

SEYCHELLES FISHING AUTHORITY

**Directors' Report & Audited Financial Statements
for the year ended December 31, 2021**

SEYCHELLES FISHING AUTHORITY

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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CORPORATE INFORMATION

- DIRECTORS** : Radley Weber (Chairperson)
Roy Clarisse
Eugene Vidot
Aubrey Harris
Beatty Hoarau
Marc Gonthier
Joseph Tirant
Audrina Dine
Franky Laporte
- CHIEF EXECUTIVE OFFICER** : Nichol John Elizabeth
- SECRETARY** : Ms. Nan Constant
- REGISTERED OFFICE** : P.O. Box 449,
Fishing Port,
Mahé, Seychelles
- PRINCIPAL PLACE OF BUSINESS** : Fishing Port,
Mahé, Seychelles
- AUDITOR** : Baker Tilly
Chartered Accountants
Seychelles
- BANKERS** : Seychelles International Mercantile Banking Corporation Limited

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of Seychelles Fishing Authority ("the Authority") for the year ended December 31, 2021.

PRINCIPAL ACTIVITIES

The Authority is a parastatal organization which functions as the executive arm of the Government of Seychelles for fisheries and related matters. There has been no significant change in the nature of these activities during the financial year under review.

RESULTS

	<u>2021</u>	<u>2020</u>
	SR	SR
Surplus for the year	<u>121,748,581</u>	<u>137,304,800</u>

DIVIDENDS

An Interim dividend of SR. 75 million was declared and paid during the year (2020: SR. 50 million). The Directors did not propose any final dividend for the financial year under review (2020: SR. nil).

PROPERTY, PLANT AND EQUIPMENT

Additions of SR. 27,338,859 to property, plant and equipment during the year comprised buildings, office and research equipment, motor vehicles and ice plants (2020: SR. 28,363,301). Disposal comprised of a truck carried at Nil book value.

Property, plant and equipment are stated at cost less accumulated depreciation. Due to certain discrepancies inherited from the prior years, the Authority has engaged a professional firm to carry out a physical count of property, plant and equipment including an impairment exercise to enable the Authority to adjust the carrying amount of property, plant and equipment currently in the books to approximate its fair value. Until the completion of this assignment, Current Directors are not in a position to confirm whether the carrying amount of property, plant and equipment at the balance sheet date approximates its fair value. The said assignment is expected to be completed by the next financial year.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Authority appointed by the President of Seychelles since the date of the last report and the date of this report are as stated in the corporate information.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors is responsible for policy, control and the overall management of the affairs of the Authority including the operations of the Authority and making investment decisions.

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with requirements of the Seychelles Fishing Authority (Establishment) Act, 1984, Public Finance Management Act 2012 and the Public Enterprise Monitoring Commission ('PEMC') Act, 2013.

DIRECTORS' REPORT *Continued***STATEMENT OF DIRECTORS' RESPONSIBILITIES** *Continued*

The PEMC Act, 2013 requires the Authority to state whether its financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The Board of Directors recognizes the lapses in the management and of the financial affairs of SFA during the year under review, attributed to changes in key personnel. Consequently, the financial statements have been prepared in accordance with Generally Accepted Accounting Standards in Seychelles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that fall within the accounting policies adopted by the Authority; and making accounting estimates that are reasonable in the circumstances. The Board of Directors has the general responsibility of safeguarding the assets, both owned by the Authority and those that are held in trust and used by the Authority.

As fully stated on Page 2 of the Directors' Report, the Board of Directors undertakes to explore appropriate structural improvement options within the Finance Department. This will also include recruitment and training for key financial personnel, to further improve the financial reporting standards of the Authority so as to meet the financial requirements of the PEMC Act 2013. The Board recognizes that these procedures will take time to achieve the required objectives and proposes a time scale of 2 years to completion.

EVENTS AFTER REPORTING DATE

Following the Board resolution dated 12th March 2022, a number of Treasury balances totaling SR. 2,582,749.90 in the books of SFA were written off and the adjustments were reflected in the audited accounts for the year 2020. However, the Board also resolved to seek reimbursement of these funds from Treasury as these funds were meant for projects. A total of SR 440,457.92 was reimbursed and these would be reflected in the 2022 accounts.

INTERNAL AUDITOR

In accordance with the PEMC Act, 2013, an Internal Auditor had been appointed. The internal audit function operates unimpeded and independently from operational management, appraises, evaluates and when necessary, recommends improvements to the systems of internal control. The Internal Auditor forms part of the Internal Audit Committee which is chaired by a Board member.

PRIOR YEAR ADJUSTMENT

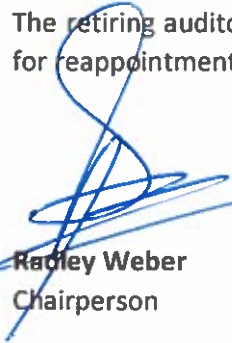
The Authority has been carrying forward certain old balances for the last few years which were not fully reconciled. During the financial year under review reconciliation that were completed comprised: Credits held for future projects, Rental deposits, Sundry Debtors, IRP, IRD and Observers. All past errors were corrected by restating each of the affected financial statement line items for the prior periods in terms of changes in accounting policies, changes in accounting estimates, and errors without affecting current year surplus.

The change did not have an impact on the statement of profit or loss for the financial year under review or the Authority's operating, investing and financing cash flows.

DIRECTORS' REPORT *Continued*

AUDITORS

The retiring auditor Messrs. Baker Tilly, Chartered Accountants, Seychelles being eligible offer themselves for reappointment.



Radley Weber
Chairperson



Roy Clarisse
Director



Eugene Yidot
Director



Aubrey Harris
Chairperson



Beatty Hoarau
Director



Marc Gonthier
Director



Joseph Tirant
Director



Audrina Dine
Director



Franky Laporte
Director

Dated: November 25, 2022
Victoria, Seychelles

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INDEPENDENT AUDITOR'S REPORT SEYCHELLES FISHING AUTHORITY

This report is made solely to the members of Seychelles Fishing Authority, "the Authority", as a body, in terms of our engagement to conduct the audit on their behalf. Our audit work has been undertaken so that we might state to the members those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Seychelles Fishing Authority set out on pages 6 to 32, which comprise the statement of financial position as at December 31, 2021, the statements of profit or loss, cash flows and changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and express an independent opinion on these financial statements.

In our opinion, except for the financial effect, if any, as might have been determined to be necessary in respect of matters discussed in the Basis for Qualified Opinion paragraph, the financial statements set out on pages 6 to 32 give a true and fair view of the financial position of the Company at December 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with requirements of the Seychelles Fishing Authority (Establishment) Act, 1984 and Generally Accepted Accounting Standards in Seychelles.

Basis for Qualified Opinion

(i) Property, Plant and Equipment

Asset Register is still incomplete, and the following discrepancies were noted:

- (i) Cost and depreciation reported in the asset listing maintained by the Authority contain certain fully depreciated assets that date back to the year 1998 which may no longer be in use.
- (ii) No adjustments were made for impairment of assets held by the Authority.
- (iii) Depreciation charged on assets acquired from Grants are not matched with transfers of amortisation to Deferred Grants to nullify the impact on the Statement of profit or loss each year.

