

SEYCHELLES PUBLIC TRANSPORT CORPORATION

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**CHIEF EXECUTIVE OFFICER** : Patrick Vel (Resigned effective December 31, 2022)

**ACTING CHIEF EXECUTIVE OFFICER** : Geffy Zialor (Appointed effective January 1, 2023)

**DIRECTORS** : Andy Moncherry (Chairman)  
Cecily Derjacques  
Allan Killindo  
Bernard Domingue  
Siana Bistoquet

**REGISTERED OFFICE** : Victoria, Mahé,  
Seychelles

**PRINCIPAL PLACE OF BUSINESS** : Victoria, Mahé,  
Seychelles

**AUDITORS** : BDO Associates  
Chartered Accountants  
Seychelles

**BANKERS** : The Mauritius Commercial Bank (Seychelles) Limited  
Absa Bank (Seychelles) Limited  
Bank of Baroda Seychelles  
Seychelles Commercial Bank Limited  
Seychelles International Mercantile Banking Corporation Limited

## DIRECTORS' REPORT - DECEMBER 31, 2022

The Directors are pleased to submit their report together with the audited financial statements of the Corporation for the year ended December 31, 2022.

**PRINCIPAL ACTIVITY**

The Corporation operates public transport on Mahé and Praslin and this has remained the same during the year under review.

**RESULTS**

	SR
Profit for the year	23,136,414
Retained earnings brought forward	<u>17,587,467</u>
Retained earning carried forward	<u><u>40,723,881</u></u>

**PROPERTY AND EQUIPMENT**

The property and equipment of the Corporation and the movements therein are detailed in note 5 to the financial statements.

Property and equipment are stated at cost less accumulated depreciation. The Directors are of the opinion that the carrying amounts of the assets approximate their fair value and do not require any adjustments for impairment.

**DIRECTORS**

The Directors of the Corporation in office from the date of the last report to the date of this report, appointed under Section 5(1) of the Seychelles Public Transport Act, 1977 are:

Andy Moncherry (Chairman)  
 Cecily Derjacques  
 Allan Killindo  
 Bernard Domingue  
 Siana Bistoquet

None of the Directors held any interest in the share of the Corporation at the date of this report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Chief Executive Officer is responsible for the overall management of the affairs of the Corporation including its daily operations and the making of major investments and policy proposals to the Board of Directors for approval.

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and with the Seychelles Public Transport Corporation Act, 1977. This responsibility includes: designing, implementing and maintaining internal controls 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 and making accounting estimates that are reasonable in the circumstances. The Directors have the general responsibility of safeguarding the assets, both owned by the Corporation and those that are held in trust and used by the Corporation.

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONT'D)

The Directors consider they have met their aforesaid responsibilities.

AUDITORS

The retiring auditors, Messrs. BDO Associates, being eligible offer themselves for re-appointment.

BOARD APPROVAL

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Andy Moncherry  
Chairman



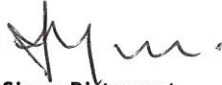
Allan Killindo  
Director



Bernard Domingue  
Director



Cecily Derjacques  
Director



Siana Bistoquet  
Director

Date: 25 APR 2023  
Victoria, Seychelles

## SEYCHELLES PUBLIC TRANSPORT CORPORATION

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

#### Report on the audit of the Financial Statements

##### Opinion

We have audited the financial statements of **Seychelles Public Transport Corporation** (hereafter referred to as the "Corporation") set out on pages 4 to 26 which comprise the Statement of Financial Position as at December 31, 2022, the Statement of Profit or Loss and Other comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Corporation as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, Public Enterprise Monitoring Commission Act, 2013 and comply with the Seychelles Public Transport Corporation Act, 1977.

##### 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 Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Seychelles, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Seychelles Public Transport Corporation Act, 1977, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Corporation'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 the Directors either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)

**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 judgement 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of Directors' 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 Corporation'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 Corporation to cease to continue as a going concern.
- 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 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.



SEYCHELLES PUBLIC TRANSPORT CORPORATION

3(b)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

**Report on Other Legal and Regulatory Requirements**

*Public Enterprise Monitoring Commission Act, 2013*

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

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Corporation as far as it appears from our examination of those records.

**Other matter**

This report is made solely to the members of **Seychelles Public Transport Corporation** (the "Corporation"), 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 Corporation's 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 Corporation and Corporation's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads 'BDO Associates' in a cursive, slightly stylized font.

