



## OFFICE OF THE AUDITOR GENERAL

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### REPORT OF THE AUDITOR GENERAL TO THE BOARD Public Utilities Corporation

Pursuant to the powers conferred on me by Section 16(2) of Public Utilities Corporation Act, 1985 (as amended) I have caused Pool and Patel (Chartered Accountants) to audit on my behalf the financial statements of the Corporation for the year ended 31 December 2013 as set out on pages 4 to 14. These statements have been prepared under the historical cost convention as modified by the valuation of certain fixed assets more fully described in notes 1.3 and 8 and the accounting policies set out in Note 1.

#### Board's Responsibility for the Financial Statements

The Board members are responsible for the preparation of financial statements and their fair presentation. The responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selection and applying appropriate policies, and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

My responsibility is to express an opinion on those financial statements based on the audit. The audit was conducted in accordance with international auditing guidelines. Those guidelines 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 auditor's judgment, 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 Corporation'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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board as well as evaluating the overall presentation of the financial statements.



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

#### **Significant matters and inherent uncertainty**

- a) A substantial sum is included in "stocks" representing the cost of "strategic spares" held by the Corporation. In view that a fair proportion of these items were purchased years ago, verification of cost has proved futile and we have, therefore, had to rely on the values provided to us by the Corporation's personnel. Further a number of these spare parts are specific to old generators which although still in use have exceeded their estimated useful lives; there have been no movement during the year in respect of these spares. Should these generators cease to work these specific spares will become obsolete.

#### **Opinion**

Subject to any adjustment which could arise out of the above mentioned matters, in my opinion, the financial statements fairly present the state of affairs of the Corporation at 31 December 2013 and the results of its operations and cash flows for the year ended, and the financial statements have otherwise been prepared in accordance with the requirements of Public Utilities Corporation Act, 1985 (as amended).



**Marc Benstrong**  
**Auditor General**

**31 March 2014**  
**Victoria**

**REPORT AND ACCOUNTS  
for the year ended 31 December 2013**

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The members present their report together with the financial statements for the year ended 31st December 2013.

**Statement of members' responsibilities**

The members are required to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Corporation at the end of the financial period and of the profit or loss for that financial period.

In preparing those financial statements, the members are required to:

- select suitable accounting policies and apply them consistently
- make judgments and estimates that are reasonable and consistent
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Corporation will continue in business

The members are responsible for ensuring that the Corporation keeps proper accounting records. They are also responsible for safeguarding the assets of the Corporation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Principal activities**

The principal activities of the Corporation throughout the year were:

- The generation and distribution of electricity
- The storage, treatment and distribution of potable water
- The treatment and disposal of wastewater.

**Turnover**

	12 months to 31 December 2013 SR	12 months to 31 December 2012 SR
Continuing operations		
Electricity	1 265 685 806	1176 048 846
Water	141 084 941	111 471 699
Sewerage	16 491 722	13 356 523
	<u>1 423 262 469</u>	<u>1300 877 068</u>
Less: Interdepartmental Charges - (note 21)	(81 660 454)	(72,879,825)
Net Turnover	<u>1 341 602 016</u>	<u>1227 997 243</u>

**Results:**

The results are summarized as follows:

	12 months to 31 December 2013 SR	12 months to 31 December 2012 SR
Segmental operating results of continuing operations		
Electricity	298 401 842	92 986 024
Water	(57 147 837)	(41 624 448)
Sewerage	(13 691 705)	(13 742 458)
	<u>227 562 301</u>	<u>37 619 118</u>
Corporate costs		
Transport maintenance	(4 623 443)	(3 740 388)
Administration	(83 961 441)	(59 740 451)
	<u>(88 584 884)</u>	<u>(63 480 840)</u>
Results of continuing operations before financing costs & subvention	<u>138 977 416</u>	<u>(25 861 722)</u>
Net return from financing activities	15 735 826	12 883 865
Grant Income	49 461 158	18 202 200
Operating results for the year from continuing operations	<u>204 174 401</u>	<u>5 224 343</u>
Net comprehensive income for the year	<u>204 174 401</u>	<u>5 224 343</u>

Included in the net operating results of the water division is a charge of SCR 12,171,766.62 (2012: SCR 10,624,020.70) incurred in respect of the distribution of potable water to the consumers by the use of 'bowsers'.

**REPORT OF THE MEMBERS**  
for the year ended 31 December 2013

**Fixed Assets**

Changes during the year in Property Plant & Machinery are summarized in pages 10 and 11 and in the notes to the financial statements numbers 8 and 9.

During the year under consideration, additions to Property Plant & Machinery with material values includes the following;

Windfarm	SR
	171 922 925
Desalination plants	145 449 248
Rehabilitation & Upgrading Desalination Plants	175 893 284
Efficiency Improvement of Engines - Roche Caiman Power Plant	17 609 070
Replacement of Engine Block, Crankshaft and other Component A11	13 649 456

All the above assets were financed by Government Grants or International aids.

