



ISLANDS DEVELOPMENT COMPANY LTD

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

Telephone: 4384640

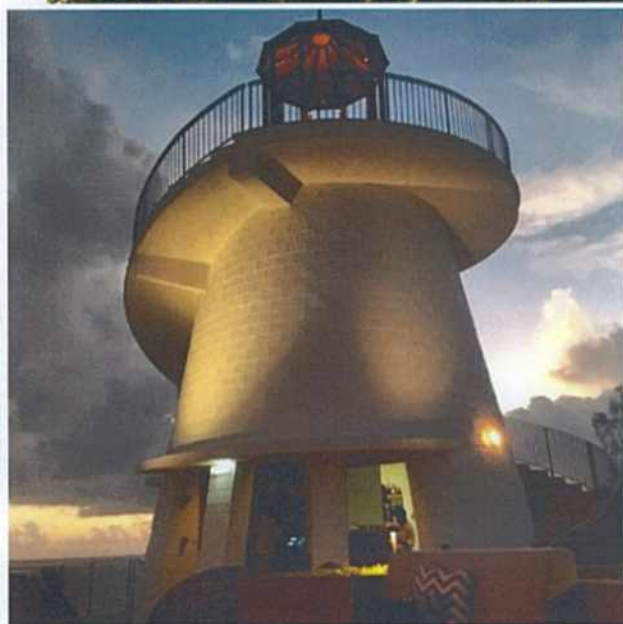
Fax: 4224467

Email: ceo@idc.sc

Please address all correspondence to Chief Executive Officer

DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020



INDEX

	PAGE
DIRECTORS REPORT	1 - 2
AUDITORS REPORT	3 - 4
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF INCOME	6
CASH FLOW STATEMENT	7
FIVE YEAR FINANCIAL SUMMARY	8
NOTES TO THE ACCOUNTS	9 - 20

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2020

The directors present herewith their report and audited financial statements of the company and the group for the year ended 31 March 2020.

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 - Developing, managing and leasing immovable properties.

Results

As shown in the statement of income on page 6 activities of the current year give the group a profit of SCR 14,010,109 (2019 - SCR 34,001,174) and the company a profit of SCR 8,594,694 (2019 - SCR 41,793,907) after taxation.

Application of profits and revenue reserves (company)

The profit for the year with revenue reserves from prior years give the company SCR 133,709,334 (2019 - SCR 130,114,640) available for distribution.

The directors distributed dividends of SCR 5 million in the year, giving a distribution of SCR 23.44 (2019: SCR 14.06) per share.

Fixed assets

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

- Resurfacing of Farquhar Airstrip - SCR. 6.9m
- Desroches fuel farm - SCR 1.9m

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
Mrs. S. Francis	0	0
Mr. P. Berlouis	0	0
Ms. A. Antat	0	0
Mrs. A. Lebon	0	0
Mr. W. Confait	0	0
Mr. C. Lionnet (Appointed: 15.02.20)	0	0
Mr. D. Matatiken (Appointed: 15.02.20)	0	0
Mr. A. Decommarmond (Resigned: 15.02.20)	0	0

All directors of the company are citizens of Seychelles.

Mr. P. Lablache, Mrs. S. Francis, Mr. C. Lionnet and Mr. D. Matatiken retire from the board in accordance with Articles of Association and being eligible offer themselves for re-election.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2020

Directors and their interest in the company (cont...)

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.

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. C.M. Sawy
Chief Executive Officer



Mr. P. Lablache



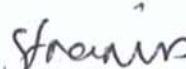
Mr. D. Matatiken



Ms. A. Antat



Mrs. A. Lebon



Mrs. S. Francis



Mr. W. Confait



Mr. C. Lionnet

6 July 2020

INDEPENDENT AUDITOR'S REPORT

ISLANDS DEVELOPMENT COMPANY LIMITED AND SUBSIDIARIES

Opinion

We have audited the financial statements of Islands Development Company Limited on pages 4 to 20, which comprise the statement of financial position for the Parent Company and the Group as at March 31, 2020, the statement of income by nature and retained earnings and cash flow statement for the year then ended, a five year financial summary and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at March, 31 2020 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small Medium Enterprises (IFRS for SMEs) and requirements of the Seychelles Companies Act, 1972 and the Public Enterprise Monitoring Commission Act, 2013.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Seychelles, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Credit risk arising from associated company and events after the reporting date

We draw your attention to note 21.4 which includes an unsecured debt from one of the company's associates amounting to SCR 22.8m which depends on financial support it receives from the company to remain as a going concern. At the reporting date, the company has not made any provision for credit risk that exists with the associate.

We also draw your attention to note 23 of the financial statements which describes the material uncertainty regarding the Corona virus pandemic which is severely affecting world trade and its repercussions also extend to small island states such as Seychelles. Actions taken worldwide such as closing of borders, and grounding of flights and restricting sea trade as well as confinements of the population activities across the world has severely impacted tourism raising uncertainty on the going concern of the Group.

