

**SEYCHELLES PUBLIC TRANSPORT CORPORATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2013**

**SEYCHELLES PUBLIC TRANSPORT CORPORATION**

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CORPORATE INFORMATION

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<b>DIRECTORS</b>	:	<u>The Corporation</u> Steve Fanny (Chairman) Geffy Zialor (Chief Executive Officer) Veronique Laporte Raymonde Course (Up to December 7, 2013) Patrick Andre Rosa Morin Hans Aglae (As from December 7, 2013)
		<u>The Subsidiary</u> Kevin Samson (Chairman) Geffy Zialor (Chief Executive Officer) Jean-Baptiste Yvon Esther Michael Antoine Tim Marie (As from October 5, 2012)
<b>REGISTERED OFFICE</b>	:	English River, Victoria, Mahé, Seychelles
<b>PRINCIPAL PLACE OF BUSINESS</b>	:	English River, Victoria, Mahé, Seychelles
<b>AUDITORS</b>	:	BDO Associates Chartered Accountants Seychelles
<b>BANKERS</b>	:	(1) The Mauritius Commercial Bank (Seychelles) Limited (2) Seychelles International Mercantile Banking Corporation Limited (3) Barclays Bank Limited (4) Bank of Baroda Limited (5) Seychelles Commercial Bank Limited

## DIRECTORS' REPORT - DECEMBER 31, 2013

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

## PRINCIPAL ACTIVITY

The Corporation and its subsidiary, Praslin Transport Company Limited (PTC), operates public transport on Mahé and Praslin respectively.

## RESULTS

	THE GROUP	THE CORPORATION
	SR	SR
Loss for the year	(4,011,448)	(1,577,554)
Retained earnings brought forward	96,569,593	98,249,099
Retained earnings carried forward	<u>92,558,145</u>	<u>96,671,545</u>

## PROPERTY AND EQUIPMENT

The Corporation

Additions to property and equipment of SR 7.9m during the year comprised mainly vehicles, furniture, fittings and equipment and capital work in progress (2012: SR 25.9m). Disposal comprised mainly vehicles and equipment carried at SR 0.6m at net book value (2012: SR 0.3m).

The Group

Additions to property and equipment of SR 7.9m during the year comprised mainly vehicles, furniture, fittings and equipment and capital work in progress (2012: SR 26.1). Disposal comprised mainly vehicles and equipment carried at SR 0.6m at net book value (2012: SR 0.3m).

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

## DIRECTORS

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

The Corporation

Steve Fanny (Chairman)  
Geffy Zialor - Chief Executive Officer  
Veronique Laporte  
Raymonde Course (Up to December 7, 2013)  
Patrick Andre  
Rosa Morin  
Hans Aglae (As from December 7, 2013)

The subsidiary

Kevin Samson (Chairman)  
Geffy Zialor (Chief Executive Officer)  
Jean-Baptiste Yvon Esther  
Michael Antoine  
Tim Marie (As from October 5, 2012)

DIRECTORS' REPORT - DECEMBER 31, 2013

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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


The Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and with the Seychelles Public Transport Corporation Act, 1977. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. The Directors have the general responsibility of safeguarding the assets, both owned by the Corporation and those that are held in trust and used by the Corporation.

The Directors consider they have met their aforesaid responsibilities.

**AUDITORS**

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

**BOARD APPROVAL**

  
Steve Fanny  
Chairman  
  
Patrick Andre  
Director

  
Geffy Zialor  
Director  
  
Rosa Morin  
Director

  
Veronique Laporte  
Director  
  
Hans Aglae  
Director

Dated: 30<sup>th</sup> JUNE 2014  
Victoria, Seychelles

## SEYCHELLES PUBLIC TRANSPORT CORPORATION

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of Seychelles Public Transport Corporation and its subsidiary ("The Group"), 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 Seychelles Public Transport Corporation and its subsidiary set out on pages 4 to 29 which comprise the Statement of Financial Position as at December 31, 2013, the Statement of Comprehensive Income, 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(a) of the Directors' 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 Bank'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 Bank'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.



SEYCHELLES PUBLIC TRANSPORT CORPORATION

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

Opinion

In our opinion, the financial statements on pages 4 to 29 give a true and fair view of the financial position of the Group and the Corporation as at December 31, 2013 and of its financial performance and its cash flows for the period or year then ended in accordance with International Financial Reporting Standards and comply with the Seychelles Public Transport Corporation Act, 1977.

Report on Other Legal and Regulatory Requirements

*Public Enterprise Monitoring Commission Act, 2013*

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

We have obtained all the information necessary for the purpose of our audit and are satisfied with the information received.

