

Audited Financial Statement 2023

Seychelles Civil Aviation Authority

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GENERAL INFORMATION



DIRECTORS	:	Re-appointed Effective February, 2024 Sherin Francis Kelly Naidoo Yannick Roucou Noella Brioche
		Appointed Effective February, 2024 Wilfred Fock Tave Jules Sinon Estelle Alexis
		Resigned Effective June, 2023 Marlon Orr
		Resigned Effective November, 2023 Pedro Pierre
		Term Ended Effective January, 2024 Magalie Essack
SECRETARY	:	Mrs. Sandra Dubignon Seychelles Civil Aviation Authority Victoria, Mahé, Seychelles
REGISTERED OFFICE	:	P.O. Box 181 Seychelles International Airport Pointe Larue, Mahé, Seychelles
PRINCIPAL PLACE OF BUSINESS	:	Seychelles International Airport Pointe Larue, Mahé, Seychelles
AUDITORS	:	Office of the Auditor General 3rd Floor, Block C, Unity House Victoria, Seychelles
BANKERS	:	Seychelles International Mercantile Banking Corporation Limited The Mauritius Commercial Bank (Seychelles) Limited Absa Bank Seychelles Limited Seychelles Commercial Bank Bank of Baroda Seychelles

DIRECTORS' REPORT



The Board of Directors present their report together with the Auditor's Report and the Audited Financial Statements of the Seychelles Civil Aviation Authority (SCAA) (hereafter called the "Authority") for the year ended December 31, 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Authority are the provision of Aviation Regulatory and Safety Oversight, the provision of Air Navigation Services, the provision of Aviation Security Services and Management and provision of Operational Services at Seychelles International and Praslin Airports. It also facilitates business development opportunities. There has been no significant change in the nature of these activities during the year under review.

RESULTS FOR THE YEAR

	<u>2023</u>	<u>2022</u>
	SCR	SCR
Profit for the year	87,338,796	102,254,261
Retained earnings brought forward	501,182,385	413,928,124
Accumulated profit available for distribution	<u>588,521,181</u>	<u>516,182,385</u>
Dividends paid	(17,000,000)	(15,000,000)
Retained earnings carried forward	<u><u>571,521,181</u></u>	<u><u>501,182,385</u></u>

DIVIDENDS

Dividends of SCR 17,000,000 has been paid during the year under review (2022: SCR 15,000,000).

FIXED ASSETS

The Fixed Assets of the Authority and the movements therein are detailed in notes 5, 6 and 7 to the financial statements.

The Directors are of the opinion that the carrying amount of fixed assets at the reporting date approximate their fair value.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors are appointed every three years in accordance with the Public Enterprise Act, 2023. The Directors of the Authority since the date of the last report and the date of this report are:

Re-Appointed effective February, 2024

Sherin Francis
Kelly Naidoo
Yannick Roucou
Noella Brioche

Appointed effective February, 2024

Wilfred Fock Tave (Chairman)
Jules Sinon
Estelle Alexis

DIRECTORS' REPORT (CONT'D)



DIRECTORS AND DIRECTORS' INTERESTS (CONT'D)

Marlon Orr	<i>Resigned effective June, 2023</i>
Pedro Pierre	<i>Resigned effective November, 2023</i>
Magalie Essack	<i>Term ended effective January, 2024</i>

The Directors did not enter into contracts that materially affect the business of the Authority (2022: Nil).

EVENTS AFTER REPORTING DATE

The Directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

GOING CONCERN

The Directors believes that the Authority is in a sound financial position and has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

STATEMENT OF BOARD OF DIRECTOR'S RESPONSIBILITIES

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as Management determines is necessary to enable the preparation of financial statements that gives a true and fair view of the financial affairs of the Authority and are free from material misstatement, whether due to fraud or error.

In discharging this responsibility, the Board is further responsible to ensure the integrity of financial information; provides financial oversight and monitors financial planning and financial reports, including adoption and supervision of the annual budget; the Directors are to exercise their business judgement to act in what they reasonably believe to be the best interests of the Authority in the administration of the Authority's assets, and where applicable, its investments.

The Board of Directors discusses issues confronting the Authority related to financial and operational risks and exposures associated with the Authority's business strategy, policy matters, service/product innovation and revenue road map (where applicable), are mindful of litigation and regulatory exposures, and other current matters that may present material risk to the Authority's financial performance, operations, infrastructure, plans, prospects or reputation, and acquisitions, as well as any issues of concern to the Board.

It is the duty of the Board of Directors to oversee Management's performance to ensure that the Authority operates in an effective, efficient and ethical manner in order to produce value for its clients and shareholders, in so doing, sees to the establishment of appropriate internal procedures and controls.