The directors of the company are confident that the Group can continue to operate despite such difficult times and are therefore of the opinion that the going concern basis of preparation of these financial statements remains appropriate in the foreseeable future.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS for SMEs) and requirements of the Seychelles Companies Act, 1972 and Public Enterprise Monitoring Commission Act, 2013, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (cont...)

ISLANDS DEVELOPMENT COMPANY LIMITED AND SUBSIDIARIES

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Pool & Patel

POOL & PATEL
CHARTERED ACCOUNTANTS
6 July 2020

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES


Consolidated statement of financial position

Financial statements are prepared in Seychelles Rupees


	Note	CONSOLIDATED		COMPANY	
		As at 31 March			
		2020	2019	2020	2019
Assets					
Property, plant and equipment	12	215,437,812	232,033,423	200,773,325	212,746,251
Investments	13	4,599	4,599	104,699	104,799
Lendings	20	55,196,892	69,148,825	0	0
Due from related party	21	22,854,468	13,856,481	22,854,468	13,856,481
Capital work in progress	22	102,662,600	62,453,126	12,575,425	198,790
Deferred income tax asset	10	7,988,421	7,089,667	5,621,663	5,239,292
Non-current assets		404,144,792	384,586,121	241,929,580	232,145,613
Lendings	20	15,563,203	13,207,062	0	0
Inventories	15	16,352,625	51,581,901	9,968,624	10,814,221
Taxation	10	0	0	938,080	1,413,417
Trade and other receivables	16	111,961,830	119,469,531	58,944,536	32,160,697
Cash and cash equivalent		41,868,496	89,555,744	30,936,081	74,318,144
Current assets		185,746,154	273,814,238	100,787,321	118,706,479
Total assets		589,890,946	658,400,359	342,716,901	350,852,092
Liabilities					
Employee benefit obligations	17	4,436,556	3,447,295	4,147,334	3,186,411
Deferred tax liability	10	0	66,840	0	0
Borrowings	18	172,215,837	231,771,511	29,634,899	40,036,358
Non-current liabilities		176,652,393	235,285,646	33,782,233	43,222,769
Borrowings	18	51,366,612	39,018,721	29,246,965	26,309,700
Taxation	10	2,416,741	1,286,609	0	0
Trade and other payables	19	139,546,546	168,983,007	76,778,677	79,077,460
Current liabilities		193,329,899	209,288,337	106,025,642	105,387,160
Total liabilities		369,982,292	444,573,983	139,807,875	148,609,929
Share capital	11	21,330,924	21,330,924	21,330,924	21,330,924
Retained earnings		150,708,962	141,698,853	133,709,334	130,114,640
Deferred grants	14	47,868,768	50,796,599	47,868,768	50,796,599
Equity		219,908,654	213,826,376	202,909,026	202,242,163
Total liabilities and equity		589,890,946	658,400,359	342,716,901	350,852,092


The notes on pages 9 to 20 are an integral part of these financial statements.

Directors

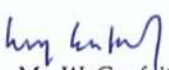

 Mr. P. Berlouis
 Chairman


 Mr. D. Matatiken


 Mrs. S. Francis


 Mr. G.M. Savy
 Chief Executive Officer


 Ms. A. Antat


 Mr. W. Confait


 Mr. P. Lablache


 Mrs. A. Lebon


 Mr. C. Lionnet

6 July 2020

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Statement of income - by nature of expense and retained earnings

Financial statements are prepared in Seychelles Rupees

		CONSOLIDATED		COMPANY	
		As at 31 March			
	Note	2020	2019	2020	2019
Revenue	3	600,029,074	489,081,072	272,147,884	297,398,583
Direct costs	4	(395,627,833)	(280,727,346)	(121,532,700)	(123,748,716)
Other income	5	24,621,867	14,530,298	23,639,776	13,172,478
Administrative salaries and benefits	6	(65,733,605)	(56,433,421)	(56,272,092)	(47,361,713)
Camp running expenses		(7,846,851)	(4,603,136)	0	0
Communication		(4,704,676)	(4,095,570)	(4,704,676)	(4,095,570)
Depreciation (net of deferred grant credit)	12/14	(27,619,957)	(22,263,855)	(21,630,377)	(16,293,224)
Exchange (losses)/gains (operating)		(1,731,866)	3,157,177	(407,455)	3,491,878
External transportation		(7,339,577)	(4,754,318)	(7,339,577)	(4,754,318)
Fuel for electricity generation & island use		(23,457,568)	(34,778,398)	(23,457,568)	(34,778,398)
Insurances		(5,185,472)	(3,844,573)	(3,380,780)	(1,719,162)
Other expenses		(16,434,871)	(17,419,075)	(15,314,786)	(15,667,205)
Rental		(3,533,470)	(3,873,385)	(1,381,080)	(1,035,810)
Repairs and maintenance		(12,283,481)	(10,666,588)	(12,283,481)	(10,666,588)
Revegetation restoration of Farquhar		(7,386,300)	0	(7,386,300)	0
Travelling		(4,940,624)	(5,663,014)	(1,102,667)	(741,506)
Utilities		(5,416,642)	(4,235,201)	(2,372,887)	(2,110,433)
Operating profit		35,408,148	53,410,667	17,221,234	51,090,296
Finance income	8	9,129,202	11,935,680	374,628	674,143
Finance costs	9	(17,965,625)	(22,032,118)	(3,747,473)	(6,306,846)
Finance costs - net		(8,836,423)	(10,096,438)	(3,372,845)	(5,632,703)
Share of losses in associate	13	0	0	0	0
Profit before income tax		26,571,725	43,314,229	13,848,389	45,457,593
Income tax expense	10	(12,561,616)	(9,313,055)	(5,253,695)	(3,663,686)
Profit for the year		14,010,109	34,001,174	8,594,694	41,793,907
Dividends		(5,000,000)	(3,000,000)	(5,000,000)	(3,000,000)
		9,010,109	31,001,174	3,594,694	38,793,907
Retained earnings 1 April		141,698,853	110,697,679	130,114,640	91,320,733
Retained earnings 31 March		150,708,962	141,698,853	133,709,334	130,114,640