*BDO Associates*  
BDO ASSOCIATES  
Chartered Accountants

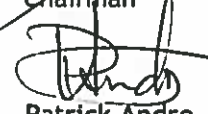
Dated: *JUNE 30, 2014*  
Victoria, Seychelles

## STATEMENTS OF FINANCIAL POSITION - DECEMBER 31, 2013

	Notes	THE GROUP		THE CORPORATION	
		2013	2012	2013	2012
		SR	SR	SR	SR
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property and equipment	5	86,540,537	98,009,432	81,937,696	92,403,787
Investment in subsidiary	6	-	-	10,000	10,000
Amount receivable from the subsidiary	7	-	-	5,006,563	1,780,490
		<u>86,540,537</u>	<u>98,009,432</u>	<u>86,954,259</u>	<u>94,194,277</u>
<b>Current assets</b>					
Inventories	8	17,529,358	18,670,970	16,969,079	18,226,679
Investment in financial assets	9	26,943,552	35,800,946	26,943,552	35,800,946
Trade and other receivables	10	12,111,527	8,536,526	11,035,425	7,808,986
Cash and cash equivalents	11	12,917,676	9,151,283	12,520,307	9,123,415
		<u>69,502,113</u>	<u>72,159,725</u>	<u>67,468,363</u>	<u>70,960,026</u>
<b>Total assets</b>		<u><b>156,042,650</b></u>	<u><b>170,169,157</b></u>	<u><b>154,422,622</b></u>	<u><b>165,154,303</b></u>
<b>RESERVES AND LIABILITIES</b>					
<b>Reserves</b>					
Grants	12	45,120,195	56,656,059	39,679,014	50,436,720
Retained earnings		92,558,145	96,569,593	96,671,545	98,249,099
		<u>137,678,340</u>	<u>153,225,652</u>	<u>136,350,559</u>	<u>148,685,819</u>
<b>LIABILITIES</b>					
<b>Non-current liability</b>					
Retirement benefit obligation	13	13,008,870	11,715,981	12,838,177	11,416,960
<b>Current liability</b>					
Trade and other payables	14	5,355,440	5,227,524	5,233,886	5,051,524
<b>Total liabilities</b>		<u><b>18,364,310</b></u>	<u><b>16,943,505</b></u>	<u><b>18,072,063</b></u>	<u><b>16,468,484</b></u>
<b>Total reserves and liabilities</b>		<u><b>156,042,650</b></u>	<u><b>170,169,157</b></u>	<u><b>154,422,622</b></u>	<u><b>165,154,303</b></u>

These financial statements have been approved for issue by the Board of Directors on 30TH JUNE 2014

  
Steve Fanny  
Chairman

  
Patrick Andre  
Director

  
Geoff Zialor  
Director

  
Rosa Morin  
Director

  
Veronique Laporte  
Director

  
Hans Aglae  
Director

The notes on pages 8 to 29 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	THE GROUP		THE CORPORATION	
		2013	2012	2013	2012
		SR	SR	SR	SR
Revenue	2(j)	119,873,668	44,191,712	113,064,080	108,804,291
Operating expenses	15	(63,646,197)	(23,016,895)	(56,791,232)	(54,796,106)
Operating profit		56,227,471	21,174,817	56,272,848	54,008,185
Administrative expenses	15	(100,760,196)	(33,424,083)	(95,015,582)	(81,559,072)
Other income	17	41,221,711	1,972,320	37,865,614	5,084,307
Loss before finance income		(3,311,014)	(10,276,946)	(877,120)	(22,466,580)
Foreign exchange gains		(700,434)	285,602	(700,434)	746,326
Loss for the year	18	(4,011,448)	(9,991,344)	(1,577,554)	(21,720,254)
<b>Other comprehensive income:</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
<u>Grants (note 12)</u>					
Grant received during the year	12	-	-	-	14,062,892
Donation of inventory	12	-	282,635	-	282,635
Gain arising on take-over of entity under common control		-	902,389	-	-
Release to statement of profit or loss					
- Operating costs	12	-	(282,635)	-	(282,635)
- Depreciation charge	12	(11,535,864)	(4,674,785)	(10,757,706)	(10,575,068)
Total other comprehensive loss for the year		(11,535,864)	(3,772,396)	(10,757,706)	3,487,824
Total comprehensive loss for the year		(15,547,312)	(13,763,740)	(12,335,260)	(18,232,430)

The notes on pages 8 to 29 form an integral part of these financial statements.  
Auditors' report on pages 3 and 3(a).

## STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2013

THE GROUP

	<u>Grants</u> SR	<u>Retained</u> <u>earnings</u> SR	<u>Total</u> SR
Balance at January 1, 2013	56,656,059	96,569,593	153,225,652
Total comprehensive loss for the year	(11,535,864)	(4,011,448)	(15,547,312)
Balance at December 31, 2013	<u>45,120,195</u>	<u>92,558,145</u>	<u>137,678,340</u>
Consolidation adjustments			
-The Corporation	54,483,553	107,338,054	161,821,607
-The Subsidiary	5,944,902	(777,117)	5,167,785
Total comprehensive loss for the year	(3,772,396)	(9,991,344)	(13,763,740)
Balance at December 31, 2012	<u>56,656,059</u>	<u>96,569,593</u>	<u>153,225,652</u>

THE CORPORATION

	<u>Grants</u> SR	<u>Retained</u> <u>earnings</u> SR	<u>Total</u> SR
Balance at January 1, 2013	50,436,720	98,249,099	148,685,819
Total comprehensive loss for the year	(10,757,706)	(1,577,554)	(12,335,260)
Balance at December 31, 2013	<u>39,679,014</u>	<u>96,671,545</u>	<u>136,350,559</u>
Balance at January 1, 2012	46,948,896	119,969,353	166,918,249
Total comprehensive income/(loss) for the year	3,487,824	(21,720,254)	(18,232,430)
Balance at December 31, 2012	<u>50,436,720</u>	<u>98,249,099</u>	<u>148,685,819</u>

The notes on pages 8 to 29 form an integral part of these financial statements.  
Auditors' report on pages 3 and 3(a).

## STATEMENTS OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2013

	Notes	THE GROUP		THE CORPORATION	
		2013	2012	2013	2012
		SR	SR	SR	SR
Cash flows from operating activities					
Loss for the year		(4,011,448)	(9,991,344)	(1,577,554)	(21,720,254)
<i>Adjustments for:</i>					
Depreciation on property and equipment	5	18,820,777	6,879,650	17,817,973	16,947,147
Release of grants	12	(11,535,864)	(4,674,785)	(10,757,706)	(10,575,068)
Donation of inventory	12	-	(282,635)	-	(282,635)
Loss on scrapping/disposal of property and equipment		565,421	5,340	565,421	5,340
Loss on exchange of financial assets	9	696,902	-	696,902	-
Interest receivable	17	(1,731,157)	(913,466)	(1,731,157)	(2,387,044)
Provision for obsolete stock	8	3,332,498	1,189,545	3,332,498	1,175,541
Allowance for credit losses	10	762,790	1,557,425	762,790	456,843
Interest accrued on financial assets	9	(278,102)	(838,594)	(278,102)	(838,594)
Consolidation adjustment		-	(11,398,142)	-	-
Net movement in retirement benefit obligations	13	1,292,889	707,305	1,421,217	666,758
		7,914,706	(17,759,701)	10,252,282	(16,551,966)
<i>Changes in working capital</i>					
- Inventories		(2,190,886)	154,142	(2,074,898)	47,450
- Trade and other receivables		(4,337,791)	4,655,116	(3,989,229)	3,769,639
- Trade and other payables		127,916	638,007	182,362	657,636
		1,513,945	(12,312,436)	4,370,517	(12,077,241)
Interest received	17	1,731,157	913,466	1,731,157	2,387,044
Net cash inflow/(outflow) from operating activities		3,245,102	(11,398,970)	6,101,674	(9,690,197)

The notes on pages 8 to 29 form an integral part of these financial statements.  
Auditors' report on pages 3 and 3(a).

## SEYCHELLES PUBLIC TRANSPORT CORPORATION

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## STATEMENTS OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2013

	Notes	THE GROUP		THE CORPORATION	
		2013	2012	2013	2012
		SR	SR	SR	SR
Cash flow from investing activities					
Purchase of property and equipment	5	(7,917,303)	(10,129,665)	(7,917,303)	(25,896,079)
Proceeds from sale of property and equipment	5	-	325,000	-	325,000
Purchase of investment in financial assets	9	(31,688,619)	(63,428,546)	(31,688,619)	(63,428,546)
Purchase of investment in subsidiary company	6	-	-	-	(10,000)
Proceeds from redemption of investment in financial assets	9	40,127,213	80,606,754	40,127,213	80,606,754
Net cash outflow from investing activities		521,291	7,373,543	521,291	(8,402,871)
Cash flow from financing activity					
Movement in amount receivable from the subsidiary		-	-	(3,226,073)	(1,780,490)
Grant related to assets received	12	-	-	-	14,062,892
Net cash (outflow)/inflow from financing activities		-	-	(3,226,073)	12,282,402
Net increase/(decrease) in cash and cash equivalents		3,766,393	(4,025,427)	3,396,892	(4,030,176)
Movement in cash and cash equivalents					
At January 1,		9,151,283	-	9,123,415	13,153,591
Consolidation adjustments					
- The Corporation		-	13,153,591	-	-
- The Subsidiary		-	23,119	-	-
Increase (decrease) during the year		3,766,393	(4,025,427)	3,396,892	(4,030,176)
At December 31,	11	12,917,676	9,151,283	12,520,307	9,123,415

The notes on pages 8 to 29 form an integral part of these financial statements.  
Auditors' report on pages 3 and 3(a).

