



SEYCHELLES BROADCASTING CORPORATION

Audited Financial Statements

for the year ended 31st December 2012



SEYCHELLES BROADCASTING CORPORATION

P.O. Box 321, Hermitage, Mahe, Republic of Seychelles
Telephone: (248) 4289 600 • Telefax: (248) 4225 641 • E-mail: ceo@sbc.sc

Please address all correspondence to the Chief Executive Officer

Management Report for the Year Ended 31st December 2012

The Corporation thrived to sustain its continuous development strategies established in 2009 and in accordance with the mandate of the Seychelles Broadcasting Corporation Act of 2011.

During the year under review the Corporation embarked on number of refurbishing projects to develop the infrastructure and other facilities at Hermitage station investing approximately SR. 0.7M towards the following:

- Construction of IT workshop and re-development of Technology Division work-floor.
- Creation of office space for Content Development Division.
- Fixing new windows to improve efficiency in air-conditioning in Programming and Scheduling Division as well as the Television Library.
- Major improvements in the Hermitage reception area.
- Creation of office space for Bonzour Sesel Division.
- Creation of additional space for Sales and Marketing Division.

The phase II of the staff laptop and desktop scheme initialized during the later part of 4th quarter 2011 was finalized during the first quarter of 2012, following the necessary procurement procedures. Accordingly, the consignment consisting of 36 DELL Laptops and 12 DELL Desktop computers were received in June 2012, which were allocated to the staff with 40% subsidy.

The Management decided to go ahead in implementing the long debated concept of having an Inner Island office on Praslin with the objective of giving more exposure especially to the various activities on Praslin and La Digue islands. Accordingly, all arrangements were made to lease out office space in Seychelles Pension Fund building on Praslin and to obtain necessary facilities / resources required for the efficient operation of the office. Finally, the branch office was opened in October 2012 under the patronage of the President of the Republic, Mr. James Alex Michel.

The Corporation managed to reach another milestone in its history by acquiring the first unit of TriCaster equipment to introduce the virtual studio technology to its local programmes. The equipment was received in June 2012 and followed by necessary in-house training conducted by an Engineer from the distributor in France, NewTek-Europe. The training covered the areas of technical and operational issues.

During the year under review the Corporation managed to acquire two eight seater mini busses for Mahe and one jeep for Praslin operations.

The proposed project to re-locate the Radio Production and Sales offices at Le Chantier Mall had to be abandoned due to unforeseen delays beyond the control of the Corporation. Accordingly, the Management decided to shift all operations of the SBC Radio 1368 and Paradise FM to Hermitage up-till the materialization of the "New Broadcast House Project". It was planned to implement the migration process in stages as follows:

- a) Relocating the staff attached to Radio 1368 at Hermitage – Completed during 3rd quarter 2012.
- b) Construction of two self-operated studios and control room for Radio 1368 and Paradise FM at hermitage – Civil works completed by 4th quarter 2012.
- c) Procurement of studio equipment – In-progress.
- d) Creating office space for Paradise FM staff – pending.
- e) Creating space for Radio Library – pending.

The consultancy work pertaining to the Digital Terrestrial Television (DTT) project was awarded to the Commonwealth Broadcasting Association (CBA) during the 2nd quarter of the year. The submission of the final consultancy report consisting of survey reports, frequency plan and other recommendations as per the initial proposal from CBA is scheduled for 2nd quarter of 2013. The infrastructure development work related to the project would commence during the 2nd quarter of 2013 and the procurement of equipment to be finalized after securing the balance funding requirements under the capital budget 2013.

The project to replace Anse Faure Tower would now be commenced during the 2nd quarter of 2013. The construction of new transmitter site at Bougainville, which was deferred considering the new coverage plan for DDT project would also be re-activated during the 3rd quarter of 2013.

The re-location of AM Antenna System at La Gogue, which was deferred due to prioritisation of various other projects, has been further delayed and the Management has now decided to contract out the civil works and other infrastructure development work to external Agencies.