Due to the aforesaid discrepancies brought forward from prior years, an accurate up-to-date fixed assets register is not available. Therefore, we cannot conclude on whether the balance of Property, Plant and Equipment reported in these financial statements is free from material misstatements.

INDEPENDENT AUDITOR'S REPORT
SEYCHELLES FISHING AUTHORITY *Continued*

Basis for Qualified Opinion *Continued*

(ii) **Capital work in progress**

Detailed breakdown of the individual assets generated from Capital work in progress was not available for our verification.

(iii) **Trade and other receivables**

Trade receivables include amounts long outstanding due to delay in preparation of invoices by the Authority resulting in substantial overdue balances. Furthermore, provision for credit impairment was not made in the books of the Authority from year to year resulting in substantial provision required to be made during the financial year under review. This also demonstrates that the Authority does not have effective policies and procedures with respect to credit for impairment to fall in line with IFRS 9 in the future.

An amount of SR. 30,071 included in other receivables brought forward from the year 2019 are overdue and the Management is of the opinion that they are fully recoverable. Due to non-availability of adequate information, we could not extend normal audit checks nor alternate audit procedure to satisfy ourselves with respect to its recoverability at the balance sheet date.

(iv) **Deferred Grants**

Deferred grants represent unamortised balance of Property, Plant and Equipment acquired by the Authority through various Grants. The Authority does not have up to date Deferred Grant schedule corresponding to the net book value of Property, Plant and Equipment acquired through Grants to demonstrate that depreciation charge of assets acquired from Grants is matched with the amount credited to the Statement of profit or loss resulting nil impact on the results for each financial year.

(v) **Fisheries facilities development - Fuel expenses**

In the absence of adequate internal controls, we carried out an analytical review of purchase, sale, claims paid considering the opening and closing stock of fuel and found that there is no significant difference in recording sale and purchase of fuel.

INDEPENDENT AUDITOR'S REPORT
SEYCHELLES FISHING AUTHORITY *Continued***Basis for Qualified Opinion** *Continued***(vi) Value Added Tax ('VAT')**

The Authority is registered for VAT effective October 1, 2020. The Authority did not segregate VAT output at the time of revenue recording but calculated at the end of the financial year. Similarly, VAT input allowable is not separated from expenses at the time of recording individual transactions and net VAT payable was not transferred to VAT payable at the end of each month on a cash basis. This procedure could result in non-compliance of VAT regulations and their payment due dates that could be picked up during future SRC audit. We could not determine the amount of non-compliance, if any, due to their recording in bulk at the end of the financial year.

(vii) Business Tax

The Seychelles Revenue Commission vide their email dated February 21, 2022 provided the Authority a list of revenues that would attract Business Tax effective the financial year ended December 31, 2019. As per the guidelines of the Authority, certain revenues net of allowable expenses of the Authority are taxable effective the financial year 2019. Since the Authority had already completed and released the financial statements for the year 2019 and were ready to release the financial statements for the year 2020, the estimated provision was made in the financial statements for the year 2020 to cover for Business Tax payable for the year 2019 and 2020 including Corporate Social Responsibility and estimated penalties was substantially higher and the same was reversed in the year 2021. In the absence of clear and explicit regulations with respect to taxable incomes stated in the Business Tax Act, 2009 (as amended), we relied on the guidance obtained by the Authority from the Revenue Authorities.

(viii) Depreciation charge of SR. 23,566,293 and amortisation from deferred grants of SR. 11,365,784

We noted that the current policies with respect to rates of depreciation charge and amortisation rate applied for their transfer to Deferred Grants is not consistent resulting in a mismatch between net book value of property, plant and equipment acquired from Grants and debits to Deferred Grants.

(ix) Salaries

The regulations of the Income and Monetary Benefits Tax Act, 2010, specifically provide that all allowances paid in cash are subject to deduction of Income Tax at the rate applicable on a progressive income basis. We have noted that the Authority did not deduct Income Tax on certain allowances paid during the year. An estimated provision has been made on certain allowances and the Authority is obtaining clarifications with respect to certain allowances. Actual amount of Income tax payable will differ from the estimated provision due to the nature of progressive income tax application. No provision is made for penalties, if any, that may be imposed by the Revenue Authorities at a later date for non-compliance.

INDEPENDENT AUDITOR'S REPORT
SEYCHELLES FISHING AUTHORITY *Continued***Basis for Qualified Opinion** *Continued***(x) Prior Year Adjustment**

The Authority has been carrying forward certain old balances for the last few years which were not fully reconciled, during the financial year under review reconciliation were completed with respect to Credits held for future projects, Rental deposits, Sundry Debtors, IRP, IRD and Observers. Differences arising from the reconciliation were corrected by restating each of the affected financial statement line items for the prior periods in terms of changes in accounting policies, changes in accounting estimates, and errors without affecting current year surplus. This is the result of inadequate internal controls that existed in the system.

(xi) Policies and procedures

The Authority formulated policies and procedure in certain areas but those were not approved by the Board during the financial year under review. We test checked incomes, operating and other expenses and work in progress with their authorisations that were formulated in line with those policies and procedures. However, in the absence of approved policies and procedures, we had to rely on their authorisation by the management on the dates of those expenses.

(xii) Control environment

In the absence of approved internal control policies with respect to recording work in progress and their capitalisation, recognising revenue and approval for expenses, the Authority's system of internal control is dependent upon the close involvement of the Directors who take financial, management and other decisions from time to time that do not necessarily provide us a complete audit trail. We therefore had to rely upon specific and general representations from Directors where sufficient appropriate audit evidence in respect of certain financial areas could not be reasonably obtained.

We conducted our audit in accordance with Generally Accepted Accounting Standards in Seychelles. 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 Authority 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.

INDEPENDENT AUDITOR'S REPORT
SEYCHELLES FISHING AUTHORITY *Continued*

Responsibilities of the Directors and those charged with governance for the Financial Statements

As fully stated on pages 2 and 3 of the Directors' Report, the Board of Directors is responsible for keeping proper accounting records and for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Seychelles Fishing Authority (Establishment) Act, 1984, Public Finance Management Act 2012 and the Public Enterprise Monitoring Commission ('PEMC') Act, 2013 and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and ensure that the financial statements give a true and fair view of the Authority's affairs. In preparing the financial statements, the Board is also responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

Other information

Management is responsible for the other information.

The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

INDEPENDENT AUDITOR'S REPORT
SEYCHELLES FISHING AUTHORITY *Continued***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 the 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 Authority's internal controls;
- 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 Authority'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 Authority to cease to continue as a going concern; and
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management, 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.

INDEPENDENT AUDITOR'S REPORT
SEYCHELLES FISHING AUTHORITY *Continued*


Report on Other Legal Regulatory Requirements

Public Enterprise Monitoring Commission Act, 2013

We have no relationship with, or interests, in the Authority other than in our capacity as auditors, tax and business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

Except for the matters discussed in the Basis for Qualified opinion set out on pages 5 to 5 (c) of this audit report, in our opinion, proper accounting records have been kept by the Authority as far as it appears from our examination of those records.