**BDO ASSOCIATES**  
*Chartered Accountants*

Dated: 25 APR 2023  
Victoria, Seychelles

## STATEMENTS OF FINANCIAL POSITION - DECEMBER 31, 2022

	Notes	2022 SR	2021 SR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	71,202,564	81,373,032
<b>Current assets</b>			
Inventories	6	24,367,890	21,589,527
Investment in financial assets	7	16,022,783	16,087,683
Trade and other receivables	8	8,437,137	6,462,156
Cash and cash equivalents	9	22,075,628	7,135,295
		<u>70,903,438</u>	<u>51,274,661</u>
<b>Total assets</b>		<u><u>142,106,002</u></u>	<u><u>132,647,693</u></u>
<b>RESERVES AND LIABILITIES</b>			
<b>Reserves</b>			
Capital grants	10	60,346,656	71,969,595
Retained earnings		40,723,881	17,587,467
		<u>101,070,537</u>	<u>89,557,062</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Retirement benefit obligations	11	27,461,692	29,857,758
<b>Current liabilities</b>			
Trade and other payables	12	13,573,773	13,232,873
<b>Total liabilities</b>		<u>41,035,465</u>	<u>43,090,631</u>
<b>Total reserves and liabilities</b>		<u><u>142,106,002</u></u>	<u><u>132,647,693</u></u>

These financial statements have been approved for issue by the Board of Directors and Acting Chief Executive Officer on: **25 APR 2023**



**Geffy Zialor**  
Acting Chief Executive Officer



**Andy Moncherry**  
Chairman



**Allan Killindo**  
Director



**Bernard Domingue**  
Director



**Cecily Derjacques**  
Director



**Siana Bistoquet**  
Director

The notes on pages 8 to 26 form an integral part of these financial statements.  
Auditor's report on pages 3 to 3(b).



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2022

	Notes	2022 SR	2021 SR
Revenue	2(h)	175,453,753	103,447,227
Operating expenses	13	(57,847,226)	(50,286,638)
Operating profit		117,606,527	53,160,589
Administrative expenses	13	(128,550,287)	(127,042,755)
Charge for allowance for credit losses	8(e)	1,119,615	(1,676,009)
Interest income - banks		125,778	412,171
Other income	15	29,147,256	72,652,349
Profit/(Loss) before foreign exchange movement		19,448,889	(2,493,655)
Foreign exchange movements		3,687,525	(1,200,562)
<b>Profit/(Loss) for the year</b>	16	<b>23,136,414</b>	<b>(3,694,217)</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to Statement Profit or Loss:</i>			
Grant received during the year (2022: net of disposal)	10	3,176,136	1,955,117
Release to Statement of Profit or Loss			
- Depreciation charge	10	(14,799,075)	(14,959,068)
<b>Total other comprehensive expense for the year</b>		<b>(11,622,939)</b>	<b>(13,003,951)</b>
<b>Total comprehensive income/(expense) for the year</b>		<b>11,513,475</b>	<b>(16,698,168)</b>

The notes on pages 8 to 26 form an integral part of these financial statements.  
Auditor's report on pages 3 to 3(b).

## STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2022

	Capital grants	Retained earnings	Total
	SR	SR	SR
At January 1, 2022	71,969,595	17,587,467	89,557,062
Total comprehensive income for the year	(11,622,939)	23,136,414	11,513,475
At December 31, 2022	<u>60,346,656</u>	<u>40,723,881</u>	<u>101,070,537</u>
At January 1, 2021	84,973,546	21,281,684	106,255,230
Total comprehensive expense for the year	(13,003,951)	(3,694,217)	(16,698,168)
At December 31, 2021	<u>71,969,595</u>	<u>17,587,467</u>	<u>89,557,062</u>

The notes on pages 8 to 26 form an integral part of these financial statements.  
Auditor's report on pages 3 to 3(b).