The notes on pages 9 to 20 are an integral part of these financial statements.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Cash flow statement

Financial statements are prepared in Seychelles Rupees.

	Note	CONSOLIDATED		COMPANY	
		As at 31 March		As at 31 March	
		2020	2019	2020	2019
Cash flows from operating activities					
Profit for the year before exceptional item		26,571,725	43,314,229	13,848,389	45,457,593
Adjustments for:-					
Work in progress to cost of sales		0	26,245,890	0	0
Taxation paid	10	(12,397,076)	(13,752,778)	(5,160,729)	(11,179,097)
Depreciation (net of adjustment for deferred grant)	12/14	27,619,957	22,263,855	21,630,377	16,293,224
Changes in provision for employee benefits	17	989,261	(181,696)	960,923	(106,887)
Profit on disposal of tangible assets	5	(8,700,012)	0	(8,700,012)	0
Finance costs	8/9	8,836,423	10,096,438	3,372,845	5,632,703
		42,920,278	87,985,938	25,951,793	56,097,536
Changes in working capital					
Decrease / (increase) in inventories		35,229,274	(36,975,237)	845,597	(3,357,307)
Decrease / (increase) in debtors		7,507,701	(37,824,960)	(26,783,739)	7,816,550
Increase / (decrease) in creditors and advances on contracts		(29,436,462)	50,374,543	(2,298,783)	3,633,561
Cash generated from/(utilised) in operations		56,220,791	63,560,284	(2,285,132)	64,190,340
Interest received	8	9,129,202	11,935,680	374,628	674,145
Interest paid	9	(16,903,152)	(19,299,728)	(3,422,165)	(4,569,336)
Net cash from/(used) in operating activities		48,446,841	56,196,236	(5,332,669)	60,295,149
Cash flows from investing activities					
Payments to acquire tangible fixed assets	12	(13,952,176)	(63,987,258)	(12,585,282)	(60,070,363)
Investment in work in progress for disposal		(27,832,839)	(32,229,845)	0	0
Investment in work in progress for own use		(12,376,635)	(10,718,405)	(12,376,635)	0
Lending repaid	20	11,595,792	22,502,634	0	0
Proceeds from disposal of tangible fixed assets		8,700,012	0	8,700,012	0
Net cash used in investing activities		(33,865,846)	(84,432,874)	(16,261,905)	(60,070,363)
Cash flow from financing activities					
Capital grant received	14	0	5,000,000	0	5,000,000
Loans repaid	18	(85,720,435)	(63,130,475)	(19,060,953)	(16,406,341)
Loans received	18	26,915,893	85,289,960	0	8,924,866
Changes in related party balances	21	(8,997,987)	3,358,564	(8,997,987)	3,358,564
Dividend paid		(5,000,000)	(3,000,000)	(5,000,000)	(3,000,000)
Net cash from/(used in) financing activities		(72,802,529)	27,518,049	(33,058,940)	(2,122,911)
Decrease in cash and cash equivalents		(58,221,534)	(718,589)	(54,653,514)	(1,898,125)
Exchange losses on bank balances	9	(835,815)	(2,013,702)	(98,650)	(1,018,823)
Cash & cash equivalent at 1 April		84,572,290	87,304,581	69,334,690	72,251,638
Cash & cash equivalents 31 March		25,514,941	84,572,290	14,582,526	69,334,690