## 1. GENERAL INFORMATION

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

The principal activity of the Corporation and that of its subsidiary are as stated in the Directors' report on page 2.

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of preparation

The financial statements of Seychelles Public Transport Corporation and its subsidiary have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 1972. These financial statements have been prepared under the historical cost convention, except that relevant financial assets and financial liabilities are measured at their fair value or amortised cost as appropriate.

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

Amendments to IAS 1, 'Financial statement presentation' regarding other comprehensive income. 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 Group's financial statements.*

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

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its 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 Group's financial statements.*

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

### (a) Basis of preparation (Cont'd)

#### *Standards, Amendments to published Standards and Interpretations issued but not yet effective (Cont'd)*

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 Group'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 Group'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 Group'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 Group's financial statements.*

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

#### Annual Improvements to IFRSs 2009-2011 Cycle.

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

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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Basis of preparation (Cont'd)****Annual Improvements to IFRSs 2009-2011 Cycle (Cont'd)**

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 Group'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 Group'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 Group 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 Group 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.

**(b) Property and equipment**

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

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

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

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 comprehensive income 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	2% - 20%
Furniture, fittings and equipment	10% - 50%
Vehicles and engines	12.5% - 20%

Land is not depreciated.

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

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

Gains and losses on disposal of property and equipment are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss.

**(c) Inventories**

Inventories are stated at the lower of cost and net realisable value. In general cost is determined by the weighted average method. The 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 Group's accounting policies in respect of the main financial instruments are set out below:

#### (i) *Held-to-maturity financial assets*

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest rate method.

#### (ii) *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 Corporation 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.

#### (iii) *Trade and other payables*

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

#### (iv) *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.

#### **Derecognition**

A financial asset is derecognised when the rights to receive cash flows have expired or the Group has transferred its rights to receive cashflows from the asset.

#### **Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. The carrying amount of the asset is reduced and the amount of loss is recognised in the profit or loss.

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

### (e) Investment in subsidiary

#### *Separate financial statements of the investor*

In the separate financial statements of the investor, investment in subsidiary company is carried at cost. The carrying amount is reduced to recognise any impairment in the value of investment.

#### *Consolidated financial statements*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### *Transactions and non-controlling interests*

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Investment in subsidiary (Cont'd)***Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of profit or loss.

**(f) Retirement benefit obligations***Defined benefit plans*

The Group 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.

The Group 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.

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

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

*(i) Functional and presentation currency*

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) Foreign currencies (Cont'd)****(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.

**(h) Grants**

- (i) Grants related to assets from the Government of Seychelles for acquisition of property and equipment received in form of donations is treated as deferred income by crediting capital grant, classified under equity in the statement of financial position.

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

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

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

**(i) 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).

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(j) 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.

**(k) Business tax**

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

**(l) Provisions**

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

**3. FINANCIAL RISK MANAGEMENT****3.1 Financial risk factors**

The Group'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.

**(a) Credit risk**

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

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

**(b) Liquidity risk**

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

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

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

## 3.1 Financial risk factors (Cont'd)

## (c) Currency risk

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

At December 31, 2013, if the Seychelles Rupee had weakened/strengthened by 5% against GBP, ZAR and US Dollar with all variables held constant, loss for the year would have been SR 389,737 (2012: SR 409,811) higher/lower, mainly as a result of foreign exchange losses/gains on translation of foreign currency monetary assets and liabilities as depicted in the table below:

	US Dollar		GBP		ZAR	
	2013 SR'000	2012 SR'000	2013 SR'000	2012 SR'000	2013 SR'000	2012 SR'000
Investment in financial assets	408	444	-	-	-	-
Trade and other payables	(18)	(26)	-	(2)	-	(6)
	<u>390</u>	<u>418</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>(6)</u>

## (d) Interest rate risk

The Group and the Corporation have significant interest-bearing assets and income and operating cash flows from these assets are dependent of changes in market interest rates. As at December 31, 2013, had interest rates weakened/strengthened by 5%, loss for the year of the Group and the Corporation would have been higher/lower by SR 113,682 (2012: SR 119,352 - The Corporation) higher/lower.

