



ISLANDS DEVELOPMENT COMPANY LTD

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ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021

The directors present herewith their report and audited financial statements of the company and the group for the year ended 31 March 2021.

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.

Operational review

The financial results of IDC over this past twelve months have been nothing less than exceptional in that it has been able to post a record profit, in spite of the COVID-19 pandemic, which has been an extreme challenge to all organisations, whether large or small. This very positive outcome allows the company to face the future with confidence, and put the final touches to several key strategies that build on its past achievements and use the advantages that IDC has created in the development of the Outer Islands.

A prime example of this will be the completion of the luxury resort on Ile Plate in the third quarter of 2022, which will mark the final stage of a master plan that was developed some twenty years ago, to have three medium boutique type hotels on the Outer Islands. In a post COVID environment, the resorts on Desroches, Alphonse and Ile Plate will thus constitute the base of IDC's economic activity in the field of tourism, through the provision of a range of services to these establishments, e.g. transfer of clients, supply of utilities, transport of supplies, etc, thus ensuring a steady income stream for the company.

Another major component of our overall strategy, this time in agriculture, is encompassed in the series of projects already being implemented on the island of Coëtivy. These range from aquaculture (prawn production, ranching of sea cucumbers and sea urchins), to large scale agricultural production of poultry, pork and certain crops. Coëtivy has the land area to permit such significant and innovative ventures if the capital and know-how can be harnessed in an intelligent and harmonious manner.

The start of operations at the resort on Ile Plate will mean a significant increase of high-end clients visiting the Outer Islands, and this development creates a great opportunity, if not a necessity, for IDC to provide another level of air travel to these more discerning visitors.

The company is therefore actively considering upgrading its fleet of Beechcraft 1900D aircraft to the more spacious and comfortable ATR-42s, which will inter alia allow the company to provide the other islands and eco-lodges with more effective support, and the attendant increased capacity for air cargo will undoubtedly be critical to the activities which are to take place on Coëtivy.

Another initiative that needs to be highlighted and of which IDC is especially proud is its recent foray into renewable or green energy. Conscious of the fact that one of IDC's primary responsibility is to conserve the unique and unspoiled environment on the Outer Islands, the company has since 2018, started to install solar plants on the islands. Solar energy is one renewable resource that the islands have in abundance and the solar installations on four islands so far have proven to be very cost-effective, quite apart from greatly reducing IDC's carbon footprint and burnishing IDC's positive environment image. The replacement of generators using fossil fuel will thus be extended to all the 14 islands being managed by company, with Desroches, Coëtivy and Silhouette hosting particularly large solar farms.

Results

As shown in the statement of income on page 6 activities of the current year give the group a profit of SCR 2,129,298 (2020 - SCR 14,010,109) and the company a profit of SCR 41,677,807 (2020 - SCR 8,594,694) after taxation.

Application of profits and revenue reserves (company)

The profit for the year with revenue reserves from prior years give the company SCR 155,387,141 (2020 - SCR 133,709,334) available for distribution.

The directors distributed dividends of SCR 20 million in the year, giving a distribution of SCR 93.76 (2020: SCR 23.44) per share.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021

Fixed assets

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

- Purchase of a third new Beechcraft - SCR. 61.4m
- Completion of a new warehouse - SCR. 17.3m

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	0	0
Mr. D. Matatiken	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.

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

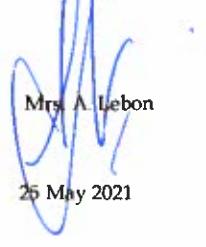

Mr. P. Berlouis
Chairman

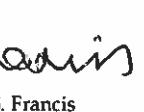

Mr. G.M. Savy
Chief Executive Officer

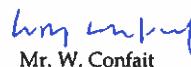

Mr. P. Lablache


Mr. D. Matatiken


Ms. A. Antat


Mrs. A. Lebon


Mrs. S. Francis


Mr. W. Confait


Mr. C. Lionnet
Deputy Chief Executive Officer

25 May 2021

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 22, which comprise the statement of financial position for the Parent Company and the Group as at March 31, 2021, 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 2021 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

We draw your attention to note 21 in respect of an unsecured debt of SCR 22.8m from an associated company, which is dependent on continued financial support of the company, and going concern of which is contingent on this support or its ability to become profitable in the future.

Material uncertainty on going concern

We also draw your attention to note 2.2 of the financial statements which describes the uncertainty regarding the Corona virus pandemic which is severely affecting world trade and its repercussions specifically on tourism in the Seychelles, raising uncertainty on the going concern of the Group.

Due to global and national drive for mass vaccinations and the Seychelles Government's aim of opening its borders in the 2nd quarter of 2021, the company is confident, with support of its shareholders if required that it remains a going concern for 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.