The National Human Resource Development Council assisted the Corporation in providing funds towards the local and overseas training. Accordingly, 15 staff had the opportunity to follow the courses offered by Seychelles Institute of Management. Further, total of over 130 staff attended the in-house training courses conducted by Overseas and local facilitators which covered;

Certificate in General Management, Certificate in Office Management, Diploma in Human Resource Management and Certificate in Logistic and Transport. The Corporation also managed to obtain the services of foreign experts from CIRTEF and NewTeck-Europe to conduct training on Sound Recording Techniques for Television and on Operating TriCaster, virtual studio equipment. Further, all security personal and selected number of staff had the opportunity to undergo basic training on Security and Fire Safety. During the year under review two staff was enrolled to follow BA (Hons) in Broadcasting and Journalism and Digital Film and Television.

A new project to provide satellite up-linking facilities funded by the European Union commenced during the 2nd quarter and all equipment related to the project was received from ISOVISION in September 2012. The installation would commence during the 1st quarter of 2013 and the commissioning would take place on completion of the other installations in the region. The project will facilitate the Corporation to exchange programmes with the regional Broadcasters.

With the objective of migrating to a faster non-linear editing platform for audio and video, the Corporation decided to up-grade its editing work stations for Radio and Television. All formalities related to procurement were completed and the tender was awarded to Drafix Services Limited in the UK to supply 61 DELL computers at a cost of SR. 1.34M. The equipment is expected to arrive in the country during the 1st quarter of 2013.

“TURNING CHALLENGES INTO OPPORTUNITIES FOR THE ADVANCEMENT OF THE SBC”

Secretary:

The secretary of the Corporation is Mr. Ranjana De Silva of Hermitage, Mahe Seychelles.

Auditors:

The Audit was conducted by the Office of the Auditor General, P.O. Box 49, Victoria in accordance with Article 158 of the Constitution.



OFFICE OF THE AUDITOR GENERAL

P.O. Box 49 - Victoria,
Mahe, Republic of Seychelles
Telephone: (248) 4672500 Fax: (248) 4610365
E-mail: auditgen@oag.sc Website: www.oag.sc

Please address all correspondence to the Auditor General

OPINION OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE SEYCHELLES BROADCASTING CORPORATION FOR THE YEAR ENDED 31 DECEMBER 2012

Scope

I have audited the financial statements of the Seychelles Broadcasting Corporation for the year ended 31 December 2012, as set out on pages 1-11, in accordance with Section 15 (2) of the Seychelles Broadcasting Corporation Act, 2011.

The Board is responsible for keeping proper books of accounts, preparation of the financial statements and the information they contain. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report it to the Board.

The audit was conducted in accordance with the International Organisation of the Supreme Audit Institutions (INTOSAI) auditing standards. The audit procedures included examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements as well as an assessment of accounting policies and significant estimates.

The audit was planned and conducted so as to obtain all information and explanations considered necessary to provide me with sufficient evidence to give a reasonable assurance that the financial statements are free of material misstatement, whether caused by fraud or other irregularity or error. The overall adequacy of the presentation of information in the financial statements was also evaluated in forming my opinion.

The audit opinion has been formed on the above basis.

Audit Opinion

In my opinion, the financial statements on pages 1 to 11 fairly present the financial position of the Seychelles Broadcasting Corporation at 31 December 2012 and the results of its operations and cash flows for the year then ended.

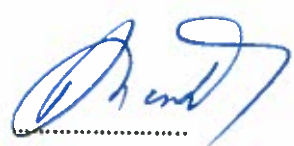
Marc Benstrong
Auditor General

17 October 2013
Victoria

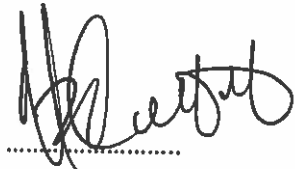
Summary Profit and Loss Accounts for the year ended 31st December 2012