## STATEMENTS OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2022

	Notes	2022 SR	2021 SR
<b>Cash flows from operating activities</b>			
Profit/(Loss) for the year		23,136,414	(3,694,217)
<i>Adjustments for:</i>			
Depreciation on property and equipment	5(a)	16,560,678	17,459,023
Purchase of property and equipment through capital grant	5(b)/10	(3,227,622)	(1,955,117)
Exchange movement on financial assets	7(a)	77,834	902,927
Accrued interest	7(a)	(35,199)	(54,213)
(Credit)/charge of provision for credit impairment	8(d)	(1,119,615)	1,676,009
Differences in exchange		519,711	297,635
Write off	5(a)	61,292	-
Release of depreciation charge	10	(14,799,075)	(14,959,068)
Grant related to assets received (2022: net of disposal)	10	3,176,136	1,955,117
Charge for retirement benefit obligations	11	3,021,662	4,506,300
Profit on sale of motor vehicle	15	(301,519)	-
		<u>27,070,697</u>	<u>6,134,396</u>
<i>Changes in working capital</i>			
- (Increase) / Decrease in Inventories	6	(2,778,363)	1,625,596
- Increase in trade and other receivables	8	(855,366)	(1,865,709)
- Increase / (Decrease) in trade and other payables	12	340,900	(3,437,573)
<b>Net cash generated from operations</b>		<u>23,777,868</u>	<u>2,456,710</u>
Retirement benefit obligation paid	11	(5,417,728)	(4,713,283)
<b>Net cash inflow/(outflow) from operating activities</b>		<u>18,360,140</u>	<u>(2,256,573)</u>
<b>Cash flow from investing activities</b>			
Purchase of property and equipment	5(b)	(3,275,360)	(2,326,275)
Proceeds from sale of motor vehicle		352,999	-
Refund on work-in-progress	5	-	215,836
Purchase of investment in financial assets	7(a)	(31,901)	(216,650)
Proceeds from redemption of investment in financial assets	7(a)	54,166	6,149,447
<b>Net cash (outflow)/inflow from investing activities</b>		<u>(2,900,096)</u>	<u>3,822,358</u>
<b>Net increase in cash and cash equivalents</b>		<u>15,460,044</u>	<u>1,565,785</u>
<b>Movement in cash and cash equivalents</b>			
At January 1,		7,135,295	5,867,145
Differences in exchange		(519,711)	(297,635)
Increase during the year		15,460,044	1,565,785
<b>At December 31,</b>	9	<u>22,075,628</u>	<u>7,135,295</u>

The notes on pages 8 to 26 form an integral part of these financial statements.

Auditor's report on pages 3 to 3(b).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

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**1. GENERAL INFORMATION**

The Corporation is fully owned by the Government of Seychelles and is domiciled in Seychelles. Its head office is located at Victoria, Seychelles and so is its principal place of business.

The principal activity of the Corporation is as stated in the Directors' report on page 2.

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of preparation**

The financial statements of **Seychelles Public Transport Corporation** ("the Corporation") have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the Public Enterprise Monitoring Commission Act, 2013 and Seychelles Public Transport Corporation Act, 1977. These financial statements have been prepared under the historical cost convention as modified by the application of fair value measurements required or allowed by relevant accounting standards. Where necessary, comparative figures have been amended to conform with change in presentation in the current year.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in the process of applying the Corporation's accounting policies. The areas involving higher degree of judgement and complexity or areas where assumptions are significant to the financial statements are disclosed in note 4.

**New and amended standards and interpretations*****New standards and amendments effective for annual periods beginning January 1, 2022***

The following amendments to various International Financial Reporting Standards (IFRS) are mandatorily effective for reporting periods beginning on or after January 1, 2022:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

**(i) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)**

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Corporation has committed pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### New and amended standards and interpretations (Cont'd)

#### *New standards and amendments effective for annual periods beginning January 1, 2022 (Cont'd)*

##### (i) Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) (Cont'd)

The amendments to IAS 37.68A clarify that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract - e.g., direct labour and material; and
- An allocation of other costs that relate directly to fulfilling the contract: e.g., allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

This resulted in accounting policy change for performing an onerous contract assessment. Previously, the Corporation included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy includes both incremental costs and an allocation of other costs incurred to fulfil the agreement.

*The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Corporation analysed contracts existing on January 1, 2022, and determined that none of them would be identified as onerous applying the revised accounting policy - i.e. there was no impact on opening equity balance as at January 1, 2022 as a result of the change.*

##### (ii) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment to IAS 16 prohibits an entity deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced whilst the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after construction but before commencement of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognised in Statement of Profit or Loss.

*These amendments had no impact on the year-end financial statements of the Corporation as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.*

##### (iii) Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 & IAS 41)

- IFRS 1: Subsidiary as a First-time Adopter (FTA);
- IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial liabilities; and
- IAS 41: Taxation in Fair Value Measurements.