Patel Patel
POOL & PATEL
CHARTERED ACCOUNTANTS
25 May 2021

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

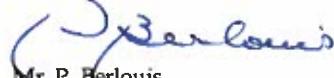
Consolidated statement of financial position

Financial statements are prepared in Seychelles Rupees

	Note	CONSOLIDATED		COMPANY	
		2021	2020	2021	2020
Assets					
Property, plant and equipment	12	298,120,396	215,437,812	286,872,750	200,773,325
Investments	13	4,599	4,599	104,699	104,699
Lendings	20/21	37,305,600	55,196,892	21,000,000	0
Due from related party	21	22,872,883	22,854,468	22,872,883	22,854,468
Capital work in progress	22	6,205,921	102,662,600	6,205,921	12,575,425
Deferred income tax asset	10	13,310,517	7,988,421	10,606,971	5,621,663
Non-current assets		377,819,916	404,144,792	347,663,224	241,929,580
Lendings	20	17,552,846	15,563,203	0	0
Asset held for sale	12	2,845,407	0	2,845,407	0
Inventories	15	63,054,409	16,352,625	17,390,740	9,968,624
Taxation	10	0	0	0	938,080
Trade and other receivables	16	131,805,927	111,961,830	78,095,222	58,944,536
Cash and cash equivalent		61,540,987	41,868,496	56,231,899	30,936,081
Current assets		276,799,576	185,746,154	154,563,268	100,787,321
Total assets		654,619,492	589,890,946	502,226,492	342,716,901
Liabilities					
Employee benefit obligations	17	5,107,191	4,436,556	4,754,250	4,147,334
Borrowings	18	192,175,396	172,215,837	139,734,095	29,634,899
Non-current liabilities		197,282,587	176,652,393	144,488,345	33,782,233
Borrowings	18	59,223,475	51,366,612	38,804,942	29,246,965
Taxation	10	6,366,026	2,416,741	1,461,920	0
Trade and other payables	19	192,577,608	139,546,546	95,752,608	76,778,677
Current liabilities		258,167,109	193,329,899	136,019,470	106,025,642
Total liabilities		455,449,696	369,982,292	280,507,815	139,807,875
Share capital	11	21,330,924	21,330,924	21,330,924	21,330,924
Retained earnings		132,838,260	150,708,962	155,387,141	133,709,334
Deferred grants	14	45,000,612	47,868,768	45,000,612	47,868,768
Equity		199,169,796	219,908,654	221,718,677	202,909,026
Total liabilities and equity		654,619,492	589,890,946	502,226,492	342,716,901

The notes on pages 9 to 22 are an integral part of these financial statements.

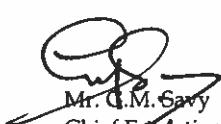
Directors

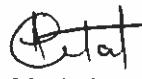

Mr. P. Berlouis
Chairman


Mr. D. Matatiken


Mrs. S. Francis

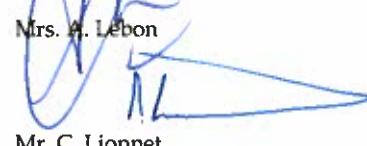
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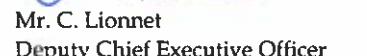

Mr. G.M. Savy
Chief Executive Officer


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Mr. P. Lablache


Mrs. A. Lebon


Mr. C. Lionnet
Deputy Chief Executive Officer

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	
		2021	2020	As at 31 March	2020
Revenue	3	555,832,423	600,029,074	205,961,566	272,147,884
Direct costs	4	(376,564,016)	(395,627,833)	(110,760,346)	(121,866,567)
Other income	5	43,170,482	24,621,867	41,780,371	23,973,643
Dividend income		0	0	60,000,000	0
Administrative salaries and benefits	6	(70,338,590)	(65,733,605)	(59,946,583)	(56,272,092)
Camp running expenses		(6,397,713)	(7,846,851)	0	0
Communication		(5,791,338)	(4,704,676)	(5,791,338)	(4,704,676)
Depreciation (net of deferred grant credit)	12/14	(28,097,169)	(27,619,957)	(23,055,216)	(21,630,377)
Exchange (losses)/gains (operating)		(13,158,115)	(1,731,866)	(3,420,311)	(407,455)
External transportation		(3,167,693)	(7,339,577)	(3,167,693)	(7,339,577)
Fuel for electricity generation & island use		(10,968,426)	(23,457,568)	(10,968,426)	(23,457,568)
Insurances		(3,642,662)	(5,185,472)	(2,519,219)	(3,380,780)
Rental		(2,786,519)	(3,533,470)	(1,116,900)	(1,381,080)
Repairs and maintenance		(17,802,680)	(12,283,481)	(17,802,680)	(12,283,481)
Revegetation restoration of Farquhar		0	(7,386,300)	0	(7,386,300)
Travelling		(5,614,079)	(4,940,624)	(218,061)	(1,102,667)
Utilities		(4,225,588)	(5,416,642)	(2,100,497)	(2,372,887)
Other expenses		(8,421,505)	(16,434,871)	(4,912,983)	(15,314,786)
Operating profit		42,026,812	35,408,148	61,961,684	17,221,234
Finance income	8	17,976,987	9,129,202	10,678,916	374,628
Finance costs	9	(38,248,421)	(17,965,625)	(31,195,486)	(3,747,473)
Finance costs - net		(20,271,434)	(8,836,423)	(20,516,570)	(3,372,845)
Profit before income tax		21,755,378	26,571,725	41,445,114	13,848,389
Income tax expense/(credit)	10	(19,626,080)	(12,561,616)	232,693	(5,253,695)
Profit for the year		2,129,298	14,010,109	41,677,807	8,594,694
Dividends		(20,000,000)	(5,000,000)	(20,000,000)	(5,000,000)
		(17,870,702)	9,010,109	21,677,807	3,594,694
Retained earnings 1 April		150,708,962	141,698,853	133,709,334	130,114,640
Retained earnings 31 March		132,838,260	150,708,962	155,387,141	133,709,334