Capital work in Progress consist of the following large value investments;	SR
South Mahe Ring Main Completion Project	21 566 373
Improvement and Rehabilitation of Upper La misere Supply Scheme	14 239 084
MT Simpson / La Gogue Raw Water Transfer	30 595 718

**Wind Farm**

During the year 8 wind generators with a total peak capacity of 6 MW and average annual electricity generation of 6 000 MWh were erected with grant funding of Abu Dhabi Government.

In June 2013 these wind turbines were vested under the management of PUC. As these are grant funded the investment cost will not have an impact on the operational performances of PUC, however the energy generated through these renewable cost-free input energy generators results in some fuel cost savings to PUC in forthcoming years.

**Dividends**

The members have recommended that no dividend is paid for the year under review.

**Members & Member's interests**

The members during the year, in accordance with Section 4 of the Public Utilities Corporation Act 1985, were:

	<u>PERIOD</u> <u>01.01.13 - 30.06.13</u>	<u>PERIOD</u> <u>01.07.13 - 31.12.13</u>
Chairman	Mr. B. Choppy	Mr Eddy Belle
Chief Executive Officer	Mr. P. Morin	Mr. Philippe Morin
Non-executive members		
	Ms. V. Laporte	Ms. Ginny Elizabeth
	Mr. J. Rassool	Mr. Jean Rassool
	Mr. B. Belle	Mr. Andrew Jean-Louis
	Mr. C. Benoiton	Mr. Joel Melanie
	Mr. F. Joseph	Mr. Nimhan Senaratne

No contract or arrangement (other than service contracts) has been entered into at any time during the year, or subsisted at the end of the year, in which any member had a material interest which was significant in relation to the Corporation's business.

None of the members has any interest in the assigned Capital of the Corporation.

**Auditors**

In accordance with the Public Utilities Corporation Act 1985 (as amended), the Auditor General Office is mandated to audit Corporation's accounts. Under a contract entered between the Auditor General Office and Messers Pool & Patel, the latter firm was engaged to perform the audit function for the year and report their findings to the Auditor General Office.

Approved by the Board of Members on  
and signed on it's behalf by:

  
Chairman



Chief Executive Officer

Date: 31 March 2014



**INDEPENDENT AUDITORS REPORT TO THE AUDITOR GENERAL  
IN RESPECT OF THE AUDIT OF THE FINANCIAL STATEMENTS OF THE PUBLIC UTILITIES CORPORATION**

**PUBLIC UTILITIES CORPORATION  
REPORT OF THE AUDITORS  
to the Auditor General**

We have audited the financial statements for the year ended 31st December 2013 on pages 4 to 14 which have been prepared under the historical cost convention as modified by the valuation of certain fixed assets more fully described in notes 1.3 and 8 and the accounting policies set out in note 1.

This report is made solely for the benefit of the Auditor General in accordance with the Public Utilities Act 1985 (as amended). Our audit work has been undertaken so that we might state to the Auditor General those matters we are required to state to him 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 Auditor General as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of members and auditors**

The members are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, of those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with International Auditing Guidelines. An audit includes examination, on a test basis, of evidence relevant to the accounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Corporation's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give a reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Significant matters and inherent uncertainty**

Included in stocks (Note 10 - Inventories) is a sum of R12,288,432 which represents the cost of "Strategic spares" held by the Corporation. In view that a fair proportion of these items were purchased years ago, verification of cost has proved futile and we have therefore had to rely on the values provided to us by the Corporation's personnel. Further, a number of these spare parts are specific to old generators which although still in use have exceeded their estimated useful lives; there have been no movement during the year in respect of these spares. Should these generators cease to work, these specific spares will become obsolete.

**Opinion**

Subject to any adjustment which could arise out of above mentioned matters, in our opinion, the financial statements give a true and fair view of affairs of the Corporation as at 31 December 2013 and of the result and cash flow for the year then ended, and the financial statements have otherwise been prepared in accordance with the requirements of Public Utilities Corporation Act 1985.

Pool & Patel  
CHARTERED ACCOUNTANTS  
31st March 2014

**PUBLIC UTILITIES CORPORATION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2013**

	Note	12 months ended 31 December 2013	12 months ended 31 December 2012
		SR	SR
<b>Turnover</b>			
Continuing operations	2	<u>1 341 602 016</u>	<u>1 227 997 243</u>
		<u>1 341 602 016</u>	<u>1 227 997 243</u>
<b>Operating results of continuing operations before financing costs and subventions</b>	3	226 996 837	30 084 768
<b>Return from Financing Activities</b>	4	<u>15 735 826</u>	<u>12 883 865</u>
<b>Net results of continuing operations</b>		242 732 663	42 968 634
<b>Depreciation</b>	9	( 88 019 421)	( 55 946 490)
<b>Amortization of Deferred Grant</b>	22	<u>49 461 158</u>	<u>18 202 200</u>
<b>Net comprehensive income for the year</b>	19	204 174 401	5 224 343
<b>Retained earning as at 1 January</b>	19	( 525 270 221)	( 530 494 564)
<b>Retained earning as at 31 December</b>	19	<u>( 321 095 820)</u>	<u>( 525 270 221)</u>