	2012 SCR	2011 SCR
Gross Revenue	63,722,733	57,154,703
Overheads	<u>(69,172,777)</u>	<u>(58,932,133)</u>
Profit/(Loss) for the Year	(5,450,044)	(1,777,430)
Retained Earnings 1st January	(52,681,388)	(50,905,316)
Prior Year Adjustment	(717)	1,358
Retained Earnings 31st December	<u><u>(58,132,149)</u></u>	<u><u>(52,681,388)</u></u>


These financial statements have been approved for issue by the Board on 25th September 2013



Patrick Nanty
 Chairman



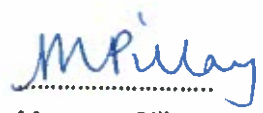
Michael Benstrong
 Member



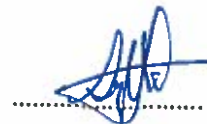
Jeannette Larue
 Member



Anne-Mary Collet
 Member



Margaret Pillay
 Member



Fatoumata Sylla
 Member



Alexandra Madeleine
 Member

Detailed Profit & Loss Account for the Year Ended 31st December 2012

	Note Schedules	2012 (SCR)	2011 (SCR)
<u>Revenue</u>			
Revenue Subvention		54,587,262	48,958,077
Revenue Advert, Programme and etc	2(a)	8,429,092	7,281,763
Other Income	2(b)	706,379	914,863
Operating Revenue		63,722,733	57,154,703
<u>Operating Expenses</u>			
Bank Charges		(20,480)	(16,558)
Sponsorship & Entertainment		(375,202)	(394,562)
Staff Costs	3	(34,392,281)	(31,187,728)
General/Misc Expenses		(186,223)	(72,196)
Insurance		(168,265)	(171,019)
Lease Rentals/Other Lease		(115,518)	(22,808)
Legal & Professional Fees	5	(68,235)	(68,235)
Licenses		(697,627)	(801,371)
(Loss)/Gain on Exchange		30,674	(35,095)
Motor Vehicles Expenses	6	(2,073,404)	(1,754,070)
Programming & Production Cost	7	(12,230,747)	(10,849,265)
Printing/Stationery & Postages Expenses		(293,935)	(262,833)
Repairs & Maintenance		(1,020,570)	(652,081)
Security Charges		(168,000)	(168,000)
Subscriptions		(175,871)	(273,124)
Communication Cost		(1,157,744)	(1,127,220)
Travelling Local & Overseas		(1,230,803)	(561,317)
Utility Costs		(6,330,847)	(4,674,939)
Total Overheads		(60,675,078)	(53,092,421)
NET PROFIT/(LOSS) FOR THE YEAR PRIOR TO DEPRECIATION		3,047,655	4,062,282
Less:			
Depreciation		(8,497,699)	(5,839,712)
NET PROFIT/(LOSS) FOR THE YEAR		(5,450,044)	(1,777,430)

The accompanying notes 1-17 form part of these Financial statements

Balance Sheet as at 31st December 2012

	Note Schedules	2012 SCR	2011 SCR
FIXED ASSETS	8	24,640,174	27,358,094
Current Assets			
Cash & Bank Balances	9	24,400,042	27,912,115
Prepayments & Deposits	10	2,840,720	1,931,968
Accounts Receivables & Others	11	964,803	520,201
Inventory – Consumables		282,744	128,397
		28,488,309	30,492,681
Current Liabilities			
Accruals & Accounts Payable	12	4,349,113	3,857,137
Total Liabilities		4,349,113	3,857,137
Net Current Assets		24,139,196	26,635,544
Total Assets		48,779,370	53,993,638
Equity and Liabilities			
Capital Employed	15		
Capital Fund		30,258,073	30,258,073
Capital Grant		71,966,780	72,005,980
Other Grants		1,740,378	1,740,378
Staff Compensation & Gratuity Reserve	13	2,946,288	2,670,595
Deficit(Cumulative) per P & L Appropriation		(58,132,149)	(52,681,388)
Capital Employed		48,779,370	53,993,638