The notes on pages 9 to 22 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 2021	2020	As at 31 March 2021	2020
Cash flows from operating activities					
Profit for the year		21,755,378	26,571,725	41,445,114	13,848,389
Adjustments for:-					
Taxation paid	10	(20,998,889)	(12,397,076)	(2,352,615)	(5,160,729)
Depreciation (net of adjustment for deferred grant)	12/14	28,097,169	27,619,957	23,055,216	21,630,377
Changes in provision for employee benefits	17	670,635	989,261	606,916	960,923
Profit on disposal of tangible assets	5	(10,000)	(8,700,012)	(10,000)	(8,700,012)
Tangible assets decommissioned and scrapped	12	2,143,256	0	2,143,256	0
Dividend received from subsidiary		0	0	(60,000,000)	0
Finance costs (net)	8/9	20,271,434	8,836,423	20,516,570	3,372,845
		51,928,983	42,920,278	25,404,457	25,951,793
Changes in working capital					
Increase / (decrease) in inventories	15	(46,701,783)	35,229,274	(7,422,116)	845,597
Increase / (decrease) in debtors	16	(19,844,099)	7,507,701	(19,150,686)	(26,783,739)
Increase / (decrease) in creditors and advances on contracts	19	33,031,062	(29,436,462)	(61,026,069)	(2,298,783)
Cash generated from/(utilised) in operations		18,414,163	56,220,791	(62,194,414)	(2,285,132)
Interest received	8	6,263,321	9,129,202	455,850	374,628
Interest paid	9	(12,362,299)	(16,903,152)	(5,309,364)	(3,422,165)
Net cash from /(used) in operating activities		12,315,185	48,446,841	(67,047,928)	(5,332,669)
Cash flows from investing activities					
Payments to acquire tangible fixed assets	12	(118,636,500)	(13,952,176)	(117,011,387)	(12,585,282)
Investment in work in progress for disposal		0	(27,832,839)	0	0
Changes in work in progress for own use		96,456,606	(12,376,635)	6,369,431	(12,376,635)
Lending repaid	20	15,901,649	11,595,792	0	0
Dividends received		0	0	60,000,000	0
Proceeds from disposal of tangible fixed assets		10,000	8,700,012	10,000	8,700,012
Net cash used in investing activities		(6,268,245)	(33,865,846)	(50,631,956)	(16,261,905)
Cash flow from financing activities					
Loans repaid	18	(120,005,302)	(85,720,435)	(3,776,550)	(19,060,953)
Loans received	18	125,093,011	26,915,893	107,493,300	0
Advances (to)/from related parties	21	(18,415)	(8,997,987)	38,981,585	(8,997,987)
Dividend paid		0	(5,000,000)	0	(5,000,000)
Net cash from/(used in) financing activities		5,069,294	(72,802,529)	142,698,335	(33,058,940)
Increase/(decrease) in cash and cash equivalents		11,116,234	(58,221,534)	25,018,451	(54,653,514)
Exchange gain/(losses) on bank balances	9	11,713,666	(835,815)	10,223,066	(98,650)
Cash & cash equivalent at 1 April		25,514,941	84,572,290	14,582,526	69,334,690
Cash & cash equivalents 31 March		48,344,841	25,514,941	49,824,043	14,582,526
Cash in hand and banks		61,540,987	41,868,496	56,231,899	30,936,081
Bank overdrafts		(13,196,146)	(16,353,555)	(6,407,856)	(16,353,555)
Cash & cash equivalents 31 March		48,344,841	25,514,941	49,824,043	14,582,526

ISLANDS DEVELOPMENT COMPANY LIMITED

FIVE YEAR FINANCIAL SUMMARY - 31 MARCH 2021

Prepared in Seychelles Rupees

	SCR '000				
	2021	2020	2019	2018	2017
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	155,387	133,709	130,115	91,321	69,838
Deferred grants	45,000	47,869	50,796	48,785	17,643
Long term loans	178,539	58,882	66,346	75,477	14,989
Net assets employed	400,257	261,791	268,588	236,914	123,800
Statement of income					
Turnover	205,962	272,148	297,399	401,975	301,179
Profit before taxation	41,445	13,848	45,458	33,105	18,615
Taxation	233	(5,254)	(3,664)	(7,719)	(6,440)
	41,678	8,595	41,794	25,386	12,175
Share of losses in associate	0	0	0	(3,903)	0
	41,678	8,595	41,794	21,483	12,175
Dividends	(20,000)	(5,000)	(3,000)	0	0
	21,678	3,595	38,794	21,483	12,175
Retained earnings - 1 April	133,709	130,115	91,321	69,838	57,663
Retained earnings - 31 March	155,387	133,709	130,115	91,321	69,838

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 on behalf of the Seychelles Government, transportation thereto and construction activities.