*The notes on pages 7 to 14 form part of these financial statements*

	Note	2013		2012	
		SR	SR	SR	SR
<b>Tangible fixed assets</b>					
Operating assets	9	1438 018 886		947 554 141	
Capital work in progress	8	229 529 943		499 810 109	
			<u>1 667 548 829</u>		<u>1 447 364 251</u>
<b>Current assets</b>					
Inventories	10	220 007 682		159 424 974	
Accounts Receivable	11	198 814 290		161 744 944	
Bank balances and cash	12	<u>353 103 382</u>		<u>98 119 491</u>	
		<u>771 925 353</u>		<u>419 289 409</u>	
<b>Creditors due within one year</b>					
Other creditors	14	<u>82 160 391</u>		<u>96 002 584</u>	
		<u>82 160 391</u>		<u>96 002 584</u>	
<b>Net current assets</b>			<u>689 764 962</u>		<u>323 286 825</u>
<b>Total assets less current liabilities</b>			<u>2 357 313 791</u>		<u>1 770 651 076</u>
<b>Creditors due after more than one year</b>					
Borrowings	13	(118 330 371)			
Other creditors	14	<u>(29 085 017)</u>		<u>(25 844 449)</u>	
			<u>(147 415 389)</u>		<u>(25 844 449)</u>
<b>Provision for Employment Costs &amp; Benefits</b>	15		<u>(47 520 360)</u>		<u>(43 212 490)</u>
<b>Net assets</b>			<u><u>2162 378 042</u></u>		<u><u>1 701 594 137</u></u>
<b>Financed by</b>					
<b>Capital &amp; Reserves</b>					
<b>Assigned capital</b>					
Assigned capital	16		892 132 467		892 132 467
Revaluation reserve	17	158 537 000		158 537 000	
Capital contribution reserve	18	389 074 124		389 074 124	
Deferred Grant	22	1043 730 271	1591 341 395	787 120 766	1 334 731 890
Accumulated earnings / (losses)	19		(321 095 820)		(525 270 221)
<b>Assigned Capital &amp; Reserves</b>			<u><u>2162 378 042</u></u>		<u><u>1 701 594 137</u></u>



Chairman  
31.03.14



Chief Executive Officer

The notes on pages 7 to 14 form part of these financial statements



PUBLIC UTILITIES CORPORATION  
 FINANCIAL SUMMARY  
 CASH FLOW STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2013

	FY 2013		FY 2012	
	SR 000	SR 000	SR 000	SR 000
Profit from Operations		204 174		5 224
Attd Non Cash Items				
Depreciation	88 019		55 946	
Provision for Liabilities & Charges	4 308		5 460	
Less Grant Income	( 49 461)		( 18 202)	
(Gain) / Loss on disposal of Fixed Assets	( 719)			
		<u>42 147</u>		<u>43 205</u>
Operating cash flow before working capital changes		246 321		48 429
(Increase) / Decrease in inventory	( 60 583)		( 12 322)	
(Increase) / Decrease in debtors	( 37 069)		13 424	
Increase / (Decrease) in creditors payables within one year	( 13 842)		134	
Increase / (Decrease) in creditors payables over one year	<u>3 241</u>	<u>( 108 254)</u>	<u>1 080</u>	<u>2 315</u>
Cash generated from operations		138 068		50 744
Net Cash from Operating Activities	a	138 068		50 744
Purchase of Fixed Assets *	( 16 986)		( 55 220)	
(Increase) / Decrease in WIP	( 136 470)		( 192 028)	
Proceeds from sale of Fixed Assets	17 894			
Net Cash Used in Investing Activities	b	<u>( 135 562)</u>		<u>( 247 248)</u>
Proceeds from long term borrowings	118 330			
Government Grants received *	134 148		200 888	
Dividends Paid	-		-	
Net Cash Used in Financing Activities	c	<u>252,478</u>		<u>200,888</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	a + b + c	<u>254 984</u>		<u>4 383</u>
Cash and Cash Equivalents at the Beginning of the Period		98,119		93,736
Cash and Cash Equivalents at the End of the Period		<u>353,103</u>		<u>98,119</u>

\* The additions under the Electricity Generation plants in note 9 Includes a sum of SR 171,922,924.81 which is the cost of the Wind Farm vested with the Public Utilities Corporation in June 2013. This cost has not been shown in the Cash Flow Statement as cash receipts or as an outflow under the investing activities because these wind turbines were donated by the Government of United Arab Emirates as a capital Grant. The Corresponding Depreciation and the grant amortized is SR 3,859,669.66.

**PUBLIC UTILITIES CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013

**1 ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Section 16 of the Public Utilities Corporation Act 1985 and in accordance with accounting principles issued by the International Accounting Standards Committee as modified to reflect the Corporation's specific needs.

The principle accounting policies applied by the Corporation are set out below and unless otherwise stated are consistent with those applied in previous years.

**1.1 Basis of accounting**

The financial statements have been prepared under the historical cost convention, as modified by the valuation of dams, reservoirs, treatment works and pipeline networks relating to the water and sewerage activities of the Corporation.