BAKER TILLY
Chartered Accountants



Dated: November 25, 2022
Victoria, Seychelles

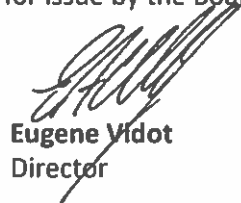
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	Notes	2021 SR	Restated 2020 SR
ASSETS			
Non-current assets:			
Property, plant and equipment	5	268,661,170	264,888,604
Capital work in progress	6	13,818,511	2,614,492
Investments	7	54,986	54,986
Fisheries Development Fund	8	57,660,637	56,035,664
		<u>340,195,304</u>	<u>323,593,746</u>
Current assets:			
Inventories	9	1,056,331	537,234
Trade and other receivables	10	26,111,473	58,298,815
Cash and cash equivalents	11	240,324,364	195,332,987
		<u>267,492,168</u>	<u>254,169,036</u>
Total assets		<u><u>607,687,472</u></u>	<u><u>577,762,782</u></u>
EQUITY AND LIABILITIES			
Equity and reserves			
Assigned capital	12	1,122,800	1,122,800
Retained surplus		173,236,106	126,487,525
Total equity		<u>174,358,906</u>	<u>127,610,325</u>
Non-current liabilities:			
Deferred grants	13	240,529,474	232,643,149
Credits held for future projects	14	56,815,694	68,509,178
Funds held under Fisheries Development Fund	8	57,660,637	56,035,664
Employee benefit obligations provision	15	11,628,168	11,888,039
		<u>366,633,973</u>	<u>369,076,030</u>
Current liabilities:			
Other payables and accruals	16	65,418,509	57,076,427
Tax provision	17	1,276,084	24,000,000
		<u>66,694,593</u>	<u>81,076,427</u>
Total liabilities		<u>433,328,566</u>	<u>450,152,457</u>
Total equity and liabilities		<u><u>607,687,472</u></u>	<u><u>577,762,782</u></u>

These financial statements were approved for issue by the Board of Directors on November 25, 2022


Radley Weber
Chairperson


Roy Clarisse
Director


Eugene Vidot
Director


Aubrey Harris
Director


Beatty Hoarau
Director


Marc Gonthier
Director


Joseph Tirant
Director


Audrina Dine
Director


Franky Laporte
Director

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2021

	Notes	2021 SR	Restated 2020 SR
Revenue	18	267,142,747	263,829,583
Other income	19	14,808,839	2,192,315
Grant utilised		38,876,262	43,034,797
		320,827,848	309,056,695
Employee costs	20	(68,928,951)	(61,712,267)
Operating and other expenses	21	(41,536,545)	(27,181,229)
Research and development costs	22	(5,146,066)	(15,716,795)
Monitoring control, surveillance, and enforcement costs	23	(9,465,376)	(10,363,942)
Fisheries facilities development	24	(67,649,320)	(66,826,709)
Foreign exchange gain/(loss)		(16,876,416)	25,126,995
Surplus before depreciation and amortisation		111,225,174	152,382,748
Amortisation of deferred grants	13	11,365,784	11,841,205
Depreciation	5	(23,566,293)	(12,974,613)
Surplus before taxation		99,024,665	151,249,340
Tax expense		22,723,916	(24,000,000)
Surplus for the year - <i>As previously stated</i>		121,748,581	127,249,340
Prior year adjustment	27	-	10,055,460
Surplus for the year - <i>As Restated</i>		121,748,581	137,304,800

The notes on pages 10 to 32 form an integral part of these financial statements
Independent Auditor's report on pages 5 to 5 (f)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021

	Assigned capital	Retained surplus	Total
	SR	SR	SR
Balance at January 1, 2021 - As Restated	1,122,800	126,487,525	127,610,325
Surplus for the year	-	121,748,581	121,748,581
Dividends	-	(75,000,000)	(75,000,000)
Balance at December 31, 2021	<u>1,122,800</u>	<u>173,236,106</u>	<u>174,358,906</u>
Balance at January 1, 2020 - As previously stated	1,122,800	39,182,725	40,305,525
Prior year adjustment	-	10,055,460	10,055,460
Balance at January 1, 2020 - As restated	<u>1,122,800</u>	<u>49,238,185</u>	<u>50,360,985</u>
Surplus for the year	-	127,249,340	127,249,340
Dividends	-	(50,000,000)	(50,000,000)
Balance at December 31, 2020 - As restated	<u>1,122,800</u>	<u>126,487,525</u>	<u>127,610,325</u>

The notes on pages 10 to 32 form an integral part of these financial statements
Independent Auditor's report on pages 5 to 5 (f)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

	Notes	2021 SR	Restated 2020 SR
OPERATING ACTIVITIES			
Surplus for the year		99,024,665	151,249,340
Adjustments for:			
Prior year adjustment	27	-	10,055,460
Depreciation of property, plant and equipment	5	23,566,293	12,974,613
Amortisation		(11,365,784)	(11,841,205)
Movement in credit impairment provision	10	8,338,219	17,508
Movement in employee benefit obligations provision	15	2,455,134	2,883,266
Operating profit before working capital changes		<u>122,018,527</u>	<u>165,338,982</u>
<i>Changes in working capital:</i>			
Inventories	9	(519,097)	(363,397)
Trade and other receivables	10	23,849,123	(29,842,230)
Other payables and accruals	16	8,342,082	14,014,563
Net cash inflow from operating activities		<u>153,690,635</u>	<u>149,147,918</u>
INVESTING ACTIVITIES			
Additions to property, plant and equipment	5	(27,338,859)	(28,363,301)
Movements in capital work in progress	6	(11,204,019)	22,817,385
Net cash outflow from investing activities		<u>(38,542,878)</u>	<u>(5,545,916)</u>
FINANCING ACTIVITIES			
Grants received	13	19,252,109	6,456,107
Derecognition of Ile du port from capital work in progress	6	-	(25,952,446)
Movement in credits held for future projects	14	(11,693,484)	19,279,514
Employee benefits paid during the year	15	(2,715,005)	(837,273)
Dividends paid		(75,000,000)	(50,000,000)
Net cash outflow from financing activities		<u>(70,156,380)</u>	<u>(51,054,098)</u>
Net change in cash and cash equivalents		<u>44,991,377</u>	<u>92,547,904</u>
Movements in cash and cash equivalents:			
At January 1,		195,332,987	102,785,083
Increase		44,991,377	92,547,904
At December 31,	11	<u>240,324,363</u>	<u>195,332,987</u>

The notes on pages 10 to 32 form an integral part of these financial statements
Independent Auditor's report on pages 5 to 5 (f)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

1. GENERAL INFORMATION

Seychelles Fishing Authority is incorporated by statute (Seychelles Fishing Authority (Establishment) Act, 1984) with the aim of developing the industry to its fullest potential and to safeguard the resource base for sustainable development.