The activities of the subsidiaries are:

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 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.22. (Significant accounting judgements and estimates.) The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

New standards, amendments and interpretation adopted by the company

The following amendments to the International Accounting Standards that are relevant for the preparation of the financial statements have been adopted by the company for the first time with effect from financial year beginning on 1 January 2020.

- IFRS 10 and IAS 28 - Sale or contribution of assets between investor and its associates or joint venture.
- Amendment to IFRS 3 - Definition of a business.
- Amendment to IAS 1 & 8 - Definition of materiality, presentation of financial statements, accounting policies and changes in estimates.
- IFRS7, 9 and IAS 39 - Interest rate benchmark reform.
- IFRS 16 amendment - Covid-19-Related Rent Concessions.

New standards and amendments issued but not yet effective

- IAS 1 amendments on classification of liabilities as current or non-current.
- Amendments to IAS 16 - Proceeds before intended use.
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IAS 37- Onerous contracts.
- Amendment to IFRS 3 updating a reference to the Conceptual Framework.
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2.

The above standards have not, and are not expected to have, a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 *Going concern*

As a result of the spread of Covid 19, economic uncertainties have arisen which have negatively impacted the tourism and airline sector in the Seychelles and consequently this has had an impact on the short term profitability of the group. The extent of the impact on the group's operations and financial performance will depend on the duration and spread of the outbreak and its effect on the economy, employees, customers and suppliers, all of which remains uncertain presently. To mitigate the effects of the pandemic the group implemented measures to its business operations and staff such as cost cutting, deferment of capital expenditure and implementing comprehensive hygiene protocols.

Due to global and national drive for mass vaccinations and the Seychelles Government's aim of opening its borders in the 2nd quarter of 2021, the company is confident, with support of its shareholders if required that it remains a going concern for the foreseeable future.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial statements are prepared in Seychelles Rupees

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

2.2 *Going concern (cont ...)*

In the year, the group has benefited from the following concessions from:

Seychelles Government - Financial assistance for job retention (FA4JR)

The FA4JR scheme was introduced by the Seychelles Government in March 2020 to assist business to retain staff who would otherwise have been made redundant. During the year the company received a subvention of SCR 32,100,443 under the FA4JR scheme.

Central Bank of Seychelles/banking credit

A Private Relief Sector Scheme was introduced by the Central Bank of Seychelles through commercial banks to fund a credit line facility to assist Micro, Small and Medium Enterprises that are facing revenue constraints due to the Covid-19 pandemic. The funds borrowed in the form of loan or overdraft facilities carried a fixed interest of 1.5% per year besides a 6-month moratorium, where borrowers had the option of not repaying both the principal and interest during that period (note 18).

2.3 *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.

2.4 *Comparatives*

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

2.5 *Functional and reporting currency*

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

2.6 *Impairment of non financial assets*

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest of levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 *Financial instruments*

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

Trade receivables

Equity instruments

Cash and cash equivalents

Lendings

Trade payables

Loans and borrowings

Financial assets

Financial assets are classified into one of the categories discussed below, depending on the purpose for which the asset was acquired and contractual terms of cash flows:

Fair value through profit or loss (FVTPL)

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

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 company holds no such investments.

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 instruments which require 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.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial statements are prepared in Seychelles Rupees

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

2.7 *Financial instruments (cont...)*

Financial assets (cont...)

The financial asset is derecognised when the rights to receive cash flows has expired or rights to the asset have been transferred and the company has transferred all the risks and rewards of ownership .

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, balances with other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Trade and other receivables

Trade receivables are amounts due from customers for construction completed, goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Equity instruments

Unlisted investments in subsidiaries or associates are carried at cost or the investments underlying value, if lower. On disposal gains or losses are included in the income statement.

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.

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

Lendings

Lendings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost.

Impairment and uncollectability of financial assets

Impairment of financial assets are estimates 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. The group considers past events, current and future conditions that can affect recoverability of cash flows when assessing ECL. Details of the group's impairment policies and the calculation of loss allowance are provided in note 2.9.

Financial liabilities

Financial liabilities are recognised at amortised cost, namely original debt less principal payments and amortisations. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

A financial liability is derecognised when the obligations under the liability are discharged, cancelled or expired.

Trade and other payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier. Other liabilities are stated at original debt less principal repayments and amortizations.

Loans and borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost.

Borrowings are classified as non-current liabilities if the borrowings are only repayable on the availability of net cash flows of the group and such availability is not anticipated for at least 12 months after the reporting date.

2.8 *Financial risk management*

The group's activities expose it 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.

The Directors have overall responsibility for the determination of the risk management objectives and policies that seek to reduce risk as far as possible without unduly affecting the competitiveness and flexibility and, whilst retaining ultimate responsibility, it delegates the authority for designing and operating processes that ensure their effective implementation.

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.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial statements are prepared in Seychelles Rupees

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

2.8 Financial risk management (cont...)

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, related party receivable and cash resources. It is group's policy to seek advance payments and to assess the credit risk of new customers before entering into contracts or providing services. Cash deposits are held with banks with high credit ratings.

Impairment of financial assets

Whilst cash and cash equivalents are subject to impairment requirements of IFRS 9, the identified impairment loss is considered immaterial.

The group has not experienced historical credit losses either from customers or related parties nor does it expect so in the near future, and therefore no provision has been made during the year.

