PRASLIN TRANSPORT COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

PRASLIN TRANSPORT COMPANY LIMITED

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CORPORATE INFORMATION

DIRECTORS	:	Kevin Samson (Chairman) Geffy Zialor (Chief Executive Officer) Jean-Baptiste Yvon Esther Michael Antoine Tim Marie
REGISTERED OFFICE	:	Grand Anse, Praslin Seychelles
PRINCIPAL PLACE OF BUSINESS	:	Praslin, Seychelles
AUDITORS	:	BDO Associates Chartered Accountants Seychelles
BANKERS	:	(1) The Mauritius Commercial Bank (Seychelles) Limited (2) Seychelles International Mercantile Banking Corporation Limited

The Directors are pleased to submit their report together with its audited financial statements for the year ended December 31, 2013.

PRINCIPAL ACTIVITY

The Company provides public transportation on Praslin, Seychelles.

RESULTS

	SR
Loss for the year	2,433,893
Revenue deficit brought forward	777,117
Revenue deficit carried forward	3,211,010

PROPERTY AND EQUIPMENT

There were no additions to property and equipment during the year (2012: SR 1.4m).

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 Company in office from the date of the last report to the date of this report are:
Kevin Samson (Chairman)
Geffy Zialor (Chief Executive Officer)
Jean-Baptiste Yvon Esther
Michael Antoine
Tim Marie

None of the Directors had any interest in the shares of the Company during the year (2012: Nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the overall management of the affairs of the Company 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 and in compliance with the Seychelles' Companies Act, 1972. 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 Company and those that are held in trust and used by the Company.

The Directors consider they have met their aforesaid responsibilities.

AUDITORS

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

APPROVAL

Kevin Samson
Chairman

Geffy Zialor
Director

Michael Antoine
Director

Jean Baptiste Yvon Esther
Director

Tim Marie
Director

Dated: 30th JUNE 2014
Victoria, Seychelles

BDO

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The Creole Spirit
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Victoria, Seychelles

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of Praslin Transport Company Limited, 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 auditors' 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 Financial Statements

We have audited the financial statements of Praslin Transport Company Limited set out on pages 4 to 21 which comprise the statement of financial position as at December 31, 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Directors' Responsibility

As stated on page 2 of the Director's Report, the Board of Directors are responsible for preparation of the financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on those financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO

PRASLIN TRANSPORT COMPANY LIMITED

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

Opinion

In our opinion, the financial statements on pages 4 to 21 give a true and fair view of the financial position of the Company as at December 31, 2013, and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Seychelles' Companies Act, 1972.

Emphasis of matter

As at December 31, 2013, the Company had revenue deficit of SR 3.2m (2012: SR 0.8m). The Company's Ultimate Shareholder, the Government of Seychelles has undertaken to continue to financially support the Company as it is of strategic importance. Accordingly, the financial statements have been prepared on a going concern basis.

Report on Other Legal and Regulatory Requirements

Companies Act, 1972

We have no relationship with, or interest, in the Company 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 Company as far as it appears from our examination of those records.

BDO Associates

BDO ASSOCIATES
Chartered Accountants

Dated: JUNE 30, 2014
Victoria, Seychelles

PRASLIN TRANSPORT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2013

	Notes	2013	2012
		SR	SR
ASSETS			
Non-current asset			
Property and equipment	5	4,602,842	5,605,646
Current assets			
Inventories	6	560,279	444,291
Trade and other receivables	7	1,076,102	727,539
Cash and cash equivalents		397,369	27,868
		2,033,750	1,199,698
Total assets		6,636,592	6,805,344
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	8	10,000	10,000
Grants	9	4,538,792	5,316,950
Revenue deficit		(3,211,010)	(777,117)
Total equity		1,337,782	4,549,833
LIABILITIES			
Non-current liability			
Retirement benefit obligations	10	170,693	299,021
Amount payable to the Holding Company	11	5,006,563	1,780,490
		5,177,256	2,079,511
Current liabilities			
Other payables	12	121,554	176,000
Total liabilities		5,298,810	2,255,511
Total equity and liabilities		6,636,592	6,805,344

These financial statements have been approved for issue by the Board of Directors on 30th June 2014.