**1.2 Turnover**

Turnover represents the invoiced value of electricity and water supplies to consumers, interdepartmental charges and other services provided and goods sold.

**1.3 Tangible fixed assets**

Tangible fixed assets are stated at cost, or valuation, less amounts provided to write off the assets over their estimated useful economic lives.

Dams, reservoirs, water and sewage treatment works and pipeline networks are stated at members' valuation on 1 April 1992 and additions thereafter at cost.

All other fixed assets are stated at cost including assets that have been the subject of a donation to the Corporation; in the latter case, the value attributed to those assets have been credited to a "Deferred grant" as more fully described in note 22.

Land is not depreciated. Other fixed assets are depreciated on a straight line basis over their estimated useful economic lives, which are principally as set out below.

	years
Buildings	50
Dams and reservoirs	50
Water and sewage treatment works	30 - 50
Water and sewerage networks	30 - 50
Electricity generation plant	15 - 25
Electricity distribution networks	15 - 25
Other plant and machinery	8 - 10
Operating equipment	4
Office equipment	5
Furniture and fittings	8
Motor vehicles	5 - 7

Fixed assets taken over from Seychelles Electricity Corporation Limited and the Seychelles Water Authority at the commencement of business on 1 January 1986 are depreciated on their original cost and not on the net book value as taken over by the Corporation.

Capital work in progress is represented by costs incurred on capital projects which were commenced prior to, and were incomplete at the end of the financial period.

**1.4 Depreciation of Capital Assets**

In arriving at the charge for the year for depreciation/amortization of Capital Assets, any Grants or Capital Contributions received towards the cost of these assets are not taken into account.

**1.5 Intangible fixed assets**

Research costs are charged to the profit and loss account during the financial period in which the expenditure is incurred, except where the costs relate to a specific capital project which has been undertaken, or will be undertaken in the foreseeable future.

Costs relating to such projects are carried forward and capitalized to capital work in progress at the commencement of the project.

**PUBLIC UTILITIES CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013

**1.6 Inventories**

Inventories of fuel and lubricants are valued at cost. Other inventories which include spare parts and non resalable items are valued at cost or net realizable value on a weighted average basis, due regard being made for slow moving and obsolete items. Obsolescence is determined by the Corporation's engineers after paying due regards to the specificity of the item of spare parts and other non resalable items.

**1.7 Foreign currencies**

Foreign currencies are converted into Seychelles Rupees at rates of exchange ruling on the dates of the transactions.

Foreign currency assets and liabilities are translated to Seychelles Rupees at rates of exchange approximating to those ruling at the reporting date.

Foreign currency conversion differences are dealt with as follows:

- differences arising from operating activities are accounted for in arriving at the operating loss.
- differences arising on other non-operating liabilities are disclosed separately in the income statement.

**1.8 Deferred Grant**

Grants and donations received in respect of specific fixed assets are accounted for at the fair value of the respective assets. Grants and donations are amortised over the respective useful lives of these assets as more fully detailed in note 22 Page 12.

**PUBLIC UTILITIES CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013

<b>2 TURNOVER</b>	<b>2013</b>	<b>2012</b>
	<b>SR</b>	<b>SR</b>
<b>Analysis by class of business</b>		
Turnover was derived from the operational activities of the Corporation as follows:		
Continuing operations		
Electricity	1 265 685 806	1 176 048 846
Water	141 084 941	111 471 699
Sewerage	16 491 722	13 356 523
	<u>1 423 262 469</u>	<u>1 300 877 068</u>
Less: Inter departmental Charges	<u>(81 660 454)</u>	<u>(72 879 825)</u>
	<u>1 341 602 016</u>	<u>1 227 997 243</u>
<b>Analysis by regional location</b>		
Turnover was derived from the following sources within Seychelles:		
Continuing operations		
Mahe and inner islands	1 270 564 539	1 157 967 931
Praslin & La Digue	152 697 931	142 909 137
	<u>1 423 262 469</u>	<u>1 300 877 068</u>
Less: Inter departmental Charges	<u>(81 660 454)</u>	<u>(72 879 825)</u>
	<u>1 341 602 016</u>	<u>1 227 997 243</u>
<b>3 OPERATING PROFIT (LOSS)</b>	<b>2013</b>	<b>2012</b>
	<b>SR</b>	<b>SR</b>
Operating profit (loss) before corporate costs		
Electricity	298 401 842	92 986 024
Water	(57 147 837)	(41 624 448)
Sewerage	(13 691 705)	(13 742 458)
	<u>227 562 301</u>	<u>37 619 118</u>
Corporate costs		
Transport maintenance	(4 623 443)	(3 740 388)
Administration	(83 961 441)	(59 740 451)
Total Corporate operating costs	<u>(88 584 884)</u>	<u>(63 480 840)</u>
Total operating profit( loss) after corporate costs	<u>138 977 416</u>	<u>(25 861 722)</u>
The operating profit / loss is arrived at after charging the following:		
	<b>2013</b>	<b>2012</b>
	<b>SR</b>	<b>SR</b>
Depreciation	88 019 421	55 946 490
Auditors' remuneration	300 000	285 574
Members emoluments	1 525 350	1 242 722
<b>4 RETURNS FROM FINANCING ACTIVITIES</b>	<b>2013</b>	<b>2012</b>
Interest Payable	(2 183 077)	-
	<u>-</u>	<u>-</u>
	<u>(2 183 077)</u>	<u>-</u>
Interest receivable on		
Overdue trade debts	16 285 757	12 175 686
Term deposits	1 608 152	654 028
Loans to employees	24 994	54 151
	<u>17 918 903</u>	<u>12 883 865</u>
	<u>15 735 826</u>	<u>12 883 865</u>