ISLANDS DEVELOPMENT COMPANY LIMITED

FIVE YEAR FINANCIAL SUMMARY - 31 MARCH 2020

Prepared in Seychelles Rupees

	2020	2019	2018	2017	2016
Statement of financial position					
Share capital					
Authorised	21,331	21,331	21,331	21,331	21,331
Issued and fully paid	21,331	21,331	21,331	21,331	21,331
Retained earnings	133,709	130,115	91,321	69,838	57,663
Deferred grants	47,869	50,796	48,785	17,643	21,931
Long term loan	58,882	66,346	75,477	14,989	18,842
Net assets employed	261,791	268,588	236,914	123,800	119,767
Statement of income					
Turnover	272,148	297,399	401,975	301,179	152,677
Profit before taxation	13,848	45,458	33,105	18,615	9,150
Taxation	(5,254)	(3,664)	(7,719)	(6,440)	(820)
	8,595	41,794	25,386	12,175	8,330
Share of losses in associate	0	0	(3,903)	0	0
Dividends	(5,000)	(3,000)	0	0	(3,000)
	3,595	38,794	21,483	12,175	5,330
Retained earnings - 1 April	130,115	91,321	69,838	57,663	52,333
Retained earnings - 31 March	133,709	130,115	91,321	69,838	57,663

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 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 - Developing, financing and managing immovable properties.

2 Summary of significant accounting policies

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 below.

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 Financial instruments

The group was exposed through its operations to the following financial risks:

- Credit risk
- Market price risk
- Foreign exchange risk
- Liquidity risk

In common with all other businesses, the group is exposed to risks that arise from its use of financial instruments. This note describes the objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Financial statements are prepared in Seychelles Rupees

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

2.5.1 Principal financial instruments

The principal financial instruments used by the group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade payables
- Borrowings
- Lendings

2.5.2 Financial instruments by category

Financial assets and liabilities are classified into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Fair value through profit or loss (FVTPL)

This category comprises only in-the-money derivatives. The group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets or liabilities which require receipt or payments of contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method.

Fair value through other comprehensive income (FVOCI)

These assets arise from strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. The group does not hold any such investments.

2.5.3 Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and lending and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

	Consolidated		Company	
	Held at amortised cost		Held at amortised cost	
	2020	2019	2020	2019
Financial assets				
Cash and cash equivalents	41,868,496	89,555,744	30,936,081	74,318,144
Trade and other receivables	105,443,796	85,985,611	55,035,405	29,640,877
Lendings	70,760,095	82,355,887	0	0
Total financial assets	218,072,387	257,897,242	85,971,486	103,959,021
Financial liabilities				
Trade and other payables	117,288,015	86,400,854	75,997,641	63,058,937
Loans and borrowings	223,582,449	270,790,232	58,881,864	66,346,058
Total financial liabilities	340,870,464	357,191,086	134,879,505	129,404,995

2.5.4 Impairment and uncollectibility of financial assets

Impairment of financial assets are estimated based on an 'expected credit loss' (ECL) model. The impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

2.5.5 General objectives, policies and processes

The directors have overall responsibility for the determination of the risk management objectives and policies and, whilst retaining ultimate responsibility for them, it delegates the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the finance function.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)**2.5.5 General objectives, policies and processes (cont...)**

The overall objective of the directors is to set policies that seek to reduce risk as far as possible without unduly affecting the competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group is mainly exposed to credit risk from credit sales. It is the group's policy, implemented locally, to assess the credit risk of new customers before entering contracts, and seek prepayments where necessary.

Market risk

Market risk arises from the use of interest bearing, trade able and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Foreign exchange risk

Foreign exchange risk arises when individual entities enter into transactions denominated in a currency other than their functional currency. The policy is, where possible, to allow entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. The group is predominantly exposed to currency risk on borrowings and supplies purchased on credit in foreign currency. The group mitigates its exchange risks by contracting in major currencies.

Liquidity risk

Liquidity risk arises from the management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

The group's policy was to ensure that it always has sufficient cash to allow it to meet its liabilities when they become due.

2.6 Foreign currency transaction

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.

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 (SCR)	
	2020	2019	2018	2019-2020	2018-2019
US \$ / SCR	14.30	14.22	14.06	-1%	-1%
Euro / SCR	15.77	15.97	17.32	1%	8%

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. Internally constructed assets are recognised at cost of material and direct labour attributable to a project

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Financial statements are prepared in Seychelles Rupees

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

2.7 Property, plant and equipment (cont...)

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	5 years	Staff houses	33 years
Office building	25 years	Hotels & airstrips	25 years
Aircraft	10 years	Airstrip	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; and 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 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.

2.11 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.

2.12 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.

2.13 Leases

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Financial statements are prepared in Seychelles Rupees

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

2.13 Leases (cont...)

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

As security for financing projects, the subsidiaries hold leasehold rights over land where a project is situated, which is surrendered to the client at no cost upon repayment of the lending.

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.

2.14 Associated entities

As there are no published price quotations available for the groups associates, the group accounts for the investments at cost and its share of retained earnings in the associate.

Associates are entities over which the group has significant influence but not control, generally accompanying a shareholding between 15 % and 50 % of the voting rights.