These financial statements will be submitted for consideration and approval at the forthcoming Annual General Meeting of Board of Directors of the Authority.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

A summary of the significant accounting policies, which have been applied consistently, are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Authority have been prepared in accordance with requirements of the Seychelles Fishing Authority (Establishment) Act, 1984 and Generally Accepted Accounting Standards in Seychelles.

(a) Accounting convention

The financial statements of the Authority have been prepared in accordance with Generally Accepted Accounting Standards in Seychelles and comply with the requirements of the Seychelles Fishing Authority (Establishment) Act, 1984, Public Financial Management Act, 2012 and Public Finance Management Regulations 2014. The PEMC Act 2013 requires that every public enterprise should prepare its financial statements in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Standards Interpretations Committee (the "Committee"). The Board of Directors recognizes the lapses in the management of the financial affairs of SFA during the year under review, attributed to changes in key personnel. Consequently, the financial statements have been prepared in accordance with Generally Accepted Accounting Standards in Seychelles.

The Board of Directors undertakes to explore appropriate structural improvement options within the Finance Department. This will also include recruitment and training for key financial personnel, to further improve the financial reporting standards of the Authority so as to meet the financial requirements of the PEMC Act 2013. The Board recognizes that these procedures will take time to achieve the required objectives and proposes a time scale of 2 years to completion.

(b) Reporting and functional currency

The reporting and functional currency of the Authority is Seychelles Rupee ("SR"), as most of the transactions are incurred in Seychelles Rupees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

(c) Off balance sheet transactions and activities

From time to time, transactions, which are not related to the operations of the Authority are undertaken as a proxy of the Seychelles Government. The management confirm no such transactions were undertaken during 2021 (2020: nil).

2.2 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value recognised at the date of acquisition. Initial cost of property, plant and equipment comprises its purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Such cost also includes the cost of replacing components of the property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost can be reliably measured.

Properties in the course of construction for operation purposes are carried at cost less any recognised impairment loss. Cost includes professional fees for qualifying assets and capitalised only if the project is viable and the Authority would pursue it further. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Costs incurred for major maintenance are recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are charged to the statement of profit or loss.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual values over their expected useful lives as follows:

Leasehold buildings	50 years
Furniture and office equipment	3 to 10 years
Motor vehicles	4 years
Computer equipment	5 years
Ice plant	10 years
Boats	10 years

An item of property, plant and equipment and any significant part that was initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or following disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***2.3 Investments**

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

2.4 Inventories

Inventories comprising fuel and equipment, are stated at the lower of cost (determined on a first in first out basis) and net realisable value. Net realisable value is the estimated selling price in ordinary course of business and applicable variable selling expenses. Net realisable value is determined after review of individual items of inventories by management for any required impairment. Marine chandlery received as part of foreign aid are stated at values per the aid agreement.

Provisions are made for obsolete inventories based on Management's appraisal.

2.5 Grants and credit for future projects

Grants are recognized at the fair value in statement of profit or loss where there is reasonable assurance that the grant will be received, and the Authority has complied with their attached conditions. Grants received where the authority has yet to comply with the attached conditions are recognized as deferred income and released to income when all attached conditions have been complied with.

Subventions and grants are recognized in the income statement as follows:

- Grant towards acquisition of a property, plant and equipment are amortized over estimated useful lives of assets.
- Grant for recurrent expenditure is credited to revenue on an accrual basis.
- Grants from donors for development and other expenditure is offset against approved costs.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, at banks and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, against which the bank overdrafts, if any, are deducted. Overdrafts are shown within borrowings under current liabilities on the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***2.7 Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the statement of profit or loss. The carrying amount of trade and other receivables approximate their fair value.

2.8 Deferred Grants

Grants from Government, International Organisations and third parties are recognised where there is reasonable assurance that the grant will be received and on compliance with all the attached conditions thereof. Grants are classified as current and non-current based on their expected utilisation pattern.

When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, it is recognised as deferred income in the Statement of Financial Position until it is complete for intended use and then recognised in the statement of profit or loss as Grants Income.

2.9 Employee benefits obligations

Provision is made for the end of service benefits due to employees in accordance with current applicable Labour Laws for their periods of service up to the reporting date. The provision for the end of service benefits is calculated annually based on their current basic remuneration.

Defined benefit plans

A defined benefit plan is a post-employment benefit other than a defined contribution plan. The Corporation currently operates an unfunded scheme for employees' end of service benefits that follows relevant local regulations and is based on periods of cumulative service and levels of employees' final basic salaries. The liability for staff terminal benefits is determined as the liability that would arise if employment of all staff was to be terminated at reporting date. Provision for post-employment benefits with respect to long service compensation commences and recognized as soon as the employees meet the eligibility criteria specified under the Seychelles Employment Act with respect to completion of 5 years of continuous employment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***2.9 Employee benefits obligations** *Continued**Defined benefit plans* *Continued*

At the end of each reporting period, accumulated post-employment benefits are measured in line with the applicable regulations for completeness. Shortfall, if any, is provided by a charge to the statement of profit or loss. Further provision is required for past services in the year if there is an increase in basic salary since the effect of the increased salary would impact the existing provision. Provision is reversed to the statement of profit or loss when an employee defaults on the eligibility criteria at the time or before termination of his employment. The liability recognized in the statement of financial position is the present value of the defined obligation at the reporting date.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Authority pays fixed contributions to the Seychelles Pension Fund and the Authority has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss in the periods during which services are rendered by employees.

2.10 Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether claimed by the supplier or not.

Monies received in advance for goods or services to be provided subsequent to the year-end are recognised as advances from customers in current liabilities.

The carrying amounts of trade and other payables approximate their amortised cost.

2.11 Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Authority expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***2.12 Current and deferred taxation**

Business tax expense comprises current and deferred tax. Current tax is recognised in profit or loss. Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax is the amount of tax payable on certain specific incomes (net of related expenses) derived by the Authority during a financial year and certain incomes and expenses being exempt for tax purposes. Tax charge is computed based on the guidelines provided by the Revenue Authorities since the Business Tax Act, 2009 does not clearly set out regulations relating to certain activities carried out by the Authority. No provision is made in these financial statements for deferred tax.

2.13 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when the Authority has a legally enforceable right to set off the recognised amounts and the Authority intends either to settle on a net basis, or to realise the asset and liability simultaneously.

2.14 Foreign currencies

Transactions in foreign currencies are translated to Seychelles Rupees at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Seychelles Rupees at the exchange rate at that date. Foreign currency gains or losses on monetary items are the differences between the amortised cost in Seychelles Rupees at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on the translation are recognised in the statement of profit or loss.

Due to Corona Virus Pandemic, there has been substantial devaluation of Seychelles Rupees as compared to the major foreign currencies. As at year end, the main exchange rates against the Seychelles Rupees were as follows:

Currencies	Exchange rates		Changes in % ge	
	2021	2020	2021	2020
United States Dollar	14.70	21.58	31.89%	-53.05%
Euro	16.60	26.43	37.20%	-65.29%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***2.15 Contingent liabilities**

A contingent liability is disclosed when the Authority has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Authority; or when the Authority has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

2.16 Assigned Capital

The Authority received contributions from the Government of Seychelles for certain assets on inception, there have been no further subsequent movements in this balance and have been classified as Assigned Capital representing contribution other than cash from the owner of the Authority.