**PUBLIC UTILITIES CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013

**5 FOREIGN EXCHANGE GAIN (LOSS)**

	2013 SR	2012 SR
Realised	578 465	(2 543 730)
	<u>578 465</u>	<u>(2 543 730)</u>

**6 MEMBERS' EMOLUMENTS**

	2013 SR		2012 SR	
	Emoluments	PIT	Emoluments	PIT
<b>Executive members</b>				
Salaries				
Chairman	187 000	33 000		
CEO	721 548	127 332	1 050 960	157 644
<b>Non-executive members</b>				
Fees	388 000	68 471	29 000	5 118
	<u>1 296 548</u>	<u>228 803</u>	<u>1 079 960</u>	<u>162 762</u>

**7 FOREIGN CURRENCIES**

	2013 SR	2012 SR
Balances in foreign currencies at the end of the financial period have been converted into Seychelles rupees at the following rates of exchange:		
Pounds sterling	20.1810	20.4256
US dollars	12.2510	12.6150
Euro	16.9068	16.6173

**8 TANGIBLE FIXED ASSETS - CAPITAL WORK IN PROGRESS**

	2013 SR	2012 SR
At the beginning of the financial period	499 810 109	307 781 860
Expenditure during the financial period	<u>136 470 172</u>	<u>247 248 210</u>
	<u>636 280 281</u>	<u>555 030 070</u>
<b>Completed projects capitalised to operating fixed assets</b>		
Buildings	5 553 451	1 164 082
Water and sewage treatment works	327 461 760	32 561 894
Water and sewerage networks	53 159 831	11 349 708
Electricity distribution networks	16 135 104	9 335 183
Others	<u>4 440 193</u>	<u>809 094</u>
	<u>406 750 338</u>	<u>55 219 961</u>
At the end of the financial period	<u>229 529 943</u>	<u>499 810 109</u>



**PUBLIC UTILITIES CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013

**10 INVENTORIES**

	2013 SR	2012 SR
Materials and consumables		
Electricity generation fuel and lubricants	29 101 679	26 570 143
Strategic Spares	12 288 432	12 288 432
Spare parts and non resalable items	178 617 571	120 566 399
	<u>220 007 682</u>	<u>159 424 974</u>

**11 ACCOUNTS RECEIVABLE & PREPAYMENTS**

	2013 SR	2012 SR
Trade debtors	142 345 429	125 947 502
Unbilled Units(Units in Meters)	37 285 049	34 018 644
Prepayments and deposits	26 462 387	18 890 991
operating expenditure	3 956 591	276 503
VAT Receivable	4 733 566	
Loans and advances to employees	1 011 586	1 652 591
Less provision for bad debts	(16 980 317)	(19 041 287)
	<u>198 814 290</u>	<u>161 744 944</u>

**12 BANK BALANCES AND CASH**

	2013 SR	2012 SR
Other Term Deposits receivable within one year	227 260 422	54 882 967
Operating accounts	125 777 975	43 161 024
Cash	64 985	75 500
	<u>353 103 382</u>	<u>98 119 491</u>

**13 Borrowings**

	2013 SR	
Loan From E.I.B.	85 933 781	
Loan From A.F.D	32 396 590	
	<u>118 330 371</u>	

During the financial year PUC management entered into two Indemnity agreements relating to certainty of the payment obligations under the European Investment Bank (EIB) and Agence Francaise de Developpement (AFD) with the Republic of Seychelles relating to the upgrade of Seychelles Water and Sewerage infrastructure. The loan bears an interest between 0.5% and 6.34% — repayable in 13.5 years. The repayment would commence in March 2020. The total Loan value is expected to be Euros 36.7 Million, During the financial year 2013 a sum of Euros 7,043,956 was disbursed as the first tranche of this loan facility. During the year no interest was paid, however due provision for the interest payment has been made in these financial statements.