3 Revenue

Analysis of revenue by category

	Consolidated		Company	
	2020	2019	2020	2019
Construction	424,280,574	304,978,847	96,399,384	126,376,358
Transportation	93,705,269	91,613,461	93,705,269	91,613,461
Utility supply	61,415,580	58,049,369	61,415,580	58,049,369
Maintenance of villas & upkeep of Islands	9,225,840	10,193,375	9,225,840	10,193,375
Sale of apartments	0	13,080,000	0	0
Property rental	11,401,811	11,166,020	11,401,811	11,166,020
Total	600,029,074	489,081,072	272,147,884	297,398,583

4 Cost of sales

Analysis of cost by category

	Consolidated		Company	
	2020	2019	2020	2019
4.1 Construction				
Material	260,103,461	117,597,814	32,126,366	50,730,589
Labour	59,046,504	83,223,249	12,928,466	19,357,711
Cost of apartments	0	26,245,867	0	0
	319,149,965	227,066,930	45,054,832	70,088,300
4.2 Transportation				
Insurance	2,258,322	1,734,395	2,258,322	1,734,395
Repairs & maintenance	34,775,590	22,492,025	34,775,590	22,492,025
Staff costs	19,940,121	15,260,100	19,940,121	15,260,100
Fuel and oil	15,402,978	12,795,639	15,402,978	12,795,639
Other operational costs	4,100,857	1,378,257	4,100,857	1,378,257
	76,477,868	53,660,416	76,477,868	53,660,416
Total	395,627,833	280,727,346	121,532,700	123,748,716

5 Other income

	Consolidated		Company	
	2020	2019	2020	2019
Guest house activities	4,508,046	2,789,089	4,508,046	2,789,089
Surplus from sale of produce	654,413	4,883,093	654,413	4,883,093
Surplus from shop sales	229,552	237,291	229,552	237,291
Landing fees	2,433,155	2,285,213	2,433,155	2,285,213
Sale of coral fill	7,113,598	1,609,791	7,113,598	1,609,791
Profit from sale of tangible fixed assets	8,700,012	0	8,700,012	0
Other	983,091	2,725,821	1,000	1,368,001
Total	24,621,867	14,530,298	23,639,776	13,172,478

6 Administrative salaries and benefits expense

	Consolidated		Company	
	2020	2019	2020	2019
Wages and salaries	54,510,967	48,036,450	45,305,461	39,295,175
Pension costs	834,549	700,473	806,930	663,221
Employee benefits & other costs	10,388,089	7,696,498	10,159,701	7,403,317
Total	65,733,605	56,433,421	56,272,092	47,361,713

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Financial statements are prepared in Seychelles Rupees

7 Profit for the year

	Consolidated		Company	
	2020	2019	2020	2019
Profit for the year has been arrived at after charging/(crediting):				
Auditors remuneration	490,133	501,055	274,633	261,555
Rents paid	3,891,070	3,873,385	1,738,680	1,393,410

8 Finance income

	Consolidated		Company	
	2020	2019	2020	2019
Interests on deposits and bonds	754,628	1,054,143	374,628	674,143
Interest on lendings	8,374,574	10,881,537	0	0
Total	9,129,202	11,935,680	374,628	674,143

9 Finance costs

	Consolidated		Company	
	2020	2019	2020	2019
Interest on loans	12,494,662	15,904,028	3,081,506	4,101,554
Interest on overdraft	4,408,490	3,395,700	340,659	467,781
Exchange losses on bank balances	835,815	2,013,702	98,650	1,018,823
Exchange losses on loans	226,658	718,688	226,658	718,688
Total	17,965,625	22,032,118	3,747,473	6,306,846

10 Taxation**10 (A) Group**

	Statement of financial position		Statement of income	
	2020	2019	2020	2019
10.1 Current tax				
Balance receivable from previous year	1,286,609	(749,032)	0	0
Adjustment to prior year provision	(197,425)	333,296	(197,425)	333,296
(Paid)/refund received for prior years	(2,616,906)	616,060	0	0
Provision for the year	7,127,004	10,116,906	7,127,004	10,116,906
Provisionally paid for current year	(3,182,541)	(9,030,621)	0	0
Total	2,416,741	1,286,609	6,929,579	10,450,202
10.2 Deferred tax asset				
Employee compensation obligation	708,868	556,227	(152,641)	38,476
Deferred due to accelerated tax depreciation	7,207,580	6,495,943	(711,637)	(5,162,461)
Other temporary deductible differences	71,973	37,497	(34,476)	193,078
Total	7,988,421	7,089,667	(898,754)	(4,930,907)
10.3 Deferred tax liability				
Other temporary deductible differences	0	66,840	(66,840)	(1,544,456)
Total deferred tax expense			(965,594)	(6,475,363)
10.4 Corporate social responsibility tax			6,597,629	5,338,216
Total income tax expense			12,561,616	9,313,055