The accompanying notes 1-17 form part of these Financial statements

Cash Flow Statement for the year ended 31st December 2012

	2012		2011
	<i>SCR</i>		<i>SCR</i>
Cash Flows from Operating Activities			
Profit/ (Loss) Before Tax	(5,450,044)		(1,777,430)
Depreciation Expenses	8,497,699		5,839,712
Prior Year Adjustment	<u>(717)</u>		<u>1,358</u>
	3,046,938		4,063,640
Movements in Working Capital			
(Increase)/ Decrease in Accounts Receivable	(444,602)		266,063
(Increase)/ Decrease in Inventory	(154,347)		43,925
Increase/(Decrease) in Accounts Payable	491,976		(411,248)
Increase/(Decrease) in Compensation Reserves	275,692		431,263
(Increase)/ Decrease in Deposits	<u>(908,751)</u>		<u>(184,912)</u>
	(740,032)		145,091
Cash Flows from Investing Activities			
Purchase of Assets	<u>(5,779,779)</u>		<u>(11,432,734)</u>
	(5,779,779)		(11,432,734)
Cash Flows from Financing Activities			
Capital Grants	<u>(39,200)</u>		<u>(35,000)</u>
	(39,200)		(35,000)
Net Increase/(Decrease) in Cash	<u>(3,512,073)</u>		<u>(7,259,004)</u>
Cash and Cash Equivalents as at 1st January 2012	<u>27,912,115</u>		<u>35,171,119</u>
Cash and Cash Equivalents as at 31st December 2012	<u><u>24,400,042</u></u>		<u><u>27,912,115</u></u>

1. Accounting Policies

General

The activities of the Corporation up to 31st December 2012 were undertaken in accordance with the SBC Act 2 of 2011. The Corporation has been following the historical cost convention consistently throughout the year unless stated otherwise below. The inventory has been valued at cost of the purchases. The foreign currency transactions are represented in the accounts in Seychelles Rupees at the rates of exchange prevalent at the time of the transactions.

Fixed Assets

The movements in the fixed assets are set out in the schedule attached to the accounts. The assets are stated at cost less depreciation except the freehold land. The depreciation has been calculated to write off the assets over their useful lives to the company.

The estimated useful lives of the assets are as follows:

Furniture, Fittings & Equipment	10 Years
Vehicles	5 Years
Plant, Machinery, etc	5 Years
Buildings & Developments	3 Years
Office equipments	5 Years
IT Equipments	3.3 Years

2. Income

(a) Revenue Advert, Programme

	<i>2012</i>	<i>2011</i>
	SCR	SCR
TV Advertising Income	4,293,701	3,592,546
AM Advertising Income	1,071,715	1,136,389
FM Advertising Income	859,623	626,423
TV Public Announcement Income	447,347	268,532
AM Public Announcement Income	441,050	446,525
Income from Lottery Draws	556,710	554,125
Programme sales	54,000	18,000
Facility Hire	17,200	2,000
DVD/Cassette Transfers	39,800	67,200
Programme Production	42,250	143,444
TV- Programme Sponsorship	404,956	141,229
AM- Programme Sponsorship	19,000	19,550
FM- Programme Sponsorship	<u>181,740</u>	<u>265,799</u>
	<u>8,429,092</u>	<u>7,281,763</u>