## 3.2 Fair value estimation

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

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group 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) *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.

**(c) *Asset lives and residual values***

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.

**(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 Group 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.

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

## 5. PROPERTY AND EQUIPMENT

(a) THE GROUP

	Freehold land	Buildings on leasehold land	Vehicles and	Furniture, fittings and equipment	Capital work in progress	Total
	SR	SR	SR	SR	SR	SR
<b>COST</b>						
At January 1, 2012						
- The Corporation	75,000	27,713,291	133,889,379	20,433,901	2,570,192	184,681,763
- The subsidiary	-	927,494	6,225,266	-	471,285	7,624,045
Additions	-	220,000	9,181,004	404,954	323,707	10,129,665
Assets scrapped	-	-	(8,792,147)	-	-	(8,792,147)
Disposals	-	-	(639,365)	-	-	(639,365)
Transfers	-	2,073,985	-	-	(2,073,985)	-
At December 31, 2012	75,000	30,934,770	139,864,137	20,838,855	1,291,199	193,003,961
Additions	-	-	1,338,971	1,021,523	5,556,809	7,917,303
Assets scrapped	-	-	(3,075,717)	-	-	(3,075,717)
At December 31, 2013	75,000	30,934,770	138,127,391	21,860,378	6,848,008	197,845,547
<b>DEPRECIATION</b>						
At January 1, 2012						
- The Corporation	-	18,575,828	63,643,948	13,152,409	-	95,372,185
- The subsidiary	-	198,144	1,475,124	-	170,598	1,843,866
Charge for the year	-	334,017	5,730,018	794,447	21,168	6,879,650
Adjustments for assets scrapped	-	-	(8,792,147)	-	-	(8,792,147)
Disposal adjustments	-	-	(309,025)	-	-	(309,025)
At December 31, 2012	-	19,107,989	61,747,918	13,946,856	191,766	94,994,529
Charge for the year	-	862,131	15,965,552	1,993,094	-	18,820,777
Adjustments for assets scrapped	-	-	(2,510,296)	-	-	(2,510,296)
At December 31, 2013	-	19,970,120	75,203,174	15,939,950	191,766	111,305,010
<b>NET BOOK VALUE</b>						
At December 31, 2013	75,000	10,964,650	62,924,217	5,920,428	6,656,242	86,540,537
At December 31, 2012	75,000	11,826,781	78,116,219	6,891,999	1,099,433	98,009,432



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

## 5. PROPERTY AND EQUIPMENT (CONT'D)

(b) THE CORPORATION

	Freehold land	Buildings on leasehold land	Vehicles and engines	Furniture, fittings and equipment	Capital work in progress	Total
	SR	SR	SR	SR	SR	SR
<b>COST</b>						
At January 1, 2012	75,000	27,713,291	119,157,460	19,780,640	1,969,122	168,695,513
Additions	-	-	23,864,192	1,058,215	973,672	25,896,079
Assets scrapped	-	-	(8,792,147)	-	-	(8,792,147)
Disposals	-	-	(639,365)	-	-	(639,365)
Transfers	-	2,073,985	-	-	(2,073,985)	-
At December 31, 2012	75,000	29,787,276	133,590,140	20,838,855	868,809	185,160,080
Additions	-	-	1,338,971	1,021,523	5,556,809	7,917,303
Assets scrapped	-	-	(3,075,717)	-	-	(3,075,717)
At December 31, 2013	75,000	29,787,276	131,853,394	21,860,378	6,425,618	190,001,666
<b>DEPRECIATION</b>						
At January 1, 2012	-	18,100,275	54,939,213	11,870,830	-	84,910,318
Charge for the year	-	770,347	14,100,774	2,076,026	-	16,947,147
Disposal adjustments	-	-	(309,025)	-	-	(309,025)
Adjustments for assets scrapped	-	-	(8,792,147)	-	-	(8,792,147)
At December 31, 2012	-	18,870,622	59,938,815	13,946,856	-	92,756,293
Charge for the year	-	724,001	15,177,648	1,916,324	-	17,817,973
Adjustments for assets scrapped	-	-	(2,510,296)	-	-	(2,510,296)
At December 31, 2013	-	19,594,623	72,606,167	15,863,180	-	108,063,970
<b>NET BOOK VALUE</b>						
At December 31, 2013	75,000	10,192,653	59,247,227	5,997,198	6,425,618	81,937,696
At December 31, 2012	75,000	10,916,654	73,651,325	6,891,999	868,809	92,403,787

(c) Depreciation has been charged to administrative expenses.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

## 6. INVESTMENT IN SUBSIDIARY

	THE CORPORATION	
	2013	2012
	SR	SR
<u>Cost - Unquoted</u>		
At December 31,	10,000	10,000

Details of the subsidiary are as follows:

Name of subsidiary	Class of shares held	% Direct Shareholding	Year ended
Praslin Transport Company Limited	Ordinary 100%	100%	December 31, 2013

The subsidiary is incorporated in Seychelles and is engaged in providing public transportation on Praslin Island, Seychelles.