To measure expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due. The expected losses are based on historical credit losses which are adjusted to reflect current and future economic factors which can affect the ability of customers to settle the receivables.

Market risks

Foreign currency risk

Some of the group's receivables and payables are denominated in foreign currency. Consequently the group is exposed to the risk that the exchange rate of the Seychelles rupee relative to the foreign currencies may change in a manner which has a material effect on the reported values of the company's assets and liabilities denominated in foreign currency. The company mitigates the risk by seeking payments in foreign exchange from customers when possible.

The currency profile of financial assets and financial liabilities denominated in foreign currency is as follows:

	In SCR				
At 31 March 2021	Euro	USD	SCR	Others	Total
Group					
Assets (net of credit impairment)					
Due from related party	0	0	22,872,883	0	22,872,883
Trade & other receivables	0	112,182,323	18,828,606	794,998	131,805,927
Cash & cash equivalents	116,958	46,657,684	14,766,345	0	61,540,987
	116,958	158,840,007	56,467,834	794,998	216,219,797
Liabilities					
Employee benefits	0	0	5,107,191	0	5,107,191
Borrowings	0	164,089,470	87,309,401	0	251,398,871
Taxation	0	0	6,366,026	0	6,366,026
Trade & other payables	11,573,723	74,307,138	105,858,210	838,537	192,577,608
	11,573,723	238,396,608	204,640,828	838,537	455,449,696
Net balance sheet position	(11,456,765)	(79,556,601)	(148,172,994)	(43,539)	(239,229,899)
Company					
Assets (net of credit impairment)					
Due from related party	0	0	22,872,883	0	22,872,883
Trade & other receivables	0	60,298,669	17,796,553	0	78,095,222
Cash & cash equivalents	96,712	46,545,778	9,589,409	0	56,231,899
	96,712	106,844,447	50,258,845	0	157,200,004
Liabilities					
Employee benefits	0	0	4,754,250	0	4,754,250
Borrowings	0	157,301,180	21,237,857	0	178,539,037
Taxation	0	0	1,461,920	0	1,461,920
Trade & other payables	10,378,159	10,980,179	73,675,564	718,706	95,752,608
	10,378,159	10,980,179	73,675,564	718,706	280,507,815
Net balance sheet position	(10,281,447)	95,864,268	(23,416,719)	(718,706)	(123,307,811)

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial statements are prepared in Seychelles Rupees

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

Market risks/ Foreign currency risk

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The group's interest risk would arise from long term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk.

2.10 Capital risk management

The group's objective when managing capital risk is to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and the benefit of other stakeholders and maintain an optimal capital structure to reduce cost of capital.

Loans from shareholders in form of a subordinated debt are treated as part of equity. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend paid to shareholders, return capital, issue new shares or sell assets to reduce debt.

The group manages gearing on the basis of gearing ratio,

	Consolidated		Company	
	2021	2020	2021	2020
Borrowings	251,398,871	223,582,449	178,539,037	58,881,864
Cash and cash equivalents	(61,540,987)	(41,868,496)	(56,231,899)	(30,936,081)
Net debt	189,859,905	181,715,973	122,309,159	27,947,803
 Total equity	 154,169,184	 172,039,886	 176,718,065	 155,040,258
Gearing ratio	123%	106%	69%	18%

2.11 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)	
	2021	2020	2019	2020-2021	2019-2020
US \$ / SCR	20.87	14.30	14.22	-46%	-1%
Euro / SCR	24.52	15.77	15.97	-55%	1%

2.12 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.

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.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial statements are prepared in Seychelles Rupees

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

2.13 *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.

2.14 *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.

2.15 *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.

2.16 *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.

In relation to sale of apartments, revenue is recognised upon formal sign off and handover of completed apartments.

2.17 *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. The estimated liability is not materially different had it been computed by an external Actuary.

2.18 *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.

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 situate, 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.

2.19 *Provisions*

Provisions are recognised, where the company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The company recognises a provision for onerous contracts when the expected benefit to be derived from a contract are less than the unavoidable costs of meeting the obligation under the contract.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial statements are prepared in Seychelles Rupees

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

2.20 Dividends

Dividends are recognised as a liability in the period in which it is declared.

2.21 Contingent liability

A contingent liability is either a possible obligation which existence will only be confirmed in the future, or a present obligation that is not recognised as either it is not probable, or the amount cannot be measured reliably. Contingent liabilities are not recognised but are disclosed, unless the possibility of an outflow of economic resources is remote.

2.22 Significant accounting judgements and estimates

In preparing the financial statements management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities, and disclosures of contingent assets and liabilities. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

Going concern

The directors of the company are confident that they will continue to operate despite the events affecting the going concern of the company and are therefore of the opinion that the going concern basis of preparation of these financial statements remains appropriate.

Functional currency

The choice of the functional currency of the company has been based on factors such as the primary economic environment in which the entity operates, the currency that mainly influences sales prices for goods and services, cost of providing goods and services and labour costs. The functional currency has been assumed by the Directors to be the Seychelles Rupee.

Depreciation and amortisation policies

The directors have estimated the recoverable amount of the property plant and equipment and intangible assets using cash flow projections and concluded, based on this estimate, that the assets are not impaired.