*None of the amendments had an impact on the financial statements of the Corporation as it was neither a first-time adopter, nor had modifications to the consolidated and separate financial instruments during the period nor had assets under IAS 41 as at the reporting date.*

##### (iv) References to Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3, which updated a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****New and amended standards and interpretations (Cont'd)*****New standards and amendments effective for annual periods beginning January 1, 2022 (Cont'd)***

*These amendments had no impact on the consolidated and separate financial statements as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the year.*

***New standards and amendments not yet effective at the reporting date***

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Corporation has decided not to adopt early.

(i) The following amendments are effective for the period beginning January 1, 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- IFRS 17 Insurance Contracts (effective January 1, 2023) - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to January 1, 2023.

(ii) The following amendments are effective for the period beginning January 1, 2024:

- IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants).

The Corporation is currently assessing the impact of these new accounting standards and amendments and does not expect any other standards issued by the IASB but not yet effective, to have a material impact on its financial statements.

**(b) Property and equipment**

Property and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Historical cost consists of purchase cost, together with any incidental expenses of acquisition and installation.

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 and the cost can be reliably measured. Repairs and maintenance are charged to the statement of Profit or Loss during the period in which they are incurred.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Property and equipment (Cont'd)**

Properties in the course of construction for production or administrative purposes are carried at cost less any recognised impairment loss. Cost includes professional fees and borrowing costs capitalised for qualifying assets. Depreciation of these assets on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values over their expected useful lives as follows:

	%
Buildings on leasehold land	2% - 20%
Furniture, fittings and equipment	10% - 50%
Vehicles and engines	12.5% - 20%

Land is not depreciated.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by comparing proceeds with carrying amount and are included in the Statement of Profit or Loss.

**(c) Inventories**

Inventories are stated at the lower of cost and net realisable value. In general cost is determined by the weighted average method. The inventories comprises spares parts which are used in the day to day running of the Corporation.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. Provisions are made for obsolete inventories based on Management's appraisal.

**(d) Financial instruments****(i) Financial assets*****Recognition and derecognition***

Financial assets are recognised when the Corporation becomes a party to the contractual provisions of the respective instrument. Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial instruments (Cont'd)****(i) Financial assets (Cont'd)*****Recognition and derecognition***

Financial assets are recognised when the Corporation becomes a party to the contractual provisions of the respective instrument. Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

***Classification and Measurement***

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Corporation's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Corporation's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

With the exception of trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient, the Corporation initially measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient are measured at the transaction price.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in Statement of Profit or Loss when the asset is derecognised, modified or impaired. The Corporation's financial assets at amortised cost includes trade and other receivables and cash and bank balances.

***Definition of default***

The Corporation considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Corporation, in full (without taking into account any collateral held by the Corporation).



NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial instruments (Cont'd)****(i) Financial assets (Cont'd)**

Irrespective of the above analysis, the Corporation considers that default has occurred when a financial asset is more than 90 days past due unless the Corporation has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Impairment*

The Corporation assesses, on a forward looking basis, the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Corporation applies the simplified approach to measure ECL which uses lifetime expected losses to be recognised from initial recognition of its trade receivables.

The ECL for other financial assets is applied using the general model.

Impairment losses are presented in the Statement of Profit or Loss.

*No impairment was recognised for cash and cash equivalents and other receivables since the Directors are of the opinion that the amount is negligible.*

*Write-off policy*

The Corporation writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Corporation's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit or Loss.

*Cash and cash equivalents*

Cash and cash equivalents include cash in hand and cash at bank. 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.

**(ii) Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method which has remained unchanged since previous period. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Financial instruments (Cont'd)****(ii) Financial liabilities**

The main financial liabilities of the Corporation comprise borrowings and trade and other payables.

*Borrowings*

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least twelve months after the date of the reporting period.

*Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

**(iii) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when the Corporation has a legal enforceable right to set off the recognised amounts and the Corporation intends either to settle on a net basis, or to realise the asset and liability simultaneously.

**(e) Employee benefits****(i) Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Employee benefits (Cont'd)****(ii) *Defined contribution plans***

A defined contribution plan is a pension plan under which the Corporation pays a fixed contribution into a separate entity. The Corporation has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employees service in the current and prior periods.

The Corporation and Seychellois employees contributes to the Seychelles Pension Fund (SPF). This is a pension scheme which was promulgated under the Seychelles Pension Fund Act, 2005.

**(iii) *Retirement benefits***

The amendments to the Seychelles Employment Act in the year 1999 entitled 5/6th of one day wage for each completed month of service provided the employee has completed five years continuous service. The Company accrues this liability on a current basis and carries it to a provision account for payments to be made as and when they occur.