## 7. AMOUNT RECEIVABLE FROM SUBSIDIARY

	THE CORPORATION	
	2013	2012
	SR	SR
Amount receivable from subsidiary	5,006,563	1,780,490

- (a) The amount receivable 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 asset.
- (b) The carrying amount of 'amount receivable from subsidiary is denominated in Seychelles Rupee.

## 8. INVENTORIES

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
Vehicle spares	15,031,021	17,324,383	14,675,119	16,994,159
Consumables, loose tools and operating supplies	7,020,380	2,536,132	6,816,003	2,422,065
	22,051,401	19,860,515	21,491,122	19,416,224
Provision for obsolete inventories (note (b) below)	(4,522,043)	(1,189,545)	(4,522,043)	(1,189,545)
	17,529,358	18,670,970	16,969,079	18,226,679

- (a) The cost of inventories recognised as expense and included in cost of sales amounted to SR 60,614,427 (2012 : SR 21,943,629) for the Group and SR 53,955,811 (2012: SR 52,229,150) for the Corporation (note 15).

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

## 8. INVENTORIES (CONT'D)

(b) Movements in provision for obsolete inventories is as follows:

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
At January 1,	1,189,545	-	1,189,545	14,004
Consolidation adjustment	-	739,693	-	-
Charge for the year	3,332,498	449,852	3,332,498	1,175,541
At December 31,	<u>4,522,043</u>	<u>1,189,545</u>	<u>4,522,043</u>	<u>1,189,545</u>

(c) 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.

## 9. INVESTMENT IN FINANCIAL ASSETS

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
<u>Held-to-maturity financial assets</u>				
At January 1,	35,800,946	-	35,800,946	52,140,560
Consolidation adjustment				
- The Corporation	-	52,140,560	-	-
Additions during the year	31,688,619	63,428,546	31,688,619	63,428,546
Redemptions during the year	(40,127,213)	(80,606,754)	(40,127,213)	(80,606,754)
Loss on exchange	(696,902)	-	(696,902)	-
Interest accrued	278,102	838,594	278,102	838,594
At December 31,	<u>26,943,552</u>	<u>35,800,946</u>	<u>26,943,552</u>	<u>35,800,946</u>

(a) Held-to-maturity financial assets are denominated in the following currencies:

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
Seychelles Rupee	18,778,106	26,921,246	18,778,106	26,921,246
US Dollar	8,165,446	8,879,700	8,165,446	8,879,700
	<u>26,943,552</u>	<u>35,800,946</u>	<u>26,943,552</u>	<u>35,800,946</u>

(b) The above held-to-maturity financial assets earned interest ranging from 0.75% to 11% (2012: 0.75% to 10%) are expected to mature in less than one year and were neither past due nor impaired.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

## 10. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
Trade receivables	4,877,118	4,942,926	4,480,645	4,882,778
Prepayments	5,689,436	2,178,046	5,063,957	2,178,046
Deposits and advances	3,418,185	2,544,492	3,364,035	1,877,100
Receivables in respect of cash defalcation	447,003	428,487	447,003	428,487
	<u>14,431,742</u>	<u>10,093,951</u>	<u>13,355,640</u>	<u>9,366,411</u>
Provision for credit impairment (note (b) below)	(2,320,215)	(1,557,425)	(2,320,215)	(1,557,425)
	<u>12,111,527</u>	<u>8,536,526</u>	<u>11,035,425</u>	<u>7,808,986</u>

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

(b) The movement on the provision for credit impairment is as follows:

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
At January 1,	1,557,425	-	1,557,425	1,100,582
Consolidation adjustment	-	1,382,602	-	-
Amounts written off during the year	-	-	-	-
Charge for the year	762,790	174,823	762,790	456,843
At December 31,	<u>2,320,215</u>	<u>1,557,425</u>	<u>2,320,215</u>	<u>1,557,425</u>

(c) As of December 31, 2013, trade receivables of SR 413,094 and SR 361,013 for the Group and the Corporation respectively (2012: SR 769,800 - Group and Corporation) 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:

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
Between 3 and 6 months	413,094	245,524	361,013	245,524
Over 6 months	-	524,276	-	524,276
	<u>413,094</u>	<u>769,800</u>	<u>361,013</u>	<u>769,800</u>

(d) The other classes within trade and other receivables did not contain impaired assets.