2.17 Revenue recognition

Revenue is recognised when the performance obligation is being satisfied. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(i) Subvention

Subvention is recognized as it accrued on monthly basis.

(ii) Rental income

Rental income is recognized on accrual basis unless collectability is in doubt.

(iii) Other income

Other income is recognized on the accrual basis. Net gains and losses on the disposal of property, plant & equipment, after deducting from proceeds on disposals, the carrying amount of the assets and related selling expenses.

(iv) Government grants

Grants that are received for compensation of expenses or losses already incurred, or for the purpose of giving immediate financial support to the Authority with no future related costs, are recognised in the statement of profit or loss in the period in which reasonable assurance is established that the entity will comply with the conditions attached to the Grant and that the Grant will be received.

Grants that compensate the Authority for expenses to be incurred are initially recognised in the statement of financial position as a deferred income. Subsequent to initial recognition, such grants are recognised in the statement of profit or loss as Grants Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

3. RISK MANAGEMENT**3.1 Financial risk management objectives and policies**

The activities of the Authority expose it to different financial risks, market risks (including currency and fair value interest risk), credit and liquidity risk. The Board of Directors have the overall responsibility for the establishment, overseeing and monitoring of the Authority's risk management framework and are assisted by the senior management. Senior management is responsible for designing, developing, and monitoring the Authority's risk management policies, which are approved by the Board of Directors.

The Authority's risk management policies are established to identify and analyse the risks faced by the Authority, focusing on the unpredictability of financial markets, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Authority's activities and its role in the Republic of Seychelles. The Authority, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The following are the Authority's exposures to each of the above risks, the Authority's objectives, policies, and processes for measuring and managing risk, and the Authority's management of capital. Further quantitative disclosures are included throughout these financial statements.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates and can arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Authority is exposed to currency risk arising from future commercial transactions and liabilities that are denominated in currencies other than the functional currency. The currencies in which these transactions are primarily denominated are Euro ("EUR") and United States Dollar ("USD"). The Authority aims to aggregate a net position for each currency. Foreign currency risk is not hedged.

(b) Credit risk

The Authority's credit risk arises when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Authority's receivables from trade and other receivables.

The Authority establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets and the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Authority's financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Authority's accounting policies, management has made the following estimates and judgments, which have the most significant effect on the amounts recognised in the financial statements:

4.1 *Government Grants*

The Authority receives contributions from the Government of Seychelles towards investments in capital projects for improvements of infrastructure and ameliorating services being offered. Significant judgment is required to determine whether these contributions are in the nature of government grants, in which case they are recognized in the statement of profit or loss systematically in accordance with the related liability or expense, or in the form of equity, in which case they are recognized in the statement of financial position as capital contributions.

4.2 *Impairment of assets*

Decline in the value of property, plant and equipment could have a significant effect on the amounts recognised in the financial statements. Management assesses the possible impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include:

- (i) Significant change in the useful life which would be expected from the passage of time or normal use.
- (ii) Evidence that the performance of the plant and equipment could have a negative impact on the operating results, hence the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

4.3 *Depreciation policies*

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Authority would currently obtain from its disposal, if the asset was already of the age, and in condition expected at the end of its useful life. The Board of Directors therefore make estimates based on historical experience and use their best judgment to assess the useful lives of assets and to forecast their expected values at the end of their expected useful lives.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS *Continued***4.4 Estimated useful lives of property, plant and equipment**

Estimated useful lives and residual values of property, plant and equipment are assigned based on the intended use of the respective assets and their economic lives. Subsequently, if there are changes in circumstances, such as technological advances or prospective utilisation of the assets concerned that could result in the actual useful lives or residual values differing from initial estimates, the estimated useful lives and residual values need to be adjusted in line with the current circumstances. The Board of Directors review the residual values and useful lives of major items of property, plant and equipment and determine necessary adjustments.

4.5 Limitation of sensitivity analysis

Sensitivity analysis demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Authority's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Authority's views of possible near-term market changes that cannot be predicted with any certainty.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings SR	Office and research equipment SR	Ice plants SR	Boats and Motor vehicles SR	Total SR
COST					
At January 1, 2020	237,045,127	57,424,996	58,347,017	19,745,831	372,562,971
Additions	9,427,202	10,864,916	5,882,517	2,188,666	28,363,301
At December 31, 2020	246,472,329	68,289,912	64,229,534	21,934,497	400,926,272
Additions	7,868,965	12,765,396	4,620,323	2,084,175	27,338,859
Disposals	-	-	-	(335,642)	(335,642)
At December 31, 2021	254,341,294	81,055,308	68,849,857	23,683,030	427,929,489
ACCUMULATED DEPRECIATION					
At January 1, 2020	33,389,989	31,500,655	39,792,237	18,380,174	123,063,055
Charge for the year	4,829,973	2,497,412	5,006,050	641,178	12,974,613
At December 31, 2020	38,219,962	33,998,067	44,798,287	19,021,352	136,037,668
Charge for the year	5,244,475	9,934,130	7,250,551	1,137,137	23,566,293
Disposals	-	-	-	(335,642)	(335,642)
At December 31, 2021	43,464,437	43,932,197	52,048,838	19,822,847	159,268,319
NET BOOK VALUE					
At December 31, 2021	<u>210,876,857</u>	<u>37,123,111</u>	<u>16,801,019</u>	<u>3,860,183</u>	<u>268,661,170</u>
At December 31, 2020	<u>208,252,367</u>	<u>34,291,845</u>	<u>19,431,247</u>	<u>2,913,145</u>	<u>264,888,604</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

6. CAPITAL WORK IN PROGRESS

	2021	2020
	SR	SR
(a) <i>Movements during the year:</i>		
At January 1,	2,614,492	25,431,877
Expenditure during the period	22,996,841	3,135,061
Capitalised during the year	(11,792,822)	-
Derecognition of Ile du port project to Deferred Grants (note (c))	-	(25,952,446)
At December 31,	<u>13,818,511</u>	<u>2,614,492</u>
(b) <i>Analysed as per project:</i>		
Aquaculture facilities	179,088	179,088
Dredging work at Glacis	587,266	-
Fisheries projects on Mahè and Praslin	8,341,131	-
Fuel depot and security kiosk	812,161	-
La Retracted development	-	1,333,792
SFA Headquarters	-	654,868
Other projects	3,898,865	446,744
	<u>13,818,511</u>	<u>2,614,492</u>
(c) In the year 2020, project cost of SR. 25,952,446 incurred for the development of Ile du Port infrastructure for the Government of Seychelles that was utilised from grants received from the European Union was derecognised to Deferred Grants as there was no asset created for the Authority from the amounts incurred (also refer Note 13 (a)).		