10 (B) Company

	Statement of financial position		Statement of income	
	2020	2019	2020	2019
10.5 Current tax				
Balance due to/(from) previous year	(1,413,417)	157,173	0	0
Adjustment to prior year provision	(197,425)	(39,969)	(197,425)	(39,969)
Provision for the year	2,800,000	6,500,000	2,800,000	6,500,000
Provisionally paid for current year	(2,127,238)	(8,030,621)	0	0
Total	(938,080)	(1,413,417)	2,602,575	6,460,031
10.6 Deferred tax asset				
Employee compensation obligation	622,100	477,962	(144,138)	16,033
Deferred due to accelerated tax depreciation	4,939,540	4,723,833	(215,707)	(4,723,833)
Other temporary deductible differences	60,023	37,497	(22,526)	193,078
Total	5,621,663	5,239,292	(382,371)	(4,514,722)

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Financial statements are prepared in Seychelles Rupees

10 Taxation (cont...)**10 (B) Company (cont...)**

10.7 Deferred tax liability	Statement of financial position		Statement of income	
	2020	2019	2020	2019
Other temporary deductible differences	0	0	0	(1,430,099)
Total deferred tax expense			(382,371)	(5,944,821)
10.8 Corporate social responsibility tax			3,033,491	3,148,476
Total income tax expense			5,253,695	3,663,686

11 Authorised and issued capital

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

12 Property, plant and equipment**12 (A) Group**

	Buildings & utilities	Aircraft	Machinery & fittings	Vehicles, boats & trailers	Total
Cost					
At 1 April 2019	227,257,944	50,763,975	131,551,323	26,038,999	435,612,241
Additions	8,921,648	0	4,103,873	926,655	13,952,176
Disposal	0	0	0	(632,901)	(632,901)
At 31 March 2020	236,179,592	50,763,975	135,655,196	26,332,753	448,931,516
Accumulated depreciation and impairment					
At 1 April 2019	112,946,504	12,584,345	56,491,400	21,556,569	203,578,818
Annual depreciation	7,353,808	2,103,020	19,458,827	1,632,133	30,547,788
Disposals	0	0	0	(632,902)	(632,902)
At 31 March 2020	120,300,312	14,687,365	75,950,227	22,555,800	233,493,704
Carrying amount					
At 1 April 2019	114,311,440	38,179,630	75,059,923	4,482,430	232,033,423
At 31 March 2020	115,879,280	36,076,610	59,704,969	3,776,953	215,437,812

12 (B) Company

	Buildings & utilities	Aircraft	Machinery & fittings	Vehicles, boats & trailers	Total
Cost					
At 1 April 2019	212,158,135	50,763,975	109,318,989	18,915,639	391,156,738
Additions	8,921,648	0	2,736,979	926,655	12,585,282
Disposal	0	0	0	(632,901)	(632,901)
At 31 March 2020	221,079,783	50,763,975	112,055,968	19,209,393	403,109,119
Accumulated depreciation and impairment					
At 1 April 2019	103,399,252	12,584,345	46,167,288	16,259,602	178,410,487
Annual depreciation	5,303,083	2,103,020	16,123,453	1,028,652	24,558,208
Disposals	0	0	0	(632,901)	(632,901)
At 31 March 2020	108,702,335	14,687,365	62,290,741	16,655,353	202,335,794
Carrying amount					
At 1 April 2019	108,758,883	38,179,630	63,151,701	2,656,037	212,746,251
At 31 March 2020	112,377,448	36,076,610	49,765,227	2,554,040	200,773,325

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Financial statements are prepared in Seychelles Rupees

13 Investments (company)

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

	% Holding	2020	2019
<u>Held in group company</u>			
Green Island Construction Company Limited	100%	100,000	100,000
Green Tree Investment Company Limited	0.1%	100	100
Green Oak Investment Company Limited	0.1%	0	100
<u>Other</u>			
Paradise Marine Limited	20%	3,903,290	3,903,290
Platte Island Development Limited	20%	2,000	2,000
Poivre Island Lodge Limited	20%	2,599	2,599
Total		4,007,989	4,008,089

13.1 Associated entities

Cost of investment	3,907,889	3,907,889
Share of post-acquisition losses	(3,903,290)	(3,903,290)
Total	4,599	4,599
Net investments	104,699	104,799

The Group's carrying amount is reduced to nil and recognition of further losses is discontinued until such time the associate reports profits equals to the share of losses not recognized.

14 Deferred grants (company)

	2020	2019
1 April	50,796,599	48,784,655
Received in year	0	5,000,000
Amortisation for the year	(2,927,831)	(2,988,056)
At 31 March	47,868,768	50,796,599

15 Inventories

	Consolidated		Company	
	2020	2019	2020	2019
Copra	30,012	0	30,012	0
Employee shop stocks	1,066,077	783,712	1,066,077	783,712
Live stock & livestock products	58,000	0	58,000	0
Engineering spares	5,409,328	6,185,590	5,409,328	6,185,590
Building materials	4,884,002	39,267,680	0	0
Fuel and sundry	4,905,206	5,344,919	3,405,207	3,844,919
Total	16,352,625	51,581,901	9,968,624	10,814,221