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

(f) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

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

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

## 11. CASH AND CASH EQUIVALENTS

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
Cash in hand	14,000	14,000	14,000	14,000
Cash at bank	12,903,676	9,137,283	12,506,307	9,109,415
	<u>12,917,676</u>	<u>9,151,283</u>	<u>12,520,307</u>	<u>9,123,415</u>

## 12. GRANTS

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
<u>Grants related to assets:</u>				
At January 1,	56,656,059	-	50,436,720	46,948,896
- The Corporation	-	54,483,553	-	-
- The subsidiary	-	5,944,902	-	-
Grant received during the year	-	-	-	14,062,892
Gain arising on entity under common control taken over	-	902,389	-	-
Donation of inventory	-	282,635	-	282,635
	<u>56,656,059</u>	<u>61,613,479</u>	<u>50,436,720</u>	<u>61,294,423</u>
Release to statement of profit or loss (note 15)				
- Operating costs	-	(282,635)	-	(282,635)
- Depreciation charge	(11,535,864)	(4,674,785)	(10,757,706)	(10,575,068)
At December 31,	<u>45,120,195</u>	<u>56,656,059</u>	<u>39,679,014</u>	<u>50,436,720</u>

## 13. RETIREMENT BENEFIT OBLIGATIONS

## (a) Other post retirement benefits

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

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
At January 1,	11,715,981	-	11,416,960	10,750,202
Consolidation adjustments				
- The Corporation	-	11,161,807	-	-
- The subsidiary	-	258,474	-	-
Charge for the year	2,575,084	832,119	2,703,412	2,068,512
Paid during the year	(1,282,195)	(536,419)	(1,282,195)	(1,401,754)
At December 31,	<u>13,008,870</u>	<u>11,715,981</u>	<u>12,838,177</u>	<u>11,416,960</u>

(b) It has been assumed that the rate of future salary increases will be equal to the discount rate.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

## 14. TRADE AND OTHER PAYABLES

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
Trade payables	566,085	813,419	566,085	813,419
Other payables and accruals	4,789,355	4,414,105	4,667,801	4,238,105
	<u>5,355,440</u>	<u>5,227,524</u>	<u>5,233,886</u>	<u>5,051,524</u>

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

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

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
US Dollar	366,692	521,836	366,692	521,836
GBP	-	32,217	-	32,217
ZAR	-	129,437	-	129,437
Seychelles Rupee	4,988,748	4,544,034	4,867,194	4,368,034
	<u>5,355,440</u>	<u>5,227,524</u>	<u>5,233,886</u>	<u>5,051,524</u>

## 15. EXPENSES BY NATURE

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
Employee benefit expenses (note 16)	73,466,713	24,933,964	68,776,140	61,043,788
Depreciation (note 5)	18,820,777	6,879,650	17,817,973	16,947,147
Release of capital grant (note 12)				
- Operating costs	-	(282,635)	-	(282,635)
- Depreciation charge	(11,535,864)	(4,674,785)	(10,757,706)	(10,575,068)
Cost of inventories resognised as expense (note 8(a))	60,614,427	21,943,629	53,955,811	52,229,150
Premises and equipment maintenance	3,031,770	1,076,237	2,835,421	2,812,392
Electricity expenses	2,923,495	922,463	2,781,005	2,292,974
Insurance costs	3,954,988	1,560,490	3,943,188	3,607,392
Professional fees	982,260	269,739	982,260	704,874
Rent	445,184	415,302	445,184	530,610
Telephone charges	1,172,142	333,175	1,096,845	804,622
Provision for obsolete inventories (note 8(b))	3,332,498	449,852	3,332,498	1,175,541
Provision for credit impairment (note 10(b))	762,790	174,823	762,790	456,843
Security expenses	3,786,221	-	3,568,750	-
Other expenses	2,648,992	2,439,074	2,266,655	4,607,548
	<u>164,406,393</u>	<u>56,440,978</u>	<u>151,806,814</u>	<u>136,355,178</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

## 15. EXPENSES BY NATURE (CONT'D)

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
<i>Analysed as:</i>				
- Operating expenses	63,646,197	23,016,895	56,791,232	54,796,106
- Administrative expenses	100,760,196	33,424,083	95,015,582	81,559,072
	<u>164,406,393</u>	<u>56,440,978</u>	<u>151,806,814</u>	<u>136,355,178</u>