Retirement benefit obligations

The cost of defined benefit pension plans has been determined using the method as per the Seychelles Employment Act and the Directors have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

Deferred tax

At each reporting date, deferred tax assets are reviewed and adjusted, if necessary, by a valuation allowance, so that the net carrying amount equals the highest amount that is more likely than not to be recovered, based on current or estimated future taxable profits. Any changes to the valuation allowance are recognised in the tax expense.

3 Revenue	Consolidated		Company	
	2021	2020	2021	2020
Analysis of revenue by category				
Construction	404,368,289	424,280,574	108,429,520	96,399,384
Transportation	32,194,064	93,705,269	32,194,064	93,705,269
Utility supply	41,506,300	61,415,580	41,506,300	61,415,580
Maintenance of villas & upkeep of Islands	6,392,824	9,225,840	6,392,824	9,225,840
Sale of apartments	53,932,088	0	0	0
Property rental	17,438,858	11,401,811	17,438,858	11,401,811
Total	555,832,423	600,029,074	205,961,566	272,147,884

4 Cost of sales	Consolidated		Company	
	2021	2020	2021	2020
Analysis of cost by category				
Construction				
Material	186,518,679	260,103,461	42,713,423	32,126,366
Labour	64,264,782	59,046,504	11,900,665	12,928,466
Cost from produce	5,965,310	0	5,965,310	333,867
Cost of apartments	69,634,297	0	0	0
Total	326,383,068	319,149,965	60,579,398	45,388,699

	Consolidated		Company	
	2021	2020	2021	2020
Transportation				
Insurance	3,197,926	2,258,322	3,197,926	2,258,322
Repairs & maintenance	19,937,947	34,775,590	19,937,947	34,775,590
Staff costs	19,763,791	19,940,121	19,763,791	19,940,121
Fuel and oil	6,621,740	15,402,978	6,621,740	15,402,978
Other operational costs	659,544	4,100,857	659,544	4,100,857
Total	50,180,948	76,477,868	50,180,948	76,477,868

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial statements are prepared in Seychelles Rupees

5 Other income

	Consolidated		Company	
	2021	2020	2021	2020
Guest house activities	751,847	4,508,046	751,847	4,508,046
Sale of produce	3,969,668	654,413	3,969,668	988,280
Surplus from shop sales	765,946	229,552	765,946	229,552
Landing fees	120,059	2,433,155	120,059	2,433,155
Sale of coral fill	760,426	7,113,598	760,426	7,113,598
Profit from disposal of property, plant and equipment	10,000	8,700,012	10,000	8,700,012
Government assistance for Covid-19 (FA4JR)	32,100,443	0	32,100,443	0
Other	4,692,093	983,091	3,301,982	1,000
Total	43,170,482	24,621,867	41,780,371	23,973,643

6 Administrative salaries and benefits expense

	Consolidated		Company	
	2021	2020	2021	2020
Wages and salaries	62,092,281	54,510,967	52,539,470	45,305,461
Pension costs	937,011	834,549	905,375	806,930
Employee benefits & other costs	7,309,298	10,388,089	6,501,738	10,159,701
Total	70,338,590	65,733,605	59,946,583	56,272,092

7 Profit for the year

	Consolidated		Company	
	2021	2020	2021	2020
Profit for the year has been arrived at after charging/(crediting):				
Auditors remuneration	495,633	490,133	270,000	260,000
Rents paid	3,144,119	3,891,070	1,474,500	1,738,680

8 Finance income

	Consolidated		Company	
	2021	2020	2021	2020
Interests on deposits and bonds	622,531	754,628	455,850	374,628
Interest on lendings	5,640,790	8,374,574	0	0
Exchange gains on bank balances	11,713,666	0	10,223,066	0
Total	17,976,987	9,129,202	10,678,916	374,628

9 Finance costs

	Consolidated		Company	
	2021	2020	2021	2020
Interest on loans	11,015,972	12,494,662	4,657,226	3,081,506
Interest on overdraft	1,346,327	4,408,490	652,138	340,659
Exchange losses on bank balances	0	835,815	0	98,650
Exchange losses on loans	25,886,122	226,658	25,886,122	226,658
Total	38,248,421	17,965,625	31,195,486	3,747,473

10 Taxation

<u>Group</u> <u>Current tax</u>	Statement of financial position		Statement of income	
	2021	2020	2021	2020
Balance due to/(from) previous year	2,416,741	1,286,609	0	0
Adjustment to prior year provision	(41,482)	(197,425)	(41,482)	(197,425)
Paid for prior years	(3,271,700)	(2,616,906)	0	0
Provision for the year	19,676,736	7,127,004	19,676,736	7,127,004
Provisionally paid for current year	(12,414,269)	(3,182,541)	0	0
Total	6,366,026	2,416,741	19,635,254	6,929,579
 <u>Deferred tax asset</u>				
Employee compensation obligation	819,020	708,868	(110,152)	(152,641)
Deferred due to accelerated tax depreciation	8,173,988	7,207,580	(966,408)	(711,637)
Other temporary deductible differences	4,317,509	71,973	(4,245,536)	(34,476)
Total	13,310,517	7,988,421	(5,322,096)	(898,754)
 <u>Deferred tax liability</u>				
Other temporary deductible differences	0	0	0	(66,840)
Total deferred tax expense			(5,322,096)	(965,594)
 <u>Corporate social responsibility tax</u>			5,312,920	6,597,629
 <u>Total income tax expense</u>			19,626,080	12,561,616