16 Trade and other receivables

	Consolidated		Company	
	2020	2019	2020	2019
Trade receivables	50,205,046	29,283,449	50,205,046	29,283,449
Works awaiting certification	321,632	16,679,818	0	0
Construction debtors	54,917,118	40,022,344	4,830,359	357,428
Total financial assets excluding cash & cash equivalents and lendings	105,443,796	85,985,611	55,035,405	29,640,877
Prepaid goods and credit with suppliers	0	28,735,325	0	0
Other receivables	6,518,034	4,748,595	3,909,131	2,519,820
Total	111,961,830	119,469,531	58,944,536	32,160,697

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Financial statements are prepared in Seychelles Rupees

17 Employee benefit obligations

	Consolidated		Company	
	2020	2019	2020	2019
At 1 April	3,447,295	3,628,991	3,186,411	3,293,298
Current service cost	(1,028,125)	1,751,812	1,909,387	1,802,712
Benefits paid	2,017,386	(1,933,508)	(948,464)	(1,909,599)
At 31 March	4,436,556	3,447,295	4,147,334	3,186,411

18 Borrowings

	Consolidated		Company	
	2020	2019	2020	2019
Non current				
Bank loans	131,945,032	147,364,258	29,634,899	40,036,358
Bank overdrafts classified as long-term borrowing	40,270,805	84,407,253	0	0
Total	172,215,837	231,771,511	29,634,899	40,036,358
Current				
Bank loans	35,013,057	34,035,267	12,893,410	21,326,246
Bank operating overdrafts	16,353,555	4,983,454	16,353,555	4,983,454
Total	51,366,612	39,018,721	29,246,965	26,309,700
Total borrowings	223,582,449	270,790,232	58,881,864	66,346,058

18.1 Repayments

	2020	2019	2020	2019
Repayable within 1 year	91,637,417	150,932,203	29,246,965	26,309,700
Repayable later than 1 year and no later than 5 years	131,945,032	119,858,029	29,634,899	40,036,358
Total	223,582,449	270,790,232	58,881,864	66,346,058

18.2 Currency profile

	2020	2019	2020	2019
US \$	54,091,101	119,666,075	52,570,572	61,362,604
Seychelles R	169,491,348	151,124,157	6,311,292	4,983,454
Total	223,582,449	270,790,232	58,881,864	66,346,058

18.3 Finance cost profile

	2020	2019	2020	2019
Lending rate @ 4.88 % (2019 - 5.77%)	23,792,811	87,567,666	22,272,282	29,294,195
Lending rate @ 5.88 % (2019 - 6.77%)	30,298,290	32,068,409	30,298,290	32,068,409
Lending rate @ 10.5 % (2019 - 11%)	143,636,892	146,771,765	6,311,292	4,983,454
Lending rate @ 10.5 % (2019 - 10.5%)	25,854,456	4,352,392	0	0
Total	223,582,449	270,760,232	58,881,864	66,346,058

18.4 Security provided

The borrowings are secured by:

- First and second line charges on leasehold properties developed and financed by the subsidiaries totaling R 122.1 million.
- Floating charges over company's assets to secure US\$ 2.48 & SCR 7 million.
- Mortgage over company's aircraft to secure US\$ 800,000 with insurance policies assigned to the bank.
- Lien over fixed deposits to secure US\$ 600,000.
- Pledge/mortgage of new aircraft for US\$ 2.2 million.

19 Trade and other payables

	Consolidated		Company	
	2020	2019	2020	2019
Trade payables	41,225,879	45,192,970	41,225,879	45,192,970
Construction creditors	22,086,644	1,399,660	0	0
Salaries payable - construction workers	9,217,896	11,777,064	9,217,896	11,777,064
Other accruals	44,757,596	28,031,160	25,553,866	6,088,903
Total financial liabilities, excluding loans and borrowings, classified	117,288,015	86,400,854	75,997,641	63,058,937
Advances on contracts	3,174,303	75,751,380	0	15,238,000
Deferred revenue and deposits on condominiums	19,084,228	6,830,773	781,036	780,523
Total	139,546,546	168,983,007	76,778,677	79,077,460

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Financial statements are prepared in Seychelles Rupees

20 Lending (group)**20.1 Projects constructed and converted to lending under a financial lease are as follows:**

Anticipated duration of lease remaining	47 months
Commencement date	Dec, 2015
Monthly rental (subject to change in loan interest rates)	1,795,203
Implicit interest rate for 2019/2020 - 1 April to 30 September 2020	11%
- 1 October to 31 March 2020	10.5%
Gross investment in lease	155,499,108
Fair value of lease on commencement date	111,569,183
Unearned finance income at 31 March 2020	14,065,065

20.2 Receivable from

	2020	2019
Ministry of land use	70,760,095	82,355,887

20.3 Repayments

	2020	2019
Repayable within 1 year	15,563,203	13,207,062
Repayable later than 1 year and no later than 5 years	55,196,892	69,148,825
Total	70,760,095	82,355,887

The lending is subject to interest which mirrors the rate on borrowings. (1 April to 30 September 2020 - 11%; 1 October 2020 to 31 March 2020 - 10.5 %).