Kevin Samson
Chairman

Geffy Zialor
Director

Michael Antoine
Director

Jean Baptiste Yvon Esther
Director

Tim Marie
Director

The notes on pages 8 to 21 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2013

	Notes	2013	2012
		SR	SR
Revenue	2(i)	6,809,588	6,163,332
Operating expenses	13	(6,854,965)	(3,591,487)
Operating (loss)/profit		(45,377)	2,571,845
Administrative expenses	13	(4,877,609)	(3,503,691)
Depreciation of property and equipment	5/13	(1,002,804)	(1,164,173)
Other income	14	3,491,897	47,874
Loss for the year	16	(2,433,893)	(2,048,145)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Grants			
- Received during the year	9	-	1,077,970
- Release to statement of profit or loss	9	(778,158)	(895,119)
Total other comprehensive (loss)/income		(778,158)	182,851
Total comprehensive loss for the year		(3,212,051)	(1,865,294)

The notes on pages 8 to 21 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2013

	Share capital	Grants	Retained earnings/ (Revenue deficit)	Total
	SR	SR	SR	SR
Balance at January 1, 2013	10,000	5,316,950	(777,117)	4,549,833
Total comprehensive loss for the year	-	(778,158)	(2,433,893)	(3,212,051)
Balance at December 31, 2013	10,000	4,538,792	(3,211,010)	1,337,782
Balance at January 1, 2012	10,000	5,134,099	1,271,028	6,415,127
Total comprehensive income for the year	-	182,851	(2,048,145)	(1,865,294)
Balance at December 31, 2012	10,000	5,316,950	(777,117)	4,549,833

The notes on pages 8 to 21 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2013

	Notes	2013	2012
		SR	SR
Cash flows from operating activities			
Loss for the year		(2,433,893)	(2,048,145)
Adjustments for:			
Depreciation on property and equipment	5	1,002,804	1,164,173
Release of grant during the year	9	(778,158)	(895,119)
		(2,209,247)	(1,779,091)
Changes in working capital:			
- (Increase)/decrease in inventories		(115,988)	393,807
- (Increase)/decrease in trade and other receivables		(348,563)	2,066,043
- Decrease in trade and other payables		(54,446)	(2,814,197)
- (Decrease)/increase in provision for employee benefits		(128,328)	25,816
Net cash outflow from operating activities		(2,856,572)	(2,107,622)
Cash flow from investing activity			
Acquisition of property and equipment during the year and net cash outflow from investing activity	5	-	(1,360,310)
Cash flow from financing activities			
Movement in amount payable to Holding Company		3,226,073	1,780,490
Grant received during the year	9	-	1,077,970
Net cash inflow from financing activities		3,226,073	2,858,460
Net increase/(decrease) in cash and cash equivalents		369,501	(609,472)
Movement in cash and cash equivalents			
At January 1,		27,868	637,340
Increase/(decrease) during the year		369,501	(609,472)
At December 31,	8	397,369	27,868

The notes on pages 8 to 21 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

1. GENERAL INFORMATION

Praslin Transport Company Limited is a limited liability Company domiciled in Seychelles and its registered office is situated at Grand Anse, Praslin.

Its principal place of business is on Praslin.

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

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 have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 1972. Where necessary comparative figures have been amended to conform with change in presentation in the current year. The financial statements of the Company have been prepared under the historical cost convention, except that relevant financial assets and financial liabilities are measured at fair value/amortised cost.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

Amendments to IAS 1, 'Financial statement presentation' regarding other profit or loss. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. *The standard is not expected to have any impact on the Company's financial statements.*

IAS 27, 'Separate Financial Statements' deals solely with separate financial statements. *The standard has no impact on the Company's financial statements.*

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than it's legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. *The standard is not expected to have any impact on the Company's financial statements.*

IAS 28, 'Investments in Associates and Joint Ventures'. The scope of the revised standard covers investments in joint ventures as well. IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting. *The standard has no impact on the Company's financial statements.*

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. *The standard has no impact on the Company's financial statements.*

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the group's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

IFRIC 20, 'Stripping costs in the production phase of a surface mine', *has no impact on the Company's financial statements.*

Amendment to IFRS 7, "Financial instruments: Disclosures', on asset and liability offsetting. *This amendment includes new disclosures and is not expected to have any impact on the Company's financial statements.*

Amendment to IFRS 1 (Government Loans) has no impact on the Company's financial statements.