7. INVESTMENTS

	2021	2020
	SR	SR
<i>Financial assets at amortised cost:</i>		
<i>Ordinary shares (unquoted) in:</i>		
<i>Indian Ocean Marine Limited</i>	29,986	29,986
<i>Praslin Ocean Farm Limited</i>	25,000	25,000
	<u>54,986</u>	<u>54,986</u>

8. FISHERIES DEVELOPMENT FUND

The Fisheries Development Fund is a revolving fund, and its purpose is to finance the development of the economy of local fishing industry in Seychelles. The loan portfolio is funded by the Seychelles Fishing Authority and the loan portfolio is administered by the Development Bank of Seychelles. These loans are granted over 1 to 10 years and bear interest at rate of 3% per annum.

The Fund was audited by BDO Associates, Chartered Accountants for the financial year 2021 and the audit opinion signed on May 9, 2022 was obtained by the Fund Administrator Development Bank of Seychelles. Based on the audited financial statements of the Fund, the Authority's financial statements are adjusted to align with the draft audited financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

8. FISHERIES DEVELOPMENT FUND *Continued*

	2021	2020
	SR	SR
<i>Movements in the Fund reported under non-current assets:</i>		
Balance held with Development Bank of Seychelles	19,824,781	19,713,818
Loans and receivables (note (a))	37,724,897	36,237,993
Receivable from Development Bank of Seychelles	321,998	413,051
Payables and accruals	(210,039)	(315,998)
EU retention fee payable	(1,000)	(13,200)
	<u>57,660,637</u>	<u>56,035,664</u>
<i>Analysed as under:</i>		
Funds under management	66,213,891	66,213,891
Revenue deficit (note (d))	(8,553,254)	(10,178,227)
	<u>57,660,637</u>	<u>56,035,664</u>
(a) Loans and receivables		
	2021	2020
	SR	SR
Gross loans and receivables	55,365,965	54,337,223
Less: interest in suspense	(3,401,842)	(3,587,778)
Less: provision for credit impairment (note (b))	(14,239,226)	(14,511,452)
	<u>37,724,897</u>	<u>36,237,993</u>
(b) Provision for credit impairment		
	2021	2020
	SR	SR
At January 1,	(14,511,452)	(11,640,780)
Reversal of/(Provision for) credit impairment	272,226	(2,870,672)
At December 31,	<u>(14,239,226)</u>	<u>(14,511,452)</u>
(c) Prior adjustment - Year 2020		
In the year 2020, the Authority rectified the mismatch between the liability reported as 'Fisheries Development Fund' and the contra asset 'Funds held under Fisheries Development Fund' in the balance up to the financial year 2019 by adjusting the difference to the year 2019 as a prior year adjustment since the movements to this account were not adjusted in financial statements of the Authority for more than 3 years.		
	<i>As previously stated</i>	<i>As restated</i>
	SR	SR
Fisheries Development Fund - Liability	69,403,864	59,010,674
Funds held under Fisheries Development Fund - Asset	(57,690,464)	(59,010,674)
Difference charged to the retained earnings for the year 2019	<u>11,713,400</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

8. FISHERIES DEVELOPMENT FUND *Continued*

(d) Movements in fund

	2021	2020
	SR	SR
Income		
Interest income	1,962,230	470,639
Application fees received	11,500	3,000
	<u>1,973,730</u>	<u>473,639</u>
Expenses		
Management fees	(592,098)	(549,227)
Audit fees	(28,750)	(28,750)
Bank charges	(135)	-
Reversal/(Charge) for credit impairment	272,226	(2,870,672)
	<u>(348,757)</u>	<u>(3,448,649)</u>
Profit/(loss) of the year	1,624,973	(2,975,010)
Revenue deficit brought forward	(10,178,227)	(7,203,217)
Revenue deficit carried forward	<u>(8,553,254)</u>	<u>(10,178,227)</u>

9. INVENTORIES

	2021	2020
	SR	SR
<i>At cost:</i>		
Fuel	467,613	537,234
Stationery	588,718	-
	<u>1,056,331</u>	<u>537,234</u>

10. TRADE AND OTHER RECEIVABLES

	2021	2020
	SR	SR
Gross trade receivables	26,143,397	52,908,249
Less: provision for credit impairment (note (a))	(9,204,207)	(865,988)
Net trade receivables	16,939,190	52,042,261
Prepayments	2,048,562	-
Due from Government of Seychelles	1,944,387	1,944,387
Other receivables	5,179,334	4,312,167
	<u>26,111,473</u>	<u>58,298,815</u>

(a) As at December 31, 2021, trade receivables other than those for which provision for credit impairment was made in these financial statements were not fully impaired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

10. TRADE AND OTHER RECEIVABLES *Continued*

(b) The aged analysis of these trade receivables is as follows:

	<u>2021</u>	<u>2020</u>
	SR	SR
Due within one year	19,407,971	43,953,925
Due beyond one year but less than 2 years	2,422,416	4,297,863
Due beyond two years but less than 5 years	3,494,317	3,838,169
Due beyond 5 years	818,692	818,292
	<u>26,143,396</u>	<u>52,908,249</u>
<i>Movements in provision for credit impairment:</i>		
At January 1,	(865,988)	(848,480)
Increase in provision for credit impairment	(8,338,219)	(17,508)
At December 31,	<u>(9,204,207)</u>	<u>(865,988)</u>

(c) The Company does not hold any collateral as security.

11. CASH AND CASH EQUIVALENTS

	<u>2021</u>	<u>2020</u>
	SR	SR
Cash on hand	65,350	708,629
Bank balances	183,630,328	126,115,180
Bank balances with CBS	56,628,686	70,381,942
<i>As previously stated</i>	<u>240,324,364</u>	<u>197,205,751</u>
Prior year adjustment (note 27)	-	(1,872,764)
<i>As restated</i>	<u>240,324,364</u>	<u>195,332,987</u>

Certain trading and operating account balances held with the Treasury Department totaling to SR. 1,872,764 (2020: SR. 2,582,749.90) were written off during the year. This was based on the confirmation from Treasury Department dated February 18, 2022 that stated that those balances were written off in their books since the Authority became financially autonomous body from December 31, 2019 from its budget dependent status earlier.

12. ASSIGNED CAPITAL

	<u>2021</u>	<u>2020</u>
	SR	SR
Assets from government on inception	<u>1,122,800</u>	<u>1,122,800</u>

The Authority received contributions from the Government of Seychelles for certain assets at its inception to which there were no further movements to this which was classified as Assigned Capital representing contribution other than cash from the owner of the Authority.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

13. DEFERRED GRANTS

	2021	2020
	SR	SR
<i>Deferred Grants for Property, plant and equipment</i>		
At the beginning of the year	232,643,149	263,980,693
Received from other projects	-	389,841
Received from European Union	19,252,109	6,066,266
	<u>251,895,258</u>	<u>270,436,800</u>
Less: Amortisation for the year	(11,365,784)	(11,841,205)
Derecognition of Ile du port infrastructure for Government (note a)	-	(25,952,446)
	<u>240,529,474</u>	<u>232,643,149</u>
<i>Analysed as:</i>		
European Union	140,530,801	127,029,896
Japanese Corporation	94,727,517	99,029,612
African Development Bank	1,619,259	1,713,344
Government and other projects	3,651,897	4,870,297
	<u>240,529,474</u>	<u>232,643,149</u>

- (a) The Authority carried out infrastructure development for the Government of Seychelles at the Ile du Port from grant received from the European Union that was previously recognised under Deferred Grants. During the financial year 2020, the completed project was reclassified from Capital work in progress. Since no asset was created from the grant for the Authority, cost of completed project of SR. 25,952,446 was derecognised from Deferred Grants.