**(iv) *Other post employment benefits***

The Corporation also currently operate an unfunded scheme for employees' end of service benefits that follows relevant local regulations and is based on periods of cumulative service.

**(f) Foreign currencies****(i) *Functional and presentation currency***

Items included in the financial statements are measured using Seychelles Rupee, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Corporation are presented in Seychelles Rupees, which is the Corporation's functional and presentation currency.

**(ii) *Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on 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 the Statement of Profit or Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) Grants****(i) Capital grant**

Grants related to assets from the Government of Seychelles for acquisition of property and equipment received in form of donations is treated as deferred income by crediting capital grant, classified under equity in the Statement of Financial Position.

Depreciation calculated on such assets is released from grants and credited to depreciation charge in the Statement of Profit or Loss until those assets are fully depreciated.

In the event that property and equipment acquired from grants are disposed of before they are fully depreciated, the carrying amount of such asset is reversed to the grant and gain or loss, if any, are recognised to the Statement of Profit or Loss.

**(ii) Revenue grant**

Grants related to income also received from the Government of Seychelles are presented as part of other income in the Statement of Profit or Loss.

**(h) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of consideration received.

Sale of services are recognised in the year in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

**(i) Business tax**

The Corporation is exempt from tax as per paragraph 1 of the Second Schedule to Business Tax Act, 2009.

**(j) Provisions**

Provisions are recognised when the Corporation has a present or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

**(k) IFRS 16 Leases**

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Statement of Financial Position.

IFRS 16 Leases results in the recognition of almost all leases on Statement of Financial Position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts.

### 3. FINANCIAL RISK MANAGEMENT (CONT'D)

#### 3.1 Financial risk factors (Cont'd)

##### (a) Credit risk

The Corporation's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the Statement of Financial Position are net of Expected Credit Losses (ECL), estimated by the Corporation's Management based on ECL modelling, credit risk and forward looking information.

The Corporation's sales are mostly on a cash basis and credit sales are made to customers with an appropriate credit history. Credit risk is therefore considered to be low.

##### (b) Liquidity risk

The Corporation manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities as applicable. Liquidity risk is considered as low.

##### (c) Currency risk

The Corporation is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to GB Pound Sterling, ZAR and US Dollar. Foreign exchange risk arises from commercial transactions and assets denominated in currencies other than the functional currency.

At December 31, 2022, if the Seychelles Rupee had weakened/strengthened by 5% against US Dollar with all variables held constant, profit for the year would have been **SR 32,526** (2021: SR 28,634) higher/lower, mainly as a result of foreign exchange losses/gains on translation of foreign currency monetary assets and liabilities.

##### (d) Interest rate risk

The Corporation have significant interest-bearing assets and income and operating cash flows from these assets are dependent of changes in market interest rates. Had interest rates weakened/strengthened by 5% during the year, loss for the year of the Corporation would have been higher/lower by **SR 6,289** (2021: SR 20,609) higher/lower.

#### 3.2 Fair value estimation

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements 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.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements 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.

The Corporation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, in the financial statements, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### 4.1 Critical accounting estimates and assumptions

###### (a) *Calculation of Loss allowance*

When measuring ECL the Corporation uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

###### (b) *Useful lives and residual values*

Property and equipment are depreciated over their useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

###### (c) *Impairment of other non financial assets*

At the end of each reporting period, Management reviews and assesses the carrying amounts of other assets and where relevant writes them down to their recoverable amounts based on best estimates.

###### (d) *Retirement benefit obligations*

The cost of defined benefit pension plans has been determined using the method as per the Seychelles Employment Act, 1995 and the Directors have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

