	<b>1,534,267</b>	<b>(445,814)</b>	<b>(661,086)</b>
<b>11.3 Deferred tax liability</b>				
Other temporary deductible differences	2,067,945	203,993	1,863,952	(164,548)
<b>Total deferred tax expense (Group)</b>			<b>1,418,138</b>	<b>(825,634)</b>
<b>11.4 Corporate social responsibility tax</b>			<b>2,556,929</b>	<b>1,884,994</b>
<b>Total income tax expense (Group)</b>			<b>7,906,663</b>	<b>6,284,049</b>

**11 (B) Company**

	Statement of financial position		Statement of income	
	2017	2016	2017	2016
<b>11.5 Current tax</b>				
Balance due from previous year	(2,655,031)	(701,581)	-	-
Adjustment to prior year provision	(125,892)	(712)	-	(712)
Provision for the year	3,250,000	425,000	3,250,000	425,000
Provisionally paid for current year	(1,384,801)	(2,377,738)	-	-
<b>Total</b>	<b>(915,724)</b>	<b>(2,655,031)</b>	<b>3,250,000</b>	<b>424,288</b>
<b>11.6 Deferred tax asset</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Employee compensation obligation	494,044	304,835	(189,209)	42,766
Deferred due to accelerated tax depreciation	-	458,717	458,717	(225,560)
Other temporary deductible differences	579,075	224,272	(354,803)	(132,695)
<b>Total</b>	<b>1,073,119</b>	<b>987,824</b>	<b>(85,295)</b>	<b>(315,489)</b>
<b>11.7 Deferred tax liability</b>				
Other temporary deductible differences	1,780,760	-	1,780,760	-
<b>Total deferred tax expense</b>			<b>1,695,465</b>	<b>(315,489)</b>
<b>11.8 Corporate social responsibility tax</b>			<b>1,494,581</b>	<b>710,884</b>
<b>Total income tax expense</b>			<b>6,440,046</b>	<b>819,683</b>

**12 Authorised and issued capital**

Authorised and issued and fully paid 213,309 shares of R 100 each	21,330,924	21,330,924
---	------------	------------

13 *Property, plant and equipment*13 (A) Group

	Buildings & utilities	Aircraft	Machinery & fittings	Vehicles, boats& trailers	Total
<b>Cost</b>					
At 1 April 2016	149,693,503	20,972,738	52,761,055	21,012,700	244,439,996
Additions	422,784	-	8,383,444	1,879,579	10,685,807
Disposal	(10,832,189)	-	(1,205,489)	(657,444)	(12,695,122)
<b>At 31 March 2017</b>	<b>139,284,098</b>	<b>20,972,738</b>	<b>59,939,010</b>	<b>22,234,835</b>	<b>242,430,681</b>
<b>Accumulated depreciation and impairment</b>					
At 1 April 2016	97,485,016	2,815,519	34,264,724	17,085,065	151,650,324
Annual depreciation	9,341,920	2,097,274	5,365,046	1,797,575	18,601,815
Disposals	(5,105,437)	-	(1,078,315)	(629,745)	(6,813,497)
<b>At 31 March 2017</b>	<b>101,721,499</b>	<b>4,912,793</b>	<b>38,551,455</b>	<b>18,252,895</b>	<b>163,438,642</b>
<b>Carrying amount</b>					
At 1 April 2016	52,208,487	18,157,219	18,496,331	3,927,635	92,789,672
<b>At 31 March 2017</b>	<b>37,562,599</b>	<b>16,059,945</b>	<b>21,387,555</b>	<b>3,981,940</b>	<b>78,992,039</b>

13 (B) Company

	Buildings & utilities	Aircraft	Machinery & fittings	Vehicles, boats& trailers	Total
<b>Cost</b>					
At 1 April 2016	134,330,189	20,972,738	44,219,721	16,723,681	216,246,329
Additions	422,784	-	7,111,210	1,529,579	9,063,573
Disposal	(10,832,189)	-	(1,205,489)	(657,444)	(12,695,122)
<b>At 31 March 2017</b>	<b>123,920,784</b>	<b>20,972,738</b>	<b>50,125,442</b>	<b>17,595,816</b>	<b>212,614,780</b>
<b>Accumulated depreciation and impairment</b>					
At 1 April 2016	93,935,352	2,815,519	30,913,006	14,541,496	142,205,373
Annual depreciation	7,410,458	2,097,274	3,574,443	812,113	13,894,288
Disposals	(5,105,437)	-	(1,078,315)	(629,747)	(6,813,497)
<b>At 31 March 2017</b>	<b>96,240,373</b>	<b>4,912,793</b>	<b>33,409,134</b>	<b>14,723,862</b>	<b>149,286,162</b>
<b>Carrying amount</b>					
At 1 April 2016	40,394,837	18,157,219	13,306,715	2,182,185	74,040,956
<b>At 31 March 2017</b>	<b>27,680,411</b>	<b>16,059,945</b>	<b>16,716,308</b>	<b>2,871,954</b>	<b>63,328,618</b>