14. CREDITS HELD FOR FUTURE PROJECTS

	2021	2020
	SR	SR
<i>Movements in balances during the year:</i>		
At January 1,	68,509,178	49,229,664
Received during the year	46,247,880	67,208,960
Available for utilisation	<u>114,757,058</u>	<u>116,438,624</u>
<i>Utilised during the year:</i>		
Fisheries facilities development	(22,551,163)	(12,529,231)
Research and development costs	(5,146,066)	(15,716,795)
Monitoring control, surveillance, and enforcement costs	(9,465,376)	(10,363,942)
Transfer to deferred grants for capital assets	(19,252,109)	(6,066,266)
Prior year adjustment	-	(4,894,649)
Exchange rate fluctuation	(1,526,650)	1,641,437
	<u>56,815,694</u>	<u>68,509,178</u>
<i>Source of funding for the above projects:</i>		
European Union	54,462,769	65,130,966
Japanese Corporation	-	4,414,175
Other projects	2,352,925	3,858,686
As previously stated	<u>56,815,694</u>	<u>73,403,827</u>
Prior year adjustment (note 27)	-	(4,894,649)
As restated	<u>56,815,694</u>	<u>68,509,178</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

14. CREDITS HELD FOR FUTURE PROJECTS *Continued**European Union*

The Authority is responsible for managing the fishing licenses agreement between the European Union and the Government of Seychelles and overseeing the compliance of conditions stipulated in the agreement. Funds received were utilized to support the development of sustainable fisheries policy and fisheries infrastructure. The European Union is also the main source of finance for major projects such as Onshore facilities which were completed during the year.

Japanese Corporation

The Japanese Government awarded a grant to the Government of Seychelles consisting mainly of main Providence fishing quay, equipment, and fishing gear. The Authority is responsible for managing the equipment, and disposal of the fishing gear and for the management of the proceeds in accordance with the conditions of the grant. At the end of 2014, the unutilized credits were still being held by the Ministry of Finance.

Other projects

Multiple minor grants were received in the year. Funds received were utilized for consultancy services and other miscellaneous expenditure.

15. EMPLOYEE BENEFIT OBLIGATION PROVISION

	2021	2020
	SR	SR
<i>Movements during the year:</i>		
At January 1,	11,888,039	9,842,046
Provision made for the year (note 20)	2,455,134	2,883,266
Paid during the year	(2,715,005)	(837,273)
At December 31,	<u>11,628,168</u>	<u>11,888,039</u>

- (b) This represents provision for employee benefit obligations arising on account of gratuity based on the regulations applicable to parastatal organisations and length of service severance compensation based on the applicable regulations of Seychelles Employment Act, 1999 (as amended).

16. OTHER PAYABLES AND ACCRUALS

	2021	2020
	SR	SR
License fees received in advance	47,126,818	41,667,309
Annual leave provision	4,437,128	4,421,098
Accrued expenses and other payables	8,305,351	17,221,595
VAT payable	5,549,212	800,000
<i>As previously stated</i>	<u>65,418,509</u>	<u>64,110,002</u>
Prior year adjustment (note 18 and 27)	-	(7,033,575)
As restated	<u>65,418,509</u>	<u>57,076,427</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

17. TAX PROVISION

	<u>2021</u>	<u>2020</u>
	SR	SR
(a) Tax Liability		
At January 1,	24,000,000	-
Reversal of prior year over provision	(22,813,135)	
Tax expense (note (b))	89,219	24,000,000
At December 31,	<u>1,276,084</u>	<u>24,000,000</u>
(b) Tax Charge		
Current tax based on the profit for the year (Note c, d and e)	-	-
Provision for Business tax and estimated penalties	-	(23,813,135)
Corporate social responsibility tax (note (e))	(89,219)	(186,865)
Reversal of over provision in prior year	22,813,135	-
	<u>22,723,916</u>	<u>(24,000,000)</u>
(c) Tax rates		
First SR. 1,000,000	25%	of taxable profit
Balance	30%	of taxable profit
(d) Tax profits		

Based on the applicable regulations of Business Tax Act, 2009 (as amended), not all revenues are taxable. The Authority obtained specific guidelines from the Revenue Authorities who confirmed that the following revenue streams are taxable and other revenue streams are exempt from Business Tax:

- (i) Taxable revenue streams comprised sale of ice, fuel, lubricants, and other related activities, net repairs, income from leasing properties and rental income derived from container and gears storage.
- (ii) Expenses incurred directly in earning assessable income are allowed to be set off against that income to arrive at the taxable profits.
- (ii) Depreciation is allowable on assets that have a useful life exceeding one year and that are used, available for use or held wholly or partly to derive taxable business income.

(e) Changes in taxes and tax rates

Effective the financial year ending December 31, 2022, business tax rates changed to 15% on the first SR. 1 million and 25% on excess of SR. 1 million of taxable income. Corporate Responsibility Tax (a tax charge in addition to Business Tax) at 0.5% of the turnover in addition the business tax was repealed effective April 20, 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

18. REVENUE

	<u>2021</u>	<u>2020</u>
	SR	SR
Income for ice operations	3,882,122	2,616,514
Income from sea cucumber fishery	1,463,568	1,604,776
Net and container fees	4,707,717	6,071,848
Fees from non-embarking of seamen	2,919,415	4,486,002
Registration & license fee (local)	533,500	523,950
Registration & license fee (foreign)	108,014,118	85,433,995
Sectoral support program	63,328,322	48,334,750
VMS management and communication fee	2,412,453	1,845,963
Rental	6,115,391	9,644,537
Sale of fuel	22,542,849	15,657,004
Fuel incentive received	16,556,467	9,194,775
Excess catch surcharge	25,852,914	75,183,419
Environmental Fee	4,377,652	3,100,550
Observer income	927,602	-
IPD income	3,257,115	-
IRD income	46,342	-
Compliance fee	70,200	71,500
Aquaculture production levy fee	50,000	-
Aquaculture concession	85,000	60,000
<i>As previously stated</i>	<u>267,142,747</u>	<u>263,829,583</u>
<i>Prior year adjustment (note 16 and 27):</i>		
<i>Rental</i>	-	(2,251,986)
<i>Observer income</i>	-	3,686,110
<i>IPD income</i>	-	2,109,880
<i>IRD income</i>	-	3,614,571
<i>Compliance fee</i>	-	(125,000)
<i>Prior year amounts adjusted</i>	-	<u>7,033,575</u>
<i>As restated</i>	<u><u>267,142,747</u></u>	<u><u>270,863,158</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