**14 OTHER CREDITORS**

	2013 SR	2012 SR
<b>DUE WITHIN ONE YEAR</b>		
Trade creditors	68 697 872	83 300 844
Other creditors	13 462 519	12 701 740
	<u>82 160 391</u>	<u>96 002 584</u>
<b>OTHER CREDITORS</b>		
<b>DUE AFTER ONE YEAR</b>		
Deposits lodged by customers as security against non-payment of debts due in respect of electricity and water consumption.	29 085 017	25 844 449
	<u>29 085 017</u>	<u>25 844 449</u>

**PUBLIC UTILITIES CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013

**15 PROVISION FOR EMPLOYMENT COSTS & BENEFITS**

	Accrued Leave SR	Long service gratuities SR	Severance compensation SR	Total SR
At the beginning of the FY	5 760 641	3 013 162	34 438 686	43 212 490
Movements during the FY				
Provided	2 175 637	1 899 946	1 740 115	5 815 699
Utilised	2 175 637	1 424 018	83 810	1 507 828
	<u>2 175 637</u>	<u>475 928</u>	<u>1 656 305</u>	<u>4 307 870</u>
At the end of the FY	<u>7 936 278</u>	<u>3 489 090</u>	<u>36 094 992</u>	<u>47 520 360</u>

The long service gratuities and severance compensation provisions are in respect of amounts accrued due to employees at the end of the financial period which will become payable after the end of the financial period to those employees who have completed the necessary terms and conditions of employment.

**16 ASSIGNED CAPITAL**

	2013 SR	2012 SR
Assigned capital is comprised of the following which existed at the time of the establishment of the Corporation:		
Seychelles Electricity Corporation Limited Share Capital	42 069 280	42 069 280
Seychelles Water Authority Government Equity	8 551 125	8 551 125
Loans taken over by GOS as Capital Contribution (Note 24)	841 512 062	841 512 062
	<u>892 132 467</u>	<u>892 132 467</u>

**17 REVALUATION RESERVE**

	2013 SR	2012 SR
Reserve arising on the valuation of tangible fixed assets	<u>158 537 000</u>	<u>158 537 000</u>

**18 CAPITAL CONTRIBUTION RESERVE**

	2013 SR	2012 SR
At the beginning of the financial period	389 074 124	389 074 124
At the end of the financial period	<u>389 074 124</u>	<u>389 074 124</u>

Capital Contribution Reserve represents contributions received over the years from both the Government of Seychelles and Private Sector Developers in respect of certain Capital Projects undertaken by the Corporation prior to 1st January 2010,

**19 RETAINED EARNINGS**

	2013 SR	2012 SR
Accumulated Loss at the beginning of the financial period	(525 270 221)	(530 494 564)
Results of the financial period		
Net results of continuing operations	242 732 663	42 968 634
Depreciation	(88 019 421)	(55 946 490)
Amortization of Deferred Grant	49 461 158	18 202 200
At the end of the financial period	<u>(321 095 820)</u>	<u>(525 270 221)</u>

**20 CAPITAL COMMITMENT**

Major capital commitments as at the reporting date were as follows:	
Rehabilitation and Upgrading of Desalination Plants on Mahe, Praslin and La Digue	120 000 000
Non Revenue Water Program	205 366 616



**PUBLIC UTILITIES CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2013

<b>21 INTER DEPARTMENTAL REVENUE INCLUDED IN TURNOVER</b>	<b>2013</b>	<b>2012</b>
	<b>SR</b>	<b>SR</b>
<b>ELECTRICITY</b>	<u>81,660,454</u>	<u>72,879,825</u>
	<u>81,660,454</u>	<u>72,879,825</u>
<b>22 DEFERRED GRANT</b>	<b>2013</b>	<b>2012</b>
	<b>SR</b>	<b>SR</b>
Deferred grant balance brought forward from previous year	787,120,766	604,435,342
Grants received during the period	125,365,430	200,887,625
Third Party Deferred grant	180,705,233	
Less: Amortisation of Deferred grant	<u>(49,461,158)</u>	<u>(18,202,200)</u>
Total Deferred grant carried forward	<u>1,043,730,271</u>	<u>787,120,766</u>