They are responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors consider that they have met their responsibilities as set out in the Public Enterprise Act, 2023 and the Seychelles Civil Aviation Authority Act 2005.



AUDITORS

The Auditor General is the statutory Auditor of the Authority, in accordance with Section 12(3) of the Seychelles Civil Aviation Act, 2005.

BOARD APPROVAL



Dated: June 24, 2024
Victoria, Seychelles



Office of the Auditor General

3rd Floor, Block C, Unity House

Victoria, Republic of Seychelles

Telephone: 248-4672500 Email: auditgen@oag.sc

Website: www.oag.sc Facebook: OAG Seychelles

Please address all correspondence to the Auditor General

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OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE SEYCHELLES CIVIL AVIATION AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2023

Opinion

The accompanying financial statements set out on pages 6 to 34, which comprise of the statement of financial position as at 31st December 2023, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, have been audited by me. I am satisfied that all information and explanations which, to the best of my knowledge and belief, where necessary for the purpose of the audit have been obtained.

Accordingly, in my opinion,

- (c) proper accounting records have been kept by the Authority as far as it appears from examination of those records; and
- (d) the financial statements on pages 6 to 34 give a true and fair view of the financial position of the Authority as at 31st December 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the provisions of the Civil Aviation Act, 2005, as amended and the Public Enterprises Act.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institution (ISSAIs). My responsibilities under those standards are further described in the '*Auditor General's responsibilities for the audit of financial statements*' section of my report. I am independent of the Authority in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), together with other ethical requirements that are relevant to the audit of financial statements in Seychelles. I believe the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Management and those charged with Governance

The Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Civil Aviation Act, 2005, and Public Enterprises Act and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Government either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor General's responsibilities for the audit of financial statements

The audit objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and issue an auditor's report in accordance the Civil Aviation Act, 2005. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission or misrepresentation, or the override of internal control;
- obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of going concern basis of accounting and, based on the audit evidence obtained, conclude whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify my opinion. My conclusions are based on audit evidence obtained to the date of my report. However, future unforeseeable events or conditions may cause the Authority to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Authority to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the audit. I remain responsible for the audit opinion; and
- communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that he identifies during the audit.

Report on other Regulatory Requirement

In satisfying both the Civil Aviation Act, 2005 and the Public Enterprises Act I have no relationship with or interests in the Authority other than in my capacity as the Auditor General and dealing in the ordinary course of business.



Gamini Herath
Auditor General

28 June 2024
Victoria, Seychelles



	Notes	2023 SCR	2022 SCR
Assets			
Non-Current Assets			
Property, Plant & Equipment	5	340,275,932	323,107,135
Investment Property	6	45,586,783	49,134,691
Capital Work in Progress	7	99,466,419	92,218,886
		485,329,134	464,460,712
Current Assets			
Inventories	8	11,167,155	7,661,636
Trade and Other Receivables	9	122,197,813	113,184,465
Current Tax Receivables	10(a)	-	6,311,060
Cash and Bank Balances	11	266,845,672	223,672,320
		400,210,640	350,829,481
Total Assets		885,539,774	815,290,193
Reserves and Liabilities			
Reserves			
Capital Reserve	12	184,907,963	184,907,963
Retained Earnings		571,521,181	501,182,385
		756,429,144	686,090,348
Liabilities			
Non-Current Liabilities			
Borrowings	13	34,727,940	33,992,398
Gratuity and Compensation	14(a)	5,004,960	3,377,496
Deferred Tax Liabilities	15(b)	1,616,739	1,343,970
Current Tax Payables	10(a)	3,799,401	-
		45,149,040	38,713,864
Current Liabilities			
Borrowings	13	11,348,629	13,143,903
Gratuity and Compensation	14(a)	13,736,650	10,546,597
Accrued Leave	14(b)	13,688,551	11,193,843
Trade and Other Payables	16	45,187,760	55,601,638
		83,961,590	90,485,981
Total Equity & Liabilities		885,539,774	815,290,193

The financial statements have been approved for issue by the Board of Directors on: **June 24, 2024**

 Wilfred Fock Tave Chairman	 Garry Albert Chief Executive Officer	 Sherin Francis Director	 Kelly Naidoo Director
 Yannick Roucou Director	 Noella Brioché Director	 Jules Sinon Director	 Estelle Alexis Director

The notes on pages 10 to 34 form an integral part of these financial statements
Auditor General's report on pages 5 to 5(c)

SEYCHELLES CIVIL AVIATION AUTHORITY
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2023