19. OTHER INCOME

	2021	2020
	SR	SR
Sundry income	249,431	76,803
Dividend income	308,614	205,800
Interest income	3,340,140	-
Divers, farmers and fishermen registration fee	4,450	584,952
Sales of oil and lubricants	189,440	359,966
Profit on disposal of assets	695,652	398,900
Auction sale income	2,253,531	18,525
Seaman compensation	6,443,204	-
Penalty fee for illegal fishing	905,421	-
EEZ application fees	418,956	547,369
	<u>14,808,839</u>	<u>2,192,315</u>

20. EMPLOYEE COSTS

	2021	2020
	SR	SR
Salaries and wages	66,075,914	58,313,030
Members' emoluments (note (a))	397,903	515,971
Provision for employee benefit obligation (note 15)	2,455,134	2,883,266
	<u>68,928,951</u>	<u>61,712,267</u>

(a) *Board Members' emoluments:*

Nirmal Shah	Chairperson (January 2020)	-	8,000
Cyril Bonnelame	Chairman (February to March 2020)	-	16,000
	Chairman & interim CEO (April to Oct 2020)	-	225,000
Radley Weber	Chairperson (Current)	50,303	-
Eugene Vidot	Board member	41,800	45,200
Keith Andre	Board member	-	45,200
Roy Clarisse	Board member	41,800	83,278
Rebecca Loustau-Lalanne	Board member	-	82,493
Nan Constant	Board secretary	13,200	10,800
Aubrey Harris	Board member	41,800	-
Beatty Hoarau	Board member	41,800	-
Marc Gonthier	Board member	41,800	-
Joseph Tirant	Board member	41,800	-
Audrina Dine		41,800	-
Franky Laporte		41,800	-
		<u>397,903</u>	<u>515,971</u>

(b) Salaries and wages comprise of gross salaries, wages, allowances, leave salary, employer pension contribution, staff insurance and other staff welfare.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

20. EMPLOYEE COSTS *Continued*

- (c) The Authority is required to deduct personal income tax from all emoluments paid to the employees at applicable rates and comply with the provisions of Income and Non-Monetary Benefit Act, 2010 (as amended).

21. OPERATING AND OTHER EXPENSES

	<u>2021</u>	<u>2020</u>
	SR	SR
Auditor's remuneration	287,248	239,700
Advertising and sales promotion	2,292,893	422,467
Provision for credit impairment	8,338,219	17,508
Contracted services	2,331,157	1,862,527
Electricity and water charges	2,072,710	380,312
Fuel and local conveyance	792,126	1,315,140
Indian ocean tuna commission expenses	1,419,565	1,627,104
Insurance	192,793	408,228
IUU Vessel costs	181,978	879,379
Printing, stationery and postage	878,768	835,779
Rental expenses	6,234,904	2,731,017
Write off of old treasury balances	-	2,582,750
Repairs and maintenance	2,392,486	2,620,847
Security expenses	6,293,318	4,187,253
Training expenses	2,253,336	3,332,963
Travelling expenses	558,498	439,095
Telephone and internet	2,539,208	1,988,487
Vehicle expenses	969,347	274,948
Bank charges	246,283	232,292
Office cleaning expenses	1,046,674	627,387
Conferences, seminars and workshops	136,757	24,051
Official entertainment	61,746	8,264
Other expenses	16,531	143,731
	<u>41,536,545</u>	<u>27,181,229</u>

22. RESEARCH AND DEVELOPMENT COSTS

	<u>2021</u>	<u>2020</u>
	SR	SR
Aquaculture Master Plan project	1,714,242	12,540,002
Research boat expenses - repairs and maintenance	750,061	394,688
Utilities	791,791	1,513,165
Sundry research projects	1,889,971	1,268,940
	<u>5,146,065</u>	<u>15,716,795</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

23. MONITORING CONTROL, SURVEILLANCE AND ENFORCEMENT COSTS

	<u>2021</u>	<u>2020</u>
	SR	SR
Satellite communication costs	6,226,741	7,589,393
Patrol expense	3,238,635	2,774,549
	<u>9,465,376</u>	<u>10,363,942</u>

24. FISHERIES FACILITIES DEVELOPMENT

	<u>2021</u>	<u>2020</u>
	SR	SR
Fuel expenses (note (a))	40,175,341	25,101,020
Fishing boat owner association - coastal fishery development	222,967	241,842
Publication and awareness	263,267	115,720
Training and university costs	-	13,883
Workshop and conferences	60,665	61,250
Infrastructure development	-	6,066,266
Seamen expenses	97,510	218,100
Seamen salary adjustment	12,735,186	8,919,703
Renovation and maintenance of fishing facilities	3,734,069	4,864,656
Utilities	9,725,417	9,543,524
Other fisheries support expense	634,898	3,680,745
Support provided to Seychelles Maritime Academy	-	8,000,000
	<u>67,649,320</u>	<u>66,826,709</u>

- (a) As part of promoting artisanal fishing, the Government of Seychelles, through the Authority, subsidizes this activity through refund of tax component from the cost of fuel utilized by the fisherman.

25. CAPITAL COMMITMENTS

	<u>2021</u>	<u>2020</u>
	SR	SR
Capital Commitments		
Approved and contracted regarding work in progress	20,279,817	15,754,678
Approved but not contracted	-	-
	<u>-</u>	<u>-</u>

26. CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2021 (2020: SR. nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

27. PRIOR YEAR ADJUSTMENT

The Authority has been carrying forward certain old balances for the last few years which were not fully reconciled. During the financial year under review reconciliations that were completed comprised: Credits held for future projects, Rental deposits, Sundry Debtors, IRP, IRD and Observers. All past errors were corrected by restating each of the affected financial statement line items for the prior periods in terms of changes in accounting policies, changes in accounting estimates, and errors without affecting current year surplus.

The change did not have an impact on the statement of profit or loss for the period or the Authority's operating, investing and financing cash flows.

	<i>As previously stated</i>	<i>As restated</i>	<i>Impact</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cash and cash equivalents (<i>Also see note 11</i>)	197,205,751	195,332,987	(1,872,764)
Credits held for future projects (<i>Also see note 14</i>)	(73,403,827)	(68,509,178)	4,894,649
Other payables and accruals (<i>Also see note 16</i>)	(64,110,002)	(57,076,427)	7,033,575
	<u>59,691,922</u>	<u>69,747,382</u>	<u>10,055,460</u>
Net difference credited to retained surplus as prior year adjustment			<u><u>10,055,460</u></u>

28. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustment to, or disclosure in, the financial statements.

29. CORONA VIRUS PANDEMIC

A corona virus pandemic affecting the global and Seychelles economies has broken out at the end of March, 2020. This has severely affected the financial, commercial and economic transactions, retail, logistics and distribution and the production and supply chains worldwide. The liquidity, solvency and existence of business entities has come under severe stress. The COVID-19 pandemic had impacted and continued its impact on business operations, including employees, customers, partners, and communities, and there was substantial uncertainty in the nature and degree of its continued effects over the financial year 2021.

The impact of COVID-19 is expected to continue in the year 2022 for at least first half of the year before the conditions return to normalcy. The Directors are of the opinion that the impact of COVID-19 will not impact the going concern of the Authority as there was no negative impact on the Authority's business due to the pandemic. However, the growth of the Authority's business was affected due to the pandemic.