**PUBLIC UTILITIES CORPORATION**  
**FINANCIAL SUMMARY**  
**Statement of comprehensive income**

**NOTES**

	Dec 2013 12 months SR ' 000	Dec 2012 12 months SR ' 000
<b>Turnover</b>		
Supply of electricity and water	1 393 609	1 266 947
Services	29 654	33 930
<b>Total Turnover</b>	<u>1 423 262</u>	<u>1 300 877</u>
<b>Direct operating expenses</b>		
Generation fuel & lubricants	808 137	950 147
Electricity	76 463	67 503
Materials & equipment charges	41 435	38 846
<b>Total Direct Operating Expenses</b>	<u>926 035</u>	<u>1 056 495</u>
<b>Commercial Margin</b>	<u>497 227</u>	<u>244 382</u>
<b>Other Operating Costs</b>		
Repairs & maintenance	53 484	32 678
Drought Expenses	12 178	10 624
Contractors fees- Tree Clearance	2 589	2 497
<b>Establishment expenses</b>		
Utility charges	5 198	5 377
Rent	456	388
Repairs & maintenance	2 456	1 198
Other	4 721	4 678
<b>Transport expenses</b>		
Fuel & oil	9 103	9 272
Repairs & maintenance	4 085	3 339
Hire	8 061	6 349
Licences & insurance	1 162	1 378
<b>Employee expenses</b>		
Salaries	105 629	93 908
Social security & pension	1 812	1 501
Long service gratuities and compensation	5 734	8 768
Other employee related costs	10 840	8 374
<b>Administration and other expenses</b>		
Administration expenses	20 112	20 270
Value Added Tax	25 303	
Bad debts net of recoveries	( 36)	2 488
Foreign exchange loss (gain)	( 578)	2 544
Inter-corporation cost recoveries	( 1 359)	( 1 334)
<b>Total Other Operating Costs</b>	<u>270 950</u>	<u>214 297</u>
<b>Operating profit(loss) before Interest &amp; Depreciation</b>	<u>226 278</u>	<u>30 085</u>
Depreciation charge	88 019	55 946
Loss (profit) on disposal of fixed assets	( 719)	
	<u>87 300</u>	<u>55 946</u>
<b>Operating profit (loss) before interest</b>	<u>138 977</u>	<u>( 25 862)</u>
<b>Interest receivable on</b>		
Overdue trade debtors	16 286	12 176
Term deposits	1 608	654
Loans to employees	25	54
	<u>17 919</u>	<u>12 884</u>
<b>Interest payable on</b>		
Loans	( 2 183)	-
	<u>( 2 183)</u>	<u>-</u>
<b>Profit / (Loss) on ordinary activities</b>	<u>154 713</u>	<u>( 12 978)</u>
Foreign exchange gain(loss) on loans		
Grant Income	49 461	18 202
<b>Profit (Loss) for the financial period</b>	<u>204 174</u>	<u>5 224</u>

**PUBLIC UTILITIES CORPORATION**  
**FINANCIAL SUMMARY**  
**Detailed operating results - Electricity**

	Dec 2013 12 months SR ' 000	Dec 2012 12 months SR ' 000
<b>Turnover</b>		
Supply of electricity	1 256 078	1 157 163
Services	9 608	18 886
	<u>1 265 686</u>	<u>1 176 049</u>
<b>Direct operating expenses</b>		
Generation fuel & lubricants	808 137	950 147
Materials & equipment charges	26 255	24 438
Repairs & maintenance	37 373	19 369
Tree Clearance	2 589	2 497
<b>Establishment expenses</b>		
Utility charges	2 441	2 613
Rent		
Repairs & maintenance	607	375
Other	1 913	1 719
<b>Transport expenses</b>		
Fuel & oil	3 212	2 958
Repairs & maintenance	1 241	1 179
Hire	1 919	1 816
Licences & insurance	340	440
<b>Employee expenses</b>		
Salaries	33 243	28 293
Social security & pension	616	531
Long service gratuities and compensation	1 726	2 757
Other employee related costs	3 786	2 826
<b>Administration and other expenses</b>		
Administration expenses	4 140	5 293
Value Added Tax	602	
Bad debts net of recoveries		2 485
Foreign Exchange loss (gain)		
	<u>930 142</u>	<u>1 049 738</u>
<b>Depreciation charge</b>	<u>37 142</u>	<u>33 325</u>
	<u>967 284</u>	<u>1 083 063</u>
<b>Operating profit before interest</b>	<u>298 402</u>	<u>92 986</u>
<b>Net interest payable</b>		
Receivable on overdue trade debtors	13 324	9 757
Payable on loans	( 2 183)	-
	<u>11 141</u>	<u>9 757</u>
<b>Profit (Loss) after interest</b>	<u>309 542</u>	<u>102 743</u>
<b>Grant Income</b>	<u>14 530</u>	<u>10 125</u>
<b>Profit /Loss for financial period</b>	<u>324 072</u>	<u>112 868</u>

**PUBLIC UTILITIES CORPORATION**  
**FINANCIAL SUMMARY**  
**Detailed operating results - Water**

	Dec 2013 12 months SR ' 000	Dec 2012 12 months SR ' 000
<b>Turnover</b>		
Supply of water	137 531	109 784
Services	<u>3 554</u>	<u>1 688</u>
	<u>141 085</u>	<u>111 472</u>
<b>Direct operating expenses</b>		
Electricity	68 543	59 809
Materials & equipment charges		
Exclusive of transport fuel and oil	13 124	12 813
Drought Expenses	12 178	10 624
Repairs & maintenance	11 966	9 587
<b>Establishment expenses</b>		
Utility charges	41	44
Rent		
Repairs & maintenance	163	232
Other	1 154	1 190
<b>Transport expenses</b>		
Fuel & oil	3 684	4 089
Repairs & maintenance	2 049	1 680
Hire	4 403	3 449
Licences & insurance	393	475
<b>Employee expenses</b>		
Salaries	31 534	28 080
Social security & pension	525	467
Long service gratuities and compensation	1 931	3 159
Other employee related costs	3 345	2 410
<b>Administration and other expenses</b>		
Administration expenses	3 778	3 605
Value Added Tax	35	
Bad debts net of recoveries	( 11)	3
Foreign Exchange loss (gain)		
Inter-corporation cost recoveries	<u>( 598)</u>	<u>( 569)</u>
	158 239	141 147
<b>Depreciation charge</b>	<u>39 994</u>	<u>11 949</u>
	<u>198 233</u>	<u>153 096</u>
<b>Operating profit before interest</b>	<u>( 57 148)</u>	<u>( 41 624)</u>
<b>Net interest payable</b>		
Receivable on overdue trade debtors	2 962	2 419
Payable on loans	-	-
	<u>2 962</u>	<u>2 419</u>
<b>Grant Income</b>	32 914	6 336
<b>Profit(Loss) after interest</b>	<u>( 21 272)</u>	<u>( 32 870)</u>