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial statements are prepared in Seychelles Rupees

10 Taxation (cont...)

Company

Current tax	Statement of financial position		Statement of income	
	2021	2020	2021	2020
Balance due to/(from) previous year	(938,080)	(1,413,417)	0	0
Adjustment to prior year provision	(41,481)	(197,425)	(41,481)	(197,425)
Provision for the year	2,600,000	2,800,000	2,600,000	2,800,000
Provisionally paid for current year	(158,519)	(2,127,238)	0	0
Total	1,461,920	(938,080)	2,558,519	2,602,575
Deferred tax asset				
Employee compensation obligation	713,138	622,100	(91,038)	(144,138)
Deferred due to accelerated tax depreciation	5,673,271	4,939,540	(733,731)	(215,707)
Other temporary deductible differences	4,220,562	60,023	(4,160,539)	(22,526)
Total	10,606,971	5,621,663	(4,985,308)	(382,371)
Deferred tax liability				
Other temporary deductible differences	0	0	0	0
Total deferred tax expense			(4,985,308)	(382,371)
Corporate social responsibility tax			2,194,096	3,033,491
Total income tax expense			(232,693)	5,253,695

11 Authorised and issued capital

	2021	2020
Authorised and issued and fully paid 213,309 shares of SCR 100 each	21,330,924	21,330,924

12 Property, plant and equipment

Group

	Buildings & utilities	Aircraft	Machinery & fittings	Vehicles, boats & trailers	Total
Cost					
At 1 April 2020	236,179,592	50,763,975	135,655,196	26,332,753	448,931,516
Additions	25,543,273	61,475,626	31,334,842	282,759	118,636,500
Disposal	(721,486)	0	(8,783,423)	(2,687,857)	(12,192,766)
Classified as non-current assets held for sale	(7,944,263)	0	0	0	(7,944,263)
At 31 March 2021	253,057,116	112,239,601	158,206,615	23,927,655	547,430,987
Accumulated depreciation and impairment					
At 1 April 2020	120,300,312	14,687,365	75,950,227	22,555,800	233,493,704
Annual depreciation	7,336,637	3,747,852	18,432,817	1,448,019	30,965,325
Disposals	(691,542)	0	(6,872,804)	(2,485,237)	(10,049,583)
Classified as non-current assets held for sale	(5,098,856)	0	0	0	(5,098,856)
At 31 March 2021	121,846,551	18,435,217	87,510,240	21,518,582	249,310,590
Carrying amount					
At 1 April 2020	115,879,280	36,076,610	59,704,969	3,776,953	215,437,812
At 31 March 2021	131,210,565	93,804,384	70,696,375	2,409,073	298,120,396

Company

	Buildings & utilities	Aircraft	Machinery & fittings	Vehicles, boats & trailers	Total
Cost					
At 1 April 2020	221,079,783	50,763,975	112,055,968	19,209,393	403,109,119
Additions	25,543,273	61,475,626	29,709,729	282,759	117,011,387
Disposal	(721,486)	0	(8,783,423)	(2,687,857)	(12,192,766)
Classified as non-current assets held for sale	(7,944,263)	0	0	0	(7,944,263)
At 31 March 2021	237,957,307	112,239,601	132,982,274	16,804,295	499,983,477

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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18 Borrowings (cont ...)

Currency profile

	2021	2020	2021	2020
US \$	164,089,724	54,091,101	157,301,434	52,570,572
Seychelles R	87,309,147	169,491,348	21,237,603	6,311,292
Total	251,398,871	223,582,449	178,539,037	58,881,864

Finance cost profile

	2021	2020	2021	2020
Lending rate @ 5.77 % (2020 - 4.88%)	40,033,128	23,792,811	33,244,838	22,272,282
Lending rate @ 6.77 % (2020 - 5.88%)	30,433,050	30,298,290	30,433,050	30,298,290
Lending rate @ 10.5 % (2020 - 11%)	72,479,401	143,636,892	6,407,857	6,311,292
Lending rate @ 4.27%	21,630,000	0	21,630,000	0
Lending rate @ 5.85%	60,564,000	0	60,564,000	0
Lending rate @ 5.95%	11,429,292	0	11,429,292	0
Lending rate @ 8.4%	330,000	0	330,000	0
Interest free	14,500,000	0	14,500,000	0
Lending rate @ 10.5%	0	25,854,456	0	0
Total	251,398,871	223,582,449	178,539,037	58,881,864

Security provided

The borrowings are secured by:

- First and third line floating charges over company's assets to secure SCR 7m and USD 2m.
- Mortgage of aircrafts to secure US\$ 3m with insurance policy assigned to lender.
- General floating charge on company's assets for USD 480,000.
- Assignment of building insurance policy for SCR 34.2m.
- First and second line charge on property (H13425)