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	Notes	2023 SCR	2022 SCR
Aeronautical Revenue	17	457,379,489	425,188,239
Non-Aeronautical Revenue	17	54,029,151	48,214,152
Other Income	18	523,490	845,617
Less IATA charges		(5,455,945)	(5,107,334)
Operating Income		506,476,185	469,140,674
Employment Benefits Costs	19	(252,965,808)	(215,557,390)
Other Operating Overheads	20	(101,057,955)	(78,209,561)
Exchange Movements	21	1,736,962	(3,213,407)
Earnings Before Depreciation, Interest, ECL & Tax		154,189,384	172,160,316
Depreciation Charges	5 & 6	(36,746,298)	(38,043,744)
Expected Credit Loss (ECL)	9(b)(iii)	1,004,293	2,466,954
Finance Income	22	2,518,762	2,469,843
Finance Costs	13(a)	(4,868,311)	(2,739,658)
Profit Before Taxation		116,097,830	136,313,711
Taxation	10(b)	(28,759,034)	(34,059,450)
Profit and Total Comprehensive Income for the Year		87,338,796	102,254,261

The notes on pages 10 to 34 form an integral part of these financial statements
 Auditor General's report on pages 5 to 5(c)



	Capital Reserve	Retained Earning	Total
	SCR	SCR	SCR
At January 1, 2023	184,907,963	501,182,385	686,090,348
Total comprehensive income for the year	-	87,338,796	87,338,796
Dividends paid	-	(17,000,000)	(17,000,000)
At December 31, 2023	<u>184,907,963</u>	<u>571,521,181</u>	<u>756,429,144</u>
At January 1, 2022	184,907,963	413,928,124	598,836,087
Total comprehensive income for the year	-	102,254,261	102,254,261
Dividends paid	-	(15,000,000)	(15,000,000)
At December 31, 2022	<u>184,907,963</u>	<u>501,182,385</u>	<u>686,090,348</u>

The notes on pages 10 to 34 form an integral part of these financial statements
 Auditor General's report on pages 5 to 5(c)



	Notes	2023 SCR	2022 SCR
Cash Flows from Operating Activities			
Profit Before Taxation		116,097,830	136,313,711
Adjustments			
Depreciation of Property and Equipment	5 & 6	36,746,298	38,043,744
Profit from Disposal Property and Equipment	18	(25,963)	(388,218)
Transfer to Expenditure (WIP)	7	388,312	-
Provision for Expected Credit Losses	9(b)(iii)	(1,004,293)	(2,466,954)
Leave Accrued	19	2,494,708	1,127,722
Gratuity and Compensation Charged	14(a)	15,364,114	9,221,455
Interest Receivable	22	(2,518,762)	(2,469,843)
Unrealised Exchange difference on Cash and Bank Balances		1,595,511	4,653,209
		169,137,755	184,034,826
Movements in Working Capital			
Increase in Inventories		(3,505,519)	(1,302,384)
Increase in Trade & Other Receivable		(7,672,086)	(24,084,732)
Increase/(Decrease) in Trade & Other Payable		(10,413,878)	15,126,548
Net Cash Generated from Operations		147,546,272	173,774,258
Tax Paid	10(a)	(18,375,804)	(8,340,750)
Gratuity and Compensation Paid	14(a)	(10,546,597)	(11,864,285)
Net Cash Inflow from Operating Activities		118,623,871	153,569,223
Cash Flows from Investing Activities			
Addition to Property & Equipment	5	(6,698,967)	(12,108,193)
Addition to Work In Progress	7	(51,710,612)	(67,299,983)
Proceed from Disposal		432,510	433,110
Interest Received		2,181,792	2,717,816
Addition to Fixed Deposit		(1,153,277)	(2,652,428)
Net Cash Outflow from Investing Activities		(56,948,554)	(78,909,678)
Cash Flows from Financing Activities			
Loan Receipts	13	10,289,098	31,468,496
Loan Repayment	13	(11,576,883)	(12,658,849)
Exchange Movement on Borrowings	13	228,053	(2,249,825)
Dividend Paid	23	(17,000,000)	(15,000,000)
Net Cash (Outflow)/Inflow from Financing Activities		(18,059,732)	1,559,822
Net Increase/Decrease in Cash & Equivalent		43,615,585	76,219,367
Movement in Cash and Cash equivalents			
At January 1,		147,776,622	76,210,464
Increase		43,615,585	76,219,367
Exchange difference on Cash and Bank Balances	21	(1,595,511)	(4,653,209)
At December 31,	11	189,796,696	147,776,622

The notes on pages 10 to 34 form an integral part of these financial statements
Auditor General's report on pages 5 to 5(c)

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023****1. GENERAL INFORMATION**

The **Seychelles Civil Aviation Authority (the Authority)** was set up under the Seychelles Civil Aviation Authority Act, 2005 which came into force in April 2005. The Authority was vested with the assets and liabilities of the former Directorate of Civil Aviation at nil consideration.