Notes to the Financial Statements
For the year ended 31st December 2012

	2012	2011
	SCR	SCR
(b) Other Income		
Staff Loan Interest Received	8,766	7,379
Miscellaneous income	<u>697,613</u>	<u>907,484</u>
	<u>706,379</u>	<u>914,863</u>
3. Staff Costs		
Salaries	24,179,323	22,540,829
Other Allowances	1,304,068	1,178,539
Pension	407,207	252,601
Housing Cost	204,840	161,280
Performance Incentive Scheme	1,729,674	1,378,168
Overtime	1,756,016	1,191,561
Compensation	352,033	959,367
Gratuity	1,952,849	1,889,610
Local Accommodation /Subsistence Allowance	211,963	80,825
Protective Clothing	68,786	45,006
Staff Functions	200,723	(20,393)
Staff Welfare	351,830	171,814
Non Exec Directors Fees (See Note 4)	168,875	171,524
School's Fees	155,841	155,105
Training	1,294,360	1,031,892
Recruitment	<u>53,893</u>	<u>-</u>
	<u>34,392,281</u>	<u>31,187,728</u>
4. Directors' fees		
Directors		
Mr. Denis Rose (07/01/09-22/02/11)	-	10,380
Mrs. Jeanne Simeon (07/01/09-22/02/11)	-	7,785
Fr. David Alcindor (07/01/09-22/02/11)	-	5,190
Mr. David Andre (07/01/09-22/02/11)	-	5,190
Mr. Kenny Robert (07/01/09-22/02/11)	-	5,190
Mr. Denis Payette (07/01/09-22/02/11)	-	5,190
Mrs. Rosa Morin (07/01/09-22/02/11)	-	5,190
Mr. Patrick Nanty (05/05/2011-to-date)	41,520	27,680
Mrs. Jeannette Larue (05/05/2011-to-date)	20,760	19,030
Mrs. Margaret Pillay (05/05/2011-to-date)	20,760	19,030
Mr. Michael Benstrong (05/05/2011-to-date)	20,760	13,840
Ms. Anne-Mary Collet (05/05/2011-to-date)	20,760	13,840
Ms. Fatoumata Sylla (01/04/2012-to-date)	15,570	-
Ms. Alexandra Madeleine (01/04/12-to-date)	15,570	-
Ms. Idith Alexander (05/05/2011-28/02/2012)	3,720	13,840
Ms. Sylvie Pool (05/05/2011-28/02/2012)	3,720	13,840
Mr. J.Y.K De Silva (Secretary -29/10/1999-to-date)	<u>5,735</u>	<u>6,309</u>
	<u>168,875</u>	<u>171,524</u>

Notes to the Financial Statements
For the year ended 31st December 2012

	2012	2011
	SCR	SCR
5. Legal and Professional fees		
Legal and professional fees	28,235	28,235
Audit fees	<u>40,000</u>	<u>40,000</u>
	<u>68,235</u>	<u>68,235</u>
6. Motor Vehicle expenses		
Motor vehicle rental	28,715	21,314
Motor vehicle repairs	399,100	269,467
Motor vehicle maintenance	341,677	224,544
Motor vehicle fuel and lubricant	1,115,739	1,070,489
Motor vehicle insurance	119,801	105,288
Motor vehicle licenses	<u>68,372</u>	<u>62,968</u>
	<u>2,073,404</u>	<u>1,754,070</u>
7. Programming and Production cost		
SBC unprogrammed activities	4,611	132,655
I.O.I.G 2011	-	1,088,836
SABA General Assembly 2012	90,095	368,253
Satellite Up linking Project	20,330	-
Clothing Allowance	98,267	101,217
Make-up Allowance	26,383	27,275
Facials	28,775	33,418
DVD/Audio/visual tapes	362,737	311,961
Website expenses	37,695	3,149
Music commissioning	12,000	12,000
Royalties	84,000	84,000
Software licenses	185,885	71,535
Subscription services	534,175	552,493
Programme costs	10,619,439	7,942,013
Advertising	<u>126,355</u>	<u>120,460</u>
	<u>12,230,747</u>	<u>10,849,265</u>

8 Fixed Asset

Depreciation Schedule for the year ended 31st December 2012

Assets	Cost	Additions	Disposal	Balance	Depn	Depn B/F	Dep Disp	Depn C/F	NBV
Land & Building	22,957,365	1,010,492	-	23,967,857	3,223,044	12,456,351	-	15,679,395	8,288,463
Plant & Equipment	68,405,778	1,545,101	-	69,950,879	3,381,812	55,916,661	-	59,298,472	10,652,407
Furnitures & Fixtures	14,335,041	1,674,628	-	16,009,669	1,212,538	11,790,847	-	13,003,385	3,006,283
Motor Vehicles	5,063,816	1,549,558	(243,475)	6,369,899	680,305	3,534,014	(243,475)	3,970,844	2,399,055
WIP	293,966	-	-	293,966	-	-	-	-	293,966
Total	<u>111,055,966</u>	<u>5,779,779</u>	<u>(243,475)</u>	<u>116,592,270</u>	<u>8,497,699</u>	<u>83,697,872</u>	<u>(243,475)</u>	<u>91,952,096</u>	<u>24,640,174</u>

Land shown in the above schedule is owned by the Government of Seychelles.