Annual Improvements to IFRSs 2009-2011 Cycle.

IFRS 1 (Amendment), 'First time adoption of IFRS', *has no impact on the Company's operations.*

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Annual Improvements to IFRSs 2009-2011 Cycle (Cont'd)

IAS 1 (Amendment), 'Presentation of financial statements', clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors' or voluntarily.

IAS 16 (Amendment), 'Property, plant and equipment', clarifies the spare parts and servicing equipment are classified as property , plant and equipment rather than inventory when they meet the definition of property, plant and equipment. *The amendment does not have an impact on the Company's operations.*

IAS 32 (Amendment), 'Financial instruments: Presentation', clarifies the treatment of income tax relating to distributions and transaction costs. *The amendment does not have an impact on the Company's operations.*

IAS 34 (Amendment), 'Interim financial reporting', clarifies the disclosure requirements for segment assets and liabilities in interim financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2014 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments
IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
IFRIC 21: Levies
Recoverable Amount Disclosures for Non-financial Assets (Amendments to IAS 36)
Notation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
IFRS 9 Financial instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)
Defined Benefit Plans: Employees Contributions (Amendments to IAS 19)
Annual Improvements to IFRSs 2010-2012 cycle
Annual Improvements to IFRSs 2011-2013 cycle

Where relevant, the Company is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property and equipment (Cont'd)

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.

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:

	%
Improvements to buildings on leasehold land	10% & 20%
Furniture and fittings	10%
Equipment	20%
Vehicles	12.5%

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, plant 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 cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes the borrowing costs.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments

Financial assets and liabilities are recognised on the Company's Statement of Financial Position when it has become a party to the contractual provisions of the instrument. The Company's accounting policies in respect of the main financial instruments are set out below:

(i) *Trade and other receivables*

Trade and other receivables are initially recognised 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 Company will not be able to collect all amounts due according to the original terms of receivables. The amount of 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.

(ii) *Cash and cash equivalents*

Cash comprises of cash in hand and 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, against which bank overdrafts, if any, are deducted. The cash flow statement is prepared using the indirect method.

(iii) *Other payables*

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

(iv) *Share capital*

Ordinary shares are classified as equity.

(e) Retirement benefit obligations

Defined benefit plans

The Company provides for a payment of gratuity to permanent employees. Gratuities are paid every five years (except in the case of early retirement) as from January 2007, for continuous service. The amount provisioned every year is based on the number of years the employee has worked after the last payment date. This type of employee benefits has the characteristics of a defined benefit plan. The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined obligation at the reporting date less fair value of plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Retirement benefit obligations (Cont'd)

Defined benefit plans (Cont'd)

The Company does not carry out any actuarial valuation since the Directors have based themselves on the method as prescribed by the Seychelles Employment Act and they have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

(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 Company are presented in Seychelles Rupees, which is the Company'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.

(g) Grants

(i) Grants related to assets from the Government of Seychelles, for the acquisition of property and equipment, are received in form of donations and treated as deferred income by crediting grant 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 before they are fully depreciated, the carrying amount of such asset is reversed to the related grant and any gains or losses arising are recognised to the statement of profit or loss.

(ii) Grants related to income also received from the Government of Seychelles are presented as part of profit or loss under other income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment of assets

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

(i) 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.

(j) Business tax

The Company is exempt from tax as per the Second Schedule (paragraph 33) of the Business Tax Act, 2009.

(k) Provisions

Provisions are recognised when the Company 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.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activity exposes it to a variety of financial risks, including: credit risk, liquidity risk, currency risk and interest rate risk.