## 16. EMPLOYEE BENEFIT EXPENSES

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
Wages and salaries, including termination benefits	62,332,589	20,161,865	57,736,141	49,104,216
Social security costs	7,374,046	972,802	7,374,046	2,068,512
Pension costs	886,112	2,907,163	791,987	7,539,761
Other staff costs	2,873,966	892,134	2,873,966	2,331,299
	<u>73,466,713</u>	<u>24,933,964</u>	<u>68,776,140</u>	<u>61,043,788</u>

## 17. OTHER INCOME

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
Interest income	1,731,157	913,466	1,731,157	2,387,044
Rental income	216,000	130,811	351,800	341,831
Advertising income	323,984	146,909	323,984	383,899
Income from repairs	1,697,907	158,029	1,697,907	412,958
Revenue grant received from Government of Seychelles	33,000,000	-	30,000,000	-
Sundry income	4,252,663	623,105	3,760,766	1,558,575
	<u>41,221,711</u>	<u>1,972,320</u>	<u>37,865,614</u>	<u>5,084,307</u>

## 18. LOSS FOR THE YEAR

Loss for the year is arrived at after crediting and charging:

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
crediting:				
Rental income	216,000	130,811	351,800	341,831

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

## 18. LOSS FOR THE YEAR (CONT'D)

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
and charging:				
Depreciation on property and equipment (note 5)	18,820,777	6,879,650	17,817,973	16,947,147
Release of grants (note 12)				
- Operating costs	-	(282,635)	-	(282,635)
- Depreciation charge	(11,535,864)	(4,674,785)	(10,757,706)	(10,575,068)
Directors' remuneration (note (i) below)	674,995	224,538	671,395	586,758
Auditors' remuneration	227,563	85,028	147,063	147,063
Rental of office premises	445,184	415,302	445,184	530,610
Employee benefit expenses (note 16)	73,466,713	24,933,964	68,776,140	61,043,788

## (i) Directors' remuneration

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
Steve Fanny (Chairman)	19,200	4,592	19,200	12,000
Geffy Zialor (Chief Executive Officer)	578,995	163,153	575,395	426,348
Veronique Laporte	19,200	43,017	19,200	112,410
Raymonde Course	19,200	4,592	19,200	12,000
Patrick Andre	19,200	4,592	19,200	12,000
Rosa Morin	19,200	4,592	19,200	12,000
	674,995	224,538	671,395	586,758

## 19. COMMITMENTS

## (a) Capital commitments

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

	THE GROUP AND THE CORPORATION	
	2013	2012
	SR	SR
Property development	9,300,000	20,000,000
Equipment	14,000,000	1,200,000
Buses and vehicles	22,400,000	-
	45,700,000	21,200,000



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

## 19. COMMITMENTS (CONT'D)

## (b) Operating lease commitments

Operating leases relate to office premises facilities with lease terms of 5 years. The future minimum lease payments under non-cancellable operating leases are as follows:

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
Within one year	-	392,121	-	392,121
Later than one year and not later not later than five years	-	-	-	-
	<u>-</u>	<u>392,121</u>	<u>-</u>	<u>392,121</u>

## 20. CONTINGENT LIABILITIES

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

## 21. RELATED PARTY TRANSACTIONS

THE GROUP

	Amount receivable from related parties	Amount payable to related party
	SR	SR
<u>December 31, 2013</u>		
The Corporation	5,006,563	-
The subsidiary company	-	5,006,563
	<u>5,006,563</u>	<u>5,006,563</u>
<u>December 31, 2012</u>		
The Corporation	1,780,490	-
The subsidiary company	-	1,780,490
	<u>1,780,490</u>	<u>1,780,490</u>

THE CORPORATION

	Amount receivable from related parties	Amount payable to related party
	SR	SR
<u>December 31, 2013</u>		
The subsidiary company	5,006,563	-
	<u>5,006,563</u>	<u>-</u>
<u>December 31, 2012</u>		
The subsidiary company	1,780,490	-
	<u>1,780,490</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

## 21. RELATED PARTY TRANSACTIONS (CONT'D)

HOLDING ENTITY - GOVERNMENT OF SEYCHELLES

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
- Grant related to asset received	-	282,635	-	14,062,892
- Grant related to revenue received	33,000,000	-	30,000,000	-

- (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, interest free and settlement occurs in cash. There has been no guarantees provided for any related party payables.
- (c) Key management personnel compensation.

	THE GROUP		THE CORPORATION	
	2013	2012	2013	2012
	SR	SR	SR	SR
Salaries and short term benefits	598,195	538,758	594,595	538,758