14 *Investments (company)*

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

	% Holding	2017	2016
<b>Held in group company</b>			
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%	3,903,290	3,903,290
Platte Island Development Limited	20%	2,000	-
Poivre Island Lodge Limited	20%	2,599	-
<b>Total</b>		<b>4,056,126</b>	<b>4,051,527</b>

15 *Deferred grants (company)*

	2017	2016
Balance 1 April	21,930,668	23,624,549
Amortisation for the year	(1,233,049)	(1,693,881)
Write off against assets destroyed (note 7)	(3,055,078)	-
<b>Balance 31 March</b>	<b>17,642,541</b>	<b>21,930,668</b>

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Financial statements are prepared in Seychelles Rupees

16 Inventories	Consolidated		Company	
	2017	2016	2017	2016
Copra	179,928	414,497	179,928	414,497
Employee shop stocks	426,682	907,215	426,682	907,215
Live stock & livestock products	95,500	160,000	95,500	160,000
Engineering spares	4,751,590	5,639,619	4,751,590	5,639,619
Building materials	35,962,032	34,217,543	22,411,852	24,292,544
Fuel and sundry	1,724,697	1,802,458	1,724,697	1,802,458
<b>Total</b>	<b>43,140,429</b>	<b>43,141,332</b>	<b>29,590,249</b>	<b>33,216,333</b>

17 Trade and other receivables	Consolidated		Company	
	2017	2016	2017	2016
Trade receivables	21,486,133	15,365,519	21,486,133	15,365,519
Completed works awaiting certification	-	19,188,679	-	13,985,841
Construction debtors	40,386,593	46,859,856	9,051,507	15,783,334
Prepaid goods and credit with suppliers	-	1,131,678	-	-
Other receivables	15,958,792	5,856,948	11,229,482	7,664,900
<b>Total</b>	<b>77,831,518</b>	<b>88,402,680</b>	<b>41,767,122</b>	<b>52,799,594</b>

18 Employee benefit obligations	Consolidated		Company	
	2017	2016	2017	2016
1 April	2,251,120	2,416,288	2,032,229	2,317,343
Current service cost	2,342,889	1,417,818	2,216,782	1,243,500
Benefits paid	(1,007,807)	(1,582,986)	(955,384)	(1,528,614)
<b>Total</b>	<b>3,586,202</b>	<b>2,251,120</b>	<b>3,293,627</b>	<b>2,032,229</b>

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

19 Borrowings	Consolidated		Company	
	2017	2016	2017	2016
Non current				
Bank loans	122,190,022	117,820,269	9,674,531	13,690,136
Current				
Bank loans	16,355,588	12,518,686	5,314,276	5,151,600
Bank overdrafts	50,249,935	11,038,541	8,195,334	6,647,480
<b>Total</b>	<b>66,605,523</b>	<b>23,557,227</b>	<b>13,509,610</b>	<b>11,799,080</b>
<b>Total borrowings</b>	<b>188,795,545</b>	<b>141,377,496</b>	<b>23,184,141</b>	<b>25,489,216</b>

19.1 Repayments	2017	2016	2017	2016
Repayable within 1 year	67,394,085	23,557,227	13,509,610	11,799,080
Repayable later than 1 year and no later than 5 years	59,924,468	62,102,879	9,674,531	13,690,136
Repayable later than 5 years	61,476,992	55,717,390	-	-
<b>Total</b>	<b>188,795,545</b>	<b>141,377,496</b>	<b>23,184,141</b>	<b>25,489,216</b>

19.2 Currency profile	2017	2016	2017	2016
US \$	21,830,099	23,232,797	14,988,807	18,841,736
Seychelles R	166,965,446	118,144,699	8,195,334	6,647,480
<b>Total</b>	<b>188,795,545</b>	<b>141,377,496</b>	<b>23,184,141</b>	<b>25,489,216</b>

## 19 Borrowings (cont..)

## 19.3 Finance cost profile

	Consolidated		Company	
3 months Libor + 5% (average 5.24%)	13,300,703			
Lending rate @5.23%	14,988,807	23,232,797	14,988,807	18,841,736
Lending rate + 3% (Average 10%)	5,333,712			
Lending rate @ 11%	146,976,989	104,969,098		
Lending rate @ 13%	8,195,334	13,175,601	8,195,334	6,647,480
<b>Total</b>	<b>188,795,545</b>	<b>141,377,496</b>	<b>23,184,141</b>	<b>25,489,216</b>