**PUBLIC UTILITIES CORPORATION**  
**FINANCIAL SUMMARY**  
**Detailed operating results - Sewerage**

	Dec 2013 12 months SR ' 000	Dec 2012 12 months SR ' 000
Turnover	15 420	13 197
Disposal fees	1 072	159
Other services	<u>16 492</u>	<u>13 357</u>
<b>Direct operating expenses</b>	<b>7 920</b>	<b>7 694</b>
Electricity		686
Materials & equipment charges	2 056	3 722
Exclusive of transport fuel and oil	4 144	
Repairs & maintenance		382
Establishment expenses	363	
Utility charges		153
Rent	126	101
Repairs & maintenance	407	
Other		410
Transport expenses	516	172
Fuel & oil	335	280
Repairs & maintenance	315	53
Hire	51	
Licences & insurance		3 512
Employee expenses	4 468	50
Salaries	61	
Social security & pension		163
Long service gratuities and compensation	228	
Other employee related costs		1 019
Administration and other expenses	437	
Administration expenses	2	
Value Added Tax	<u>21 429</u>	<u>18 397</u>
Depreciation charge	<u>8 755</u>	<u>8 702</u>
	<u>30 183</u>	<u>27 099</u>
Operating profit before interest	( 13 692)	( 13 742)
Grant Income	861.26	788.82
Profit(loss) after interest	<u>( 12 830)</u>	<u>( 12 954)</u>

**PUBLIC UTILITIES CORPORATION**  
**FINANCIAL SUMMARY**  
**Corporate costs - Transport maintenance**

	Dec 2013 12 months SR ' 000	Dec 2012 12 months SR ' 000
<b>Direct operating expenses</b>		
Materials & equipment charges	300	165
Exclusive of transport fuel and oil		
Repairs & maintenance		
Establishment expenses	171	171
Utility charges		
Rent	460	308
Repairs & maintenance	224	169
Other		
Transport expenses	547	819
Fuel & oil		
Repairs & maintenance	14	3
Hire	168	172
Licences & insurance		
Employee expenses	2 611	1 939
Salaries	57	47
Social security & pension		
Long service gratuities and compensation	82	110
Other employee related costs		
Administration and other expenses	84	26
Administration expenses	3	
Value Added Tax	( 761)	( 765)
Inter-corporation cost recoveries	<u>3 958</u>	<u>3 164</u>
	665	576
Depreciation charge	( 253)	( 252)
Grant Income	<u>4 370</u>	<u>3 489</u>
Total Expenditure	<u><u>4 370</u></u>	<u><u>3 489</u></u>

**PUBLIC UTILITIES CORPORATION**  
**FINANCIAL SUMMARY**  
**Corporate costs - Administration**

	Dec 2013 12 months SR ' 000	Dec 2012 12 months SR ' 000
<b>Establishment expenses</b>		
Utility charges	2 181	2 167
Rent	456	388
Repairs & maintenance	771	908
Other	1 023	1 499
<b>Transport expenses</b>		
Fuel & oil	1 145	997
Repairs & maintenance	490	273
Hire	1 411	800
Licences & Insurance	210	238
<b>Employee expenses</b>		
Salaries	33 773	32 084
Social security & pension	552	406
Long service gratuities and compensation	2 077	2 851
Other employee related costs	3 399	2 865
<b>Administration and other expenses</b>		
Administration expenses	11 674	10 327
Value Added Tax	24 661	
Bad debts net of recoveries	( 26)	
Inter-corporation cost recoveries		
Foreign exchange loss (gain)	( 578)	2 544
	<u>83 218</u>	<u>58 347</u>
<b>Depreciation charge</b>	1 463	1 394
<b>Loss (profit) on disposal of fixed assets</b>	( 719)	
<b>Expenditure before interest</b>	<u>83 961</u>	<u>59 740</u>
<b>Interest receivable on</b>		
Term deposits	( 1 608)	( 654)
Loans to employees	( 25)	( 54)
	<u>( 1 633)</u>	<u>( 708)</u>
<b>Interest payable on</b>		
Loans	-	-
Other	-	-
	<u>-</u>	<u>-</u>
<b>Expenditure after interest</b>	<u>82 328</u>	<u>59 032</u>
<b>Loss (Gain) on exceptional items</b>		
Grant Income	- 902.69	- 700.25
Unrealised Loss / (Gain) on forex loans	-	-
<b>Non Recurrent Items</b>		
<b>Expenditure after Non Recurrent Items</b>	<u>81 426</u>	<u>58 332</u>