A description of the significant risk factors is given below together with the risk management policies applicable.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(a) Credit risk

The Company's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Company's management based on experience and the current economic environment.

The Company's sales are mostly on 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 Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities as applicable.

(c) Currency risk

The Company is not significantly exposed to foreign exchange risk which is considered to be low.

(d) Interest rate risk

The Company does not have any significant interest-bearing assets and liabilities and its income and operating cash flows are substantially independent of changes in market interest rates. Interest rate risk is considered as low.

3.2 Fair value estimation

The fair 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.

4.1 Critical accounting estimates and assumptions

The Company 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. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1 Critical accounting estimates and assumptions (Cont'd)

(a) *Impairment of assets*

Property and equipment are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

(b) *Asset lives and residual values*

Property and equipment are depreciated over its 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.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

(c) *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.

(d) *Depreciation policies*

Property 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 Company would currently obtain from the disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

The Directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the asset at the end of their expected useful lives.

5. PROPERTY AND EQUIPMENT

	Improvement to buildings on leasehold land	Other equipment	Furniture & fittings	Computer equipment	Vehicles	Total
	SR	SR	SR	SR	SR	SR
COST						
At January 1, 2012	-	230,972	9,398	17,935	6,225,267	6,483,572
Additions	1,147,495	99,936	54,044	10,105	48,730	1,360,310
At December 31, 2013 & 2012	1,147,495	330,908	63,442	28,040	6,273,997	7,843,882
ACCUMULATED DEPRECIATION						
At January 1, 2012	-	37,676	1,781	13,407	1,021,199	1,074,063
Charge for the year	237,367	94,198	33,272	11,432	787,904	1,164,173
At December 31, 2012	237,367	131,874	35,053	24,839	1,809,103	2,238,236
Charge for the year	138,130	59,709	16,050	1,011	787,904	1,002,804
At December 31, 2013	375,497	191,583	51,103	25,850	2,597,007	3,241,040
NET BOOK VALUE						
At December 31, 2013	771,998	139,325	12,339	2,191	3,676,990	4,602,842
At December 31, 2012	910,128	199,034	28,389	3,201	4,464,894	5,605,646

6. INVENTORIES

	2013	2012
	SR	SR
Vehicle spares	355,902	330,224
Consumables, loose tools and operating supplies	204,377	114,067
	560,279	444,291

(a) Cost of inventories recognised as expense amounted to SR 6,658,616 (2012: SR 3,460,827).

(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. TRADE AND OTHER RECEIVABLES

	2013	2012
	SR	SR
Trade receivables	396,473	60,147
Deposits	54,150	200,700
Prepayments and other receivables	625,479	466,692
	1,076,102	727,539

7. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) The carrying amounts of 'trade and other receivables' approximate their fair value.

(b) As at December 31, 2013, no trade receivables were impaired (2012: Nil).

(c) As of December 31, 2013, trade receivables of SR 52,081 (2012: nil) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2013	2012
	SR	SR
Between 3 and 6 months	52,081	-

(d) The carrying amounts of trade and other receivables are denominated in Seychelles Rupee.

(e) The Company does not hold any collateral as security (2012: Nil).

(f) The other classes within trade and other receivables do not contain impaired assets.

8. SHARE CAPITAL

	2013 & 2012
	SR
Authorised, issued and fully paid:	
10,000 ordinary shares of SR 1 each	10,000

9. GRANTS

	2013	2012
	SR	SR
Grants related to assets:		
At January 1,	5,316,950	5,134,099
Received during the year	-	1,077,970
Release to statement of profit or loss (note 13)	(778,158)	(895,119)
At December 31,	4,538,792	5,316,950

10. RETIREMENT BENEFIT OBLIGATIONS

	2013	2012
	SR	SR
At January 1,	299,021	273,205
Movement during the year (note 15)	(128,328)	25,816
At December, 31	170,693	299,021

11. AMOUNT PAYABLE TO THE HOLDING COMPANY

	2013	2012
	SR	SR
Amount payable to the holding company	5,006,563	1,780,490

11. AMOUNT PAYABLE TO THE HOLDING COMPANY (CONT'D)

(a) The amount payable to the holding company is interest free and does not have any repayment terms. The Directors are of the opinion that this balance should be classified as a non-current liability.