###### (e) *Limitation of sensitivity analysis*

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

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

5. PROPERTY AND EQUIPMENT	Freehold land		Buildings on leasehold land		Vehicles and engines		Furniture, fittings and equipment		Assets in transit /Capital work in progress		Total	
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	
(a) COST												
At January 1, 2021	75,000	54,166,251	184,946,683	43,883,369	5,198,215	288,269,518						
Additions	-	2,865,492	-	1,291,350	124,550	4,281,392						
Reclassification	-	2,334,352	-	252,000	(2,586,352)	-						
Adjustments	-	-	-	-	(215,836)	(215,836)						
At December 31, 2021	75,000	59,366,095	184,946,683	45,426,719	2,520,577	292,335,074						
Additions	-	759,676	-	2,563,793	3,179,513	6,502,982						
Disposals	-	-	(3,854,744)	(419,754)	-	(4,274,498)						
Write off	-	-	-	(61,292)	-	(61,292)						
At December 31, 2022	75,000	60,125,771	181,091,939	47,509,466	5,700,090	294,502,266						
ACCUMULATED DEPRECIATION												
At January 1, 2021	-	25,242,285	142,563,850	25,696,884	-	193,503,019						
Charge for the year	-	1,741,162	11,061,409	4,656,452	-	17,459,023						
At December 31, 2021	-	26,983,447	153,625,259	30,353,336	-	210,962,042						
Charge for the year	-	1,786,243	9,852,106	4,922,329	-	16,560,678						
Disposal adjustment	-	-	(3,854,744)	(368,274)	-	(4,223,018)						
At December 31, 2022	-	28,769,690	159,622,621	34,907,391	-	223,299,702						
NET BOOK VALUE												
At December 31, 2022	75,000	31,356,081	21,469,318	12,602,075	5,700,090	71,202,564						
At December 31, 2021	75,000	32,382,648	31,321,424	15,073,383	2,520,577	81,373,032						

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

## 5. PROPERTY AND EQUIPMENT

- (b) Out of total additions of SR 6.5m for the year 2022, an amount of SR 3.2m was funded through Government Grant (2021: SR 2.0m) (note 10). Therefore additions through the Corporation's funds were SR 3.3m for 2022 (2021: SR 2.3m).
- (c) Depreciation has been charged to operating expenses (note 13).

## 6. INVENTORIES

	2022	2021
	SR	SR
Vehicles spares	9,914,166	9,180,520
Consumables, loose tools and operating supplies	14,453,724	12,409,007
	<u>24,367,890</u>	<u>21,589,527</u>

- (a) The cost of inventories recognised as expense and included in cost of sales amounted to SR 41.2m (2021: SR 32.8m) (note 14).
- (b) The Directors have estimated that no impairment is required in respect of inventories and no spares are required to be recognised as equipment as per the requirements of IAS 16.

## 7. INVESTMENT IN FINANCIAL ASSETS

	2022	2021
	SR	SR
Seychelles Commercial Bank Limited	5,916,922	5,916,922
Absa Bank (Seychelles) Limited	10,105,861	10,170,761
<b>At December 31,</b>	<u>16,022,783</u>	<u>16,087,683</u>

- (a) The investment in financial assets comprised fixed deposits and are held with Seychelles Commercial Bank Limited and Absa Bank (Seychelles) Limited which will mature in March 2023 (2021: March 2022) and February 2023 (2021: February 2022) respectively. The interest rates applicable to these investments ranged from 1.25% (2021: 2.80%) for Seychelles Commercial Bank Limited and 1.75% (2021: 0.25%) for Absa Bank (Seychelles) Limited, during the year under review.
- (b) The movement in financial assets at amortised cost is as follows:

	2022	2021
	SR	SR
At January 1,	16,087,683	22,869,194
Additions during the year	31,901	216,650
Redeemed during the year	(54,166)	(6,149,447)
Exchange movement	(77,834)	(902,927)
Interest accrued	35,199	54,213
<b>At December 31,</b>	<u>16,022,783</u>	<u>16,087,683</u>



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

## 7. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

(c) The Corporation had the following guarantees and collateral:

	Type of security	2022	2021
Seychelles Commercial Bank *	Guarantee	SR 163,634	SR 163,634
Absa (Seychelles) Ltd	Local CFC Corporate	SR 4,854	USD 705
Absa (Seychelles) Ltd	Collateral	SR 513,141	SR 513,141
Absa (Seychelles) Ltd *	Collateral	Nil	USD 132,000

\* These amounts are held by the banks as guarantees.

(d) Financial assets at amortised costs are denominated in the following currencies:

	2022	2021
	SR	SR
Seychelles Rupee	14,220,437	14,207,503
US Dollar	1,802,346	1,880,180
	<u>16,022,783</u>	<u>16,087,683</u>

## 8. TRADE AND OTHER RECEIVABLES

	2022	2021
	SR	SR
Trade receivables	9,348,688	9,027,364
less: provision for impairment (notes 8(d), 8(e) & 8(f))	<u>(2,974,700)</u>	<u>(4,094,315)</u>
	6,373,988	4,933,049
Prepayments and deposits	1,901,775	1,332,894
Other receivables	161,374	196,213
	<u>8,437,137</u>	<u>6,462,156</u>

(a) The carrying values of trade and other receivables measured at amortised cost approximates their fair value.