As security for lending the subsidiaries hold leasehold rights over land where projects are situate, which is surrendered to the client at no cost upon repayment of the lending.

21 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.

21.1 Sale of goods; services and expenses recovered

	Consolidated		Company	
	2020	2019	2020	2019
To subsidiaries and associated companies	28,532,677	67,841,971	21,475,858	82,880,684

21.2 Purchase of services

	2020	2019	2020	2019
From subsidiaries and associated company	4,938,037	32,470,766	11,123,286	20,271,561

21.3 Parent company directors emoluments, pensions or compensation

	Consolidated Salary for Management		Company Fees, Pensions & Others	
	2020	2019	2020	2019
Mr. G. M. Savy	1,487,131	1,063,305	1,487,131	1,063,305
Mr. P. Lablache	108,480	72,960	72,000	36,480
Mrs. S. Francis	108,480	72,960	72,000	36,480
Ms. A. Antat	108,480	72,960	72,000	36,480
Mr. P. Berlouis	150,720	109,440	96,000	54,720
Mr. W. Confait	108,480	72,960	72,000	36,480
Mrs. A. Lebon	108,480	72,960	72,000	36,480
Mr. C. Lionnet (Appointed: 15.02.20)	389,667	0	389,667	0
Mr. D. Matatiken (Appointed: 15.02.20)	10,763	0	6,000	0
Mr. A. Decomarmond (Resigned: 15.02.20)	99,440	72,960	66,000	36,480
Mr. R. Renaud (Resigned: 28.09.18)	0	45,600	0	21,280
Total	2,680,121	1,610,505	2,404,798	1,336,905

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Financial statements are prepared in Seychelles Rupees

21 Related parties and transactions (cont...)

21.4 Year end balances

	Consolidated		Company	
	2020	2019	2020	2019
Due from associated company - (non current)	22,854,468	13,856,481	22,854,468	13,856,481

22 Commitments

22.1 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.

Works in progress at 31 March 2020 comprises of:

- (a) SCR 59.8m for practically completed 19 luxury apartments (phase 1 of development), currently available for sale with expected revenue on sale of SCR of 87m.
- (b) SCR 24.1m for 10 (3 bed) graduate apartments (phase 2 of development), expected to cost of SCR 28m on completion in July 2020, with revenue on sale of SCR 14m.
- (c) SCR 6.1m for 10 (2 bed) graduate apartments (phase 3 of development), expected to cost of SCR 22.4m on completion in December 2020, with revenue on sale of SCR 11.6m.

The construction is being financed by pre selling of the apartments and a further drawdown from agreed bank loans and overdraft.

22.2 Other capital commitments (company)

The directors have approved, subject to financing, the following capital projects to be undertaken by the company:

22.2.1 Relocation of offices

The company has received allocation of land at Ile du port to relocate its headquarters from New Port. The construction of its warehouse is to be completed in 6 months time. The construction of its head office is yet to be approved. The total cost of the project is R 50 million.

22.2.2 IT upgrade

The company has accepted a quotation of US\$ 250,000 to upgrade its IT systems. The project is expected to start in 2019 and the process is expected to take 12 months to complete.

22.2.3 Aircraft

The company is finalising the purchase of a third 'Beechcraft' aircraft at a cost of US\$ 2.9m, which to best suited to land on unpaved and short airstrips on some of the IDC islands. The acquisition will be financed through a bank loan.

22.2.4 Capital expenditure programme

The total estimated capital expenditure programme for the next five year amounts R 249.7m which includes the construction of its new headquarters and upgrade of island infrastructures as well as the replacement of its aviation fleet. However, with the Covid-19 pandemic, many of the projects are being re-assessed and being deferred to a later date.

22.3 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	33,101,450
	36,780,900

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Financial statements are prepared in Seychelles Rupees

22 *Commitments (cont...)*

22.4 *Operating lease commitments - company as a lessee*

The company leases a warehouse under a short term lease with an option to renew for a further 6 months provided the terms and conditions of the lease are complied with fully.

The future minimum lease payments payable under non cancellable operating leases are as follows:

Payable within than 1 year	1,048,130
Payable later than 1 year and no later than 5 years	357,600
	1,405,730

23 *Events after reporting period*

The global coronavirus pandemic in 2020 raises uncertainty as to the entity's going concern due to economic activities globally being severely affected. Following the world-wide outbreak of the virus, countries have acted to close their borders and confine their population. Such actions are impacting all industries across the world including Seychelles. The directors are however confident, that the company can operate in the medium term and therefore of the opinion that the going concern basis of preparation of these financial statements remains appropriate.

24 *Contingencies*

24.1 *Application of taxation for asset disposed under finance lease*

The group is 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.

24.2 *Other*

The directors are not aware of any other outstanding contingent liabilities at 31 March 2020.