(b) The carrying amount of 'amount payable to holding company' is denominated in Seychelles Rupee.

(c) The carrying amount of 'amount payable to holding company' approximates its cost.

12. OTHER PAYABLES

	2013	2012
	SR	SR
Other payables and accruals	121,554	176,000

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

(b) The carrying amounts of the Company's 'trade and other payables' are denominated in Seychelles Rupee.

13. EXPENSES BY NATURE

	2013	2012
	SR	SR
Employee benefit expenses (note 15)	4,690,573	3,324,673
Depreciation of property and equipment	1,002,804	1,164,173
Release of grant (note 9)	(778,158)	(895,119)
Cost of inventories recognised as expenses	6,658,616	3,460,827
Electricity and water	142,490	103,460
Licence and insurance	11,800	318,927
Repairs and maintenance	196,349	130,660
Operating leases - short term (note 16)	135,800	268,170
Telephone charges	75,297	87,370
Security expense	217,471	148,059
Other administrative expenses	382,336	148,151
	12,735,378	8,259,351
Analysed as follows:		
- Operating expenses	6,854,965	3,591,487
- Administrative expenses	4,877,609	3,503,691
- Depreciation of property and equipment	1,002,804	1,164,173
	12,735,378	8,259,351

14. OTHER INCOME

	2013	2012
	SR	SR
Refund of social security	328,394	-
Revenue grant received the from Government of Seychelles	3,000,000	-
Sundry income	163,503	47,874
	3,491,897	47,874

15. EMPLOYEE BENEFIT EXPENSES

	2013	2012
	SR	SR
Wages and salaries, including termination benefits	4,724,776	3,242,550
Retirement benefit obligations (note 10)	(128,328)	25,816
Pension costs and other staff benefits	94,125	56,307
	4,690,573	3,324,673

16. LOSS FOR THE YEAR

Loss for the year is arrived at after charging:

	2013	2012
	SR	SR
Operating leases - short term (note 13)	135,800	268,170
Auditors' remuneration	25,000	25,000
Directors' remuneration	19,800	-
Employee benefit expenses (note 15)	4,690,573	3,324,673

17. CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2013 (2012: Nil).

18. CAPITAL COMMITMENTS

There were no capital commitments as at December 31, 2013 (2012: Nil).

19. RELATED PARTY TRANSACTIONS

	Holding Company	
	2013	2012
	SR	SR
- Amount payable to	5,006,563	1,780,490

	Ultimate Holding Entity (GOS)	
	2013	2012
	SR	SR
- Grant related to asset received	-	1,077,970
- Grant related to revenue received	3,000,000	-

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

(b) Outstanding balances at year-end are unsecured and interest free. There has been no guarantees provided for the above payables.

(c) There were no transactions with key management personnel (2012: Nil).

20. ULTIMATE HOLDING ENTITY AND HOLDING COMPANY

The holding company of Praslin Transport Company Limited is Seychelles Public Transport Corporation. This Corporation is incorporated under the Seychelles Public Transport Corporation Act, 1977 and its head office is in Victoria, Seychelles. The Ultimate entity is the Government of Seychelles .

21. FINANCIAL SUMMARY

	2013	2012	2011	2010
	SR'000	SR'000	SR'000	SR'000
Total comprehensive (loss)/profit for the year	(2,434)	(2,048)	1,128	291
(Revenue deficit)/Retained earnings brought forward	(777)	1,271	143	(148)
(Revenue deficit)/Retained earnings carried forward	(3,211)	(777)	1,271	143
CAPITAL AND RESERVES				
Share capital	10	10	10	10
Grants	4,539	5,317	5,134	3,598
(Revenue deficit)/Retained earnings	(3,211)	(777)	1,271	143
	1,338	4,550	6,415	3,751