19 Trade and other payables

	Consolidated		Company	
	2021	2020	2021	2020
Trade payables	34,467,817	41,225,879	34,467,817	41,225,879
Construction creditors	48,817,011	22,086,644	0	0
Salaries payable - construction workers	14,013,679	9,217,896	14,013,679	9,217,896
Advances on contracts	3,099,108	3,174,303	0	0
Deferred revenue and deposits	6,007,398	781,036	6,007,398	781,036
Deposits received for purchase of condominiums	1,026,102	18,303,192	0	0
Dividend payable	20,000,000	0	20,000,000	0
Due to related parties	0	0	8,844,526	17,641,647
Statutory payables	39,284,349	34,486,348	8,918,574	5,977,804
Other accruals	25,862,144	10,271,248	3,500,614	1,934,415
Total	192,577,608	139,546,546	95,752,608	76,778,677

20 Lending (group)

Project constructed and converted to lending under a financial lease is as follows:

Anticipated duration of lease remaining	34 months
Commencement date	Dec, 2015
Monthly rental (subject to change in loan interest rates)	1,795,203
Implicit interest rate for 2020/2021 - 1 April 2020 to 1 August 2021	9.50%
- 1 September 2020 to 31 March 2021	8.50%
Initial gross investment in lease - SCR	155,499,108
Fair value of lease on commencement date - SCR	111,569,183
Unearned finance income at 31 March 2021 - SCR	7,182,712

Receivable from

	2021	2020
Ministry of land use	54,858,446	70,760,095

Repayment

	2021	2020
Repayable within 1 year	17,552,846	15,563,203
Repayable later than 1 year and no later than 5 years	37,305,600	55,196,892
Total	54,858,446	70,760,095

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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20 Lending (group) (cont...)

The lending is subject to interest which mirrors the rate on borrowings. (1 April to 30 September 2020 - 9.5%; 1 October 2020 to 31 March 2021 - 8.5%).

As security for lending the group holds leasehold rights over land where project is situate, to be 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.

Sale of goods; services and expenses recovered

	Consolidated		Company	
	2021	2020	2021	2021
To subsidiaries and associated companies	16,153,458	28,532,677	154,655,513	21,475,858
Purchase of services	2021	2020	2021	2020
From subsidiaries and associated company	11,442,375	4,938,037	101,549,352	11,123,286
Loan to subsidiary			2021	2020
Loan to subsidiary			21,000,000	0

There are no specific terms of repayment of the loan to subsidiary company, which is free of interest.

Year end balances

	Consolidated		Company	
	2021	2020	2021	2020
Due to subsidiary - (non current)	0	0	8,844,526	17,641,647
Due from associated company - (non current)	22,872,883	22,854,468	22,872,883	22,854,468

Parent company directors emoluments, pensions or compensation

	Salary for Management		Fees, Pensions & Others	
	2021	2020	2021	2020
Mr. G. M. Savy	1,260,000	1,487,131	1,260,000	1,487,131
Mr. P. Lablache	78,880	108,480	42,400	72,000
Mrs. S. Francis	78,880	108,480	42,400	72,000
Ms. A. Antat	78,880	108,480	42,400	72,000
Mr. P. Berlouis	116,320	150,720	61,600	96,000
Mr. W. Confait	78,880	108,480	42,400	72,000
Mrs. A. Lebon	78,880	108,480	42,400	72,000
Mr. C. Lionnet (Appointed: 15.02.20)	840,000	389,667	840,000	389,667
Mr. D. Matatiken	78,880	10,763	42,400	6,000
Mr. A. Decomarmond (Resigned: 15.02.20)	0	99,440	0	66,000
Total	2,689,600	2,680,121	2,416,000	2,404,798

22 Commitments

Cosmoledo airstrip

The company is to build a grass runway on Cosmoledo island at an estimated cost of SCR 3.5m and completed the project in May 2021. The financing of the runway is from the company's own resources.

IT upgrade

The company has, up to the reporting date, spent SCR 1.05m towards upgrading its IT systems. The project is anticipated to be completed in January 2022 at a cost of US\$ 250,000.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Financial statements are prepared in Seychelles Rupees

22 Commitments (cont...)

New offices at Ile du Port

The company is to relocate to its new head office by June 2022. The total project cost is estimated at SCR 50m and is being financed through bank loans.

Coetivy agricultural development and aqua culture

The company has been mandated by the government to further diversify its activities to support food security and develop the fisheries sector through aqua culture. The company anticipates to spend US\$ 1m to rehabilitate existing infrastructures on Coetivy for farming of prawns for the local market.

Landing craft

The company is to acquire a 30 meter landing craft at an estimated cost of US\$ 1.5m and is to be financed through a bank loan.

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\$
Receivable no later than 1 year	735,890
Receivable later than 1 year and no later than 5 years	2,943,560
Receivable later than 5 years	32,365,560
	36,045,010

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	357,600
Payable later than 1 year and no later than 5 years	715,200
	1,072,800

23 Contingencies

Application of taxation for asset disposed under finance lease

The group awaits 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.

Other

The directors are not aware of any other outstanding contingent liabilities at 31 March 2021.

24 Events after the balance sheet date

As of signing the financial statement, the Seychelles rupee stood at:

Currency	Exchange rate at		Changes in percentage (SCR)
	31 May 2021	31 March 2021	
US\$/SCR	16.60	21.02	21%
EURO/SCR	20.23	24.64	18%

The exact impact of the above in the financial statements for the next reporting period cannot be predicted.