	2012	2011
	SCR	SCR
<u>9</u> Cash and bank balances		
Nouvobanq Current	872,346	722,663
Nouvobanq FX Account	898,748	483,483
Cash in Hand	29,135	28,920
Treasury Suspense A/C	61,523	-
Treasury Revolving A/C	22,527,390	26,666,149
Cash Imprest- Sales	900	900
Petty Cash Imprest	<u>10,000</u>	<u>10,000</u>
	<u>24,400,042</u>	<u>27,912,115</u>

Funds in the revolving account with the Treasury refer to the capital grants received from the Government in respect of various projects yet to be commenced/ completed. It also includes transfers made through the commercial bank account.

<u>10</u> Prepayment & Deposits		
Prepayments	188,705	313,391
Advances to suppliers	337,851	286,510
DARO Current Accounts	38,363	38,364
On-Air BC Current A/c	29,365	83,755
CTE Digital Broadcast Srl	12,893	12,893
Drafix Current Account	1,368,738	187,475
Videsh Commercial Current A/c	1,853	113,196
Canford Audio Plc	(627)	57,035
TREASURY - 10% Call Account	3,492	3,492
Deposits	40,130	15,900
Treasury deposits (TX Project)	<u>819,957</u>	<u>819,957</u>
	<u>2,840,720</u>	<u>1,931,968</u>

<u>11</u> Receivables		
Suspense A/C	25,403	(63,600)
Accounts Rec. Control Account	724,266	445,949
Provision for Bad Debts	(39,563)	(39,764)
Sundry Debtors	160,934	53,676
Staff Loans Control Account	93,763	123,740
Returned Cheques control Account	<u>-</u>	<u>200</u>
	<u>964,803</u>	<u>520,201</u>

	2012	2011
	SCR	SCR
12. Accounts Payable		
Provision for PIT	769	13,018
Provision for pension	200	(600)
Personal Income Tax	25,447	-
Accruals	2,035,028	1,729,086
Accounts Payable Control A/C	429,092	(89,164)
Sundry Creditors	1,718,015	2,117,671
Advances from Customers	<u>140,562</u>	<u>87,126</u>
	<u>4,349,113</u>	<u>3,857,137</u>

Sundry creditors include SCR 1,272,524 as provision for gratuity in respect of contract staff.

13 Staff Compensation Reserve

In the opinion of the management the existing provision in the accounts is sufficient to cover any future payments.

14 Prior year adjustment

This includes a sum of SCR 717 written off to the Profit & Loss Appropriation.

15 Capital Employed

The Seychelles Broadcasting Corporation Act 2011 has not prescribed any limit on the capital structure of the Corporation. The capital Employed as at 31st December 2012 represents the brought forward balance from the previous years and adjusted for the current years' deficit. It includes:

	<i>As at 1/1/2012</i>	<i>Addition</i>	<i>As at 31/12/2012</i>
<i>Capital Funds</i>	30,258,073	-	30,258,073
<i>Capital Grants</i>	72,005,980	(39,200)	71,966,780
<i>Other Grants</i>	1,740,378	-	1,740,378
<i>Staff Compensation</i>	2,670,595	275,693	2,946,288
<i>Deficit (Cumulative) per P&L Appropriation</i>	(52,681,388)	(5,450,761)	(58,132,149)

16 Capital Commitments

There were no commitments of capital nature either contracted for or approved by the Members but not contracted for as at 31st December 2012.

17 Contingent Liabilities

The Members were not aware of any contingent liabilities existing as on the date of the Balance sheet.