(b) The carrying amounts of the Corporation's trade and other receivables are denominated in Seychelles Rupees.

(c) Credit Loss Allowances

The Corporation measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

**8. TRADE AND OTHER RECEIVABLES (CONT'D)****(c) Credit Loss Allowances (Cont'd)**

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Corporation writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. The average credit period on trade receivables is 30 days. No interest is charged on outstanding trade receivables.

The following table details the risk profile of Trade receivables based on the Corporation's provision matrix. The customers of the Corporation have been classified into only one group based on similar credit risk, characteristics and as detailed below:

**(i) At December 31, 2022**

	Trade Receivables-days past due				Total
	< 30 days	31-60 days	61-90 days	Above 90 days	
Estimated gross carrying amount at default (SR)	3,889,092	281,693	347,648	4,830,255	9,348,688
Expected credit loss rate (%)	8.64%	12.14%	23.75%	52.21%	31.82%
Lifetime expected credit losses (SR)	336,018	34,198	82,566	2,521,918	2,974,700

**(ii) At December 31, 2021**

	Trade Receivables-days past due				Total
	< 30 days	31-60 days	61-90 days	Above 90 days	
Estimated gross carrying amount at default (SR)	3,236,648	403,532	258,346	5,128,838	9,027,364
Expected credit loss rate (%)	14.21%	16.28%	33.56%	67.89%	45.35%
Lifetime expected credit losses (SR)	460,046	65,708	86,696	3,481,865	4,094,315

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

## 8. TRADE AND OTHER RECEIVABLES (CONT'D)

## (d) Movement in allowance for credit loss

	2022	2021
	SR	SR
At January 1,	4,094,315	2,418,306
(Credit)/Charge during the year	(1,119,615)	1,676,009
At December 31,	<u>2,974,700</u>	<u>4,094,315</u>

## (e) Sensitivity analysis

If the ECL rates on trade receivables above 90 days past due had been 5% higher / (lower) as of December 2021, the loss allowance would have been SR 148,735 higher (2021: SR 204,716).

## (f) Short term staff loans are offset against their monthly salaries and risk of default has been estimated by the Directors as negligible.

## 9. CASH AND CASH EQUIVALENTS

	2022	2021
	SR	SR
Cash in hand	20,000	20,000
Cash at bank	22,055,628	7,115,295
	<u>22,075,628</u>	<u>7,135,295</u>

No ECL has been provided on cash and cash equivalents since the Corporation banks with reputable banks and the risk of default is remote.

## 10. CAPITAL GRANTS

	2022	2021
	SR	SR
<u>Grants related to assets:</u>		
At January 1,	71,969,595	84,973,546
- Disposal of assets	(51,486)	-
Grant received during the year		
- Assets purchased in 2022 (notes 5(b) and 19)	3,227,622	-
- Assets purchased in 2021 (notes 5(b) and 19)	-	1,955,117
Release to Statement of Profit or Loss		
- Depreciation charge (note 14)	(14,799,075)	(14,959,068)
At December 31,	<u>60,346,656</u>	<u>71,969,595</u>

## 11. RETIREMENT BENEFIT OBLIGATIONS

Other post retirement benefits comprised mainly retirement gratuity and compensation payable under the Employment Act. Movement during the year was as follows:

	2022	2021
	SR	SR
At January 1,	29,857,758	30,064,741
Charge for the year (note 14(a))	3,021,662	4,506,300
Paid during the year	(5,417,728)	(4,713,283)
At December 31,	<u>27,461,692</u>	<u>29,857,758</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

## 12. TRADE AND OTHER PAYABLES

	2022	2021
	SR	SR
Trade payables	3,585,193	4,515,237
Amount received in advance	2,257,238	1,281,853
Other payables and accruals	7,731,342	7,435,783
	<u>13,573,773</u>	<u>13,232,873</u>

(a) The carrying amounts of 'trade and other payables' approximate their amortised costs.