## 20 Trade and other payables

	Consolidated		Company	
	2017	2016	2017	2016
Trade payables	41,396,005	31,288,867	32,950,512	26,187,122
Advances on contracts	36,002,836	123,850,422	23,634,352	110,268,947
Construction creditors	510,812	7,841,996	1,027,636	7,841,996
Payables to related parties (Note 20)	4,094,571	7,885,094		
Salaries payable - construction workers	9,825,834	9,838,268	9,825,834	9,838,268
Staff performance incentives				
Deferred revenue	743,485	3,781,594	743,485	3,781,594
Other accruals	33,038,610	32,358,802	12,377,524	5,908,705
<b>Total</b>	<b>125,612,153</b>	<b>216,845,043</b>	<b>80,559,343</b>	<b>163,826,632</b>

## 21 Lending (group)

	2017	2016
<b>Non current</b>		
Ministry of land use	88,004,414	92,231,117
Mayor's office	3,796,618	4,122,471
	<b>91,801,032</b>	<b>96,353,588</b>
<b>Current</b>		
Mayor's office	11,215,380	9,565,380
Ministry of land use	325,857	292,059
	<b>11,541,237</b>	<b>9,857,439</b>

## 21.1 Repayments

	2017	2016
Repayable within 1 year	11,541,538	9,857,439
Repayable later than 1 year and no later than 5 years	81,204,792	72,769,522
Repayable over 5 year	10,595,938	23,584,066
<b>Total</b>	<b>103,342,268</b>	<b>106,211,027</b>

The lending is subject to interest which mirrors the rate on borrowings. (11 % in current year).

## 22 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.

## 22.1 Sale of goods; services and expenses recovered

	Consolidated		Company	
	2017	2016	2017	2016
To associated companies	14,597,847	14,403,402	29,194,188	14,403,402

## 22.2 Purchase of services

	2017	2016	2017	2016
From associated company	12,959,925	7,472,335	32,158,251	7,472,335

## 22.3 Year end balances

	Consolidated		Company	
	2017	2016	2017	2016
Due from associated company	14,022,034	12,335,014	14,022,034	12,335,014

## 22.4 Loan to associated company

	Company	
	2017	2016
At 1 April	-	2,169,690
Converted to shareholding	-	(2,169,690)
At 31 March - classified as non - current	-	-

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

## 22.5 Parent Company directors emoluments, pensions or compensation

	Consolidated		Company	
	Salary for Management	2017	Fees, Pensions & Others	2016
Mr. G. M. Savy	997,740	997,740	997,740	997,740
Mr. R. Renaud	396,720	396,720	396,720	396,720
Mr. P. Lablache	91,818	98,104	50,160	54,720
Mr. D. Dogley	0	34,045	0	21,280
Mr. H. Aglae	27,360	36,480	27,360	36,480
Ms. L. Desaubin	44,042	58,363	27,630	36,480
Mrs. S. Francis	62,012	58,363	36,480	36,480
Mr. P. Payet	43,772	58,363	27,360	36,480
Ms. A. Antat	18,240	0	9,120	0
Mr. P. Berlouis	27,360	0	13,680	0
Mr. W. Confait	18,240	0	9,120	0
Mr. A. Decomarmond	18,240	0	9,120	0
Mrs. A. Lebon	18,240	0	9,120	0
<b>Total</b>	<b>1,763,784</b>	<b>1,738,178</b>	<b>1,613,610</b>	<b>1,616,380</b>

## 23 Commitments

## 23.1 Work in progress to be disposed as condominiums for sale (group)

The group is engaged in the construction a condominium project which will comprise of 57 luxury and 100 graduate apartments (50 each of 3 and 2 bedrooms). The project is expected to cost R 370m on completion with a potential revenue of R 511m.

The first phase, comprising of 29 apartments (19 luxury and 10 each of 3 and 2 bedrooms) has commenced at an estimated cost of R 86m, and is expected to be completed by October 2017. The construction will be financed by pre selling the apartments and a bank loan of 30m, repayable over 24 months and bearing interest at a rate of 9 % per annum.

## 24.3 Operating lease commitments - company as a lessor

The company leases outer islands and buildings under long term leases with rent reviews every 5 years and option to renew or extend the leases 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 cancellable operating leases are as follows:

	US\$
Repayable no later than 1 year	735,890
Repayable later than 1 year and no later than 5 years	2,943,560
Repayable later than 5 years	34,573,230
	<b>38,252,680</b>

## 24 Restatement of prior year comparatives

The change in accounting policy stated in note 2 has resulted in the following changes in the comparatives of the group as at 31 March

Increase in creditor for value added tax	(15,612,129)
Increase accrual for interest payable	(482,739)
Increase in liability to contractor	(943,457)
Increase in long term lending	16,971,427
Reduction in retained earnings	66,898

**25 Contingencies**

**25.1 Application of taxation for asset sold on finance lease.**

The group is in the process of seeking confirmation on the applicable treatment of finance lease revenues and future rents in terms of Business, Value Added, Withholding and Corporate Social Responsibility Taxes. The group is of the opinion that the financial statements include provisions for all potential liabilities.

**25.2 Other**

The directors are not aware of any other outstanding contingent liabilities at 31 March 2017.