(b) The carrying amounts of trade and other payables are denominated in the following currencies:

	2022	2021
	SR	SR
Seychelles Rupee	13,564,927	9,942,590
US Dollar	8,846	2,452,862
Others	-	837,421
	<u>13,573,773</u>	<u>13,232,873</u>

## 13. EXPENSES BY NATURE

	2022	2021
	SR	SR
Cost of inventories recognised as expense (note 6(a))	41,286,548	32,827,615
Depreciation charge (note 5)	16,560,678	17,459,023
- Depreciation of assets acquired through grants (note 10)	14,799,075	14,959,068
- Depreciation charge on self acquired assets	1,761,603	2,499,955
Electricity and water expenses	3,499,017	3,814,142
Employee benefit expenses (note 14)	106,162,011	105,275,484
Insurance and licence costs	2,772,445	2,885,620
Other expenses	3,903,813	3,445,524
Premises and equipment maintenance	4,270,663	3,730,349
Directors' remuneration (note 16(a))	207,680	132,160
Professional fees	859,837	1,017,816
Security expenses	5,215,019	5,034,160
Telephone charges	1,659,802	1,707,500
	<u>186,397,513</u>	<u>177,329,393</u>

*Analysed as:*

	2022	2021
	SR	SR
- Operating expenses	57,847,226	50,286,638
- Administrative expenses	128,550,287	127,042,755
	<u>186,397,513</u>	<u>177,329,393</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

## 14. EMPLOYEE BENEFIT EXPENSES

	<u>2022</u>	<u>2021</u>
	SR	SR
Wages and salaries	92,469,469	93,287,131
Provision for retirement benefit obligations (note 11)	3,021,662	4,506,301
Pension costs	6,490,975	4,932,776
Other staff costs	4,179,905	2,549,276
	<u>106,162,011</u>	<u>105,275,484</u>

## 15. OTHER INCOME

	<u>2022</u>	<u>2021</u>
	SR	SR
Rental income	784,800	710,625
Profit from sale of motor vehicle	301,519	17,902
Advertising income	1,476,828	1,165,241
Income from repairs	422,545	251,539
Grant received from Government of Seychelles (note 19)	26,000,000	70,000,000
Insurance claims	-	51,059
Sundry income	161,564	455,983
	<u>29,147,256</u>	<u>72,652,349</u>

## 16. PROFIT/(LOSS) FOR THE YEAR

Profit/(Loss) for the year is arrived at after crediting and charging the following:

	<u>2022</u>	<u>2021</u>
	SR	SR
<i>crediting:</i>		
Interest income	125,778	412,171
Rental income	784,800	710,625
<i>and charging:</i>		
Depreciation on property and equipment (note 5)	16,560,678	17,459,023
Directors' remuneration (note 16(a))	207,680	132,160
Auditor's remuneration	250,000	224,250
Rentals	2,161,300	1,746,000

## (a) Directors' remuneration:

	<u>2022</u>	<u>2021</u>
	SR	SR
Andy Moncherry	56,640	56,640
Allan Killindo	37,760	37,760
Bernard Domingue*	37,760	-
Cecily Derjacques	37,760	37,760
Siana Bistoquet*	37,760	-
	<u>207,680</u>	<u>132,160</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

**16. PROFIT/(LOSS) FOR THE YEAR (CONT'D)****(a) Directors' remuneration (Cont'd)**

\* In 2021, the Board Members Siana Bistoquet and Bernard Domingue who was entitled to SR 37,760 each, did not exercise their rights. They advised that they will serve the Board at no cost, therefore, no expense incurred nor any provision made for these Boards members.

**17. COMMITMENTS****(a) Capital commitments**

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	<u>2022</u>	<u>2021</u>
	SR'000	SR'000
Property development	8,500	-
Equipment	17,970	15,000
	<u>26,470</u>	<u>15,000</u>

**18. CONTINGENT LIABILITIES**

There were no contingent liabilities as at December 31, 2022 (2021: Nil).

**19. RELATED PARTY TRANSACTIONS**

	<u>2022</u>	<u>2021</u>
	SR	SR
Directors' remuneration	207,680	132,160
Grant received from the Government of Seychelles		
- Capital grant (note 10)	3,227,622	1,955,117
- Revenue grant (note 16)	26,000,000	70,000,000
	<u>26,000,000</u>	<u>70,000,000</u>

The above transactions have been made at arm's length, on normal commercial terms and in the ordinary course of business.

(a) Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. There has been no guarantees provided for any related party payables.

**(b) Key management personnel compensation**

	<u>2022</u>	<u>2021</u>
	SR	SR
Salaries and short term benefits	792,231	864,252
End of contract payment	506,602	-
	<u>1,298,833</u>	<u>864,252</u>