The Authority is domiciled in Seychelles and its registered office is at Seychelles International Airport, Anse des Genets, Mahé.

The principal activities of the Authority are detailed on page 2.

2. MATERIAL ACCOUNTING POLICIES

The material 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.

2.1 Basis of preparation

The financial statements of the Authority have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to entities reporting under IFRS and in accordance with the requirements of the Public Enterprises Act, 2023 and Seychelles Civil Aviation Authority Act, 2005.

These financial statements have been prepared under the historical cost convention as modified by the application of fair value measurements required or allowed by relevant accounting standards. Where necessary, comparative figures have been amended to conform with changes in presentation in the current year.

The Financial Statements are presented in Seychelles Rupees (SCR), which is also the Authority's functional currency.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving higher degree of judgement and complexity or areas where assumptions are significant to the financial statements are disclosed in note 3.

2.2 New standards and amendments effective for annual period beginning January 1, 2023

The following amendments to various International Financial Reporting Standards (IFRS) are mandatorily effective for reporting periods beginning on or after January 1, 2023:

- Insurance Contracts - Amended IFRS 17
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates - Amendments to IAS 8;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12; and
- International Tax Reform - Pillar Two Model Rules - Amendment to IAS 12.



2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.2 New standards and amendments effective for annual period beginning January 1, 2023 (Cont'd)

i) IFRS 17 Insurance Contracts

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The amendments had no impact on the Authority's financial statements.

ii) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the financial statements but affect the disclosure of accounting policies of the Authority.

iii) Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Authority's financial statements.

iv) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Authority's financial statements.

v) International Tax Reform - Pillar Two Model Rules - Amendment to IAS 12

The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum topup taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments had no impact on the Authority's financial statements.



2. MATERIAL ACCOUNTING POLICIES (CONT'D)

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

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

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

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).

(ii) *The following amendment is effective for the period beginning January 1, 2025:*

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates).

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

2.4 **Property, plant and equipment and Investment Property**

Property, plant and equipment except for buildings and infrastructure purchased before December 31, 2014 are stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and any attributable costs of bringing the asset to working condition for its intended use.

Buildings and infrastructure purchased before December 31, 2014 are stated at revalued amount less accumulated depreciation which is their deemed cost. The last revaluation was conducted in 2014 by a professional valuer. These have been recognised on the grounds that the Authority has unrestricted right to the enjoyment of the future economic benefits arising from these assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow and the cost can be reliably measured. Repairs and maintenance are charged to the Statement of Profit or Loss during the period in which they are incurred.

Depreciation is calculated on the straight line method to write off the cost of the assets over their estimated useful lives as follows:



2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 Property, plant and equipment and Investment Property (Cont'd)

	Rate
Buildings and infrastructure	4%
Plant and machinery	10%
Furniture, fittings and office equipment	20%
Motor vehicles	20%
Computer - Hardware and software	25%
Other assets	25%

Capital work in progress and land are not depreciated. Capital work in progress has been classified as a separate financial statement area. This is reclassified to PPE or Investment Property on completion when Management determines its ultimate purpose.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. (Refer to note 2.8).

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains and losses on disposal of equipment are determined by comparing proceeds with the carrying amount and are included in the Statement of Profit or Loss.

Apart from land which has been purchased by the Authority, the value of land transferred to the Authority at SCR 1 occupied by the Authority is not included in the Financial Statements. A number of sites occupied on Mahé including the land upon which the existing Seychelles International Airport is situated are held by the Authority on a 99-year lease at a nominal rent of SCR 1 and are on Parcel S133, S312, S5766, S5767, S5768, S5769, and S5770. The transfer of other land ownership on Praslin to the Authority is still under discussion with the Government.

2.5 Inventories

Inventories comprising of terminal and airside spares, repairs and maintenance, human resources and general items, are stated at the lower of cost and net realisable value. In general cost is determined on a first in first out basis. Net realisable value is the estimate of the selling price in the ordinary course of business, less the cost of completion and selling expenses.

Provisions are made for obsolete stocks based on Management's appraisal.

2.6 Financial instruments

(i) Recognition and measurement

Financial assets and liabilities are recognised on the Authority's Statement of Financial Position when the Authority has become a party to the contractual provisions of the instrument.



2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (Cont'd)

Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. Financial assets include trade & other receivables, cash and cash equivalent and long term deposits.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Authority commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Subsequent measurement of financial assets depends on the Authority's business model for managing the asset and the cash flow characteristics of the asset. The Authority's financial assets are classified as financial assets at amortised cost. They are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method.

Interest income, foreign exchange gains and losses if any and impairment are recognised in Statement of Profit or Loss. Any gain on derecognition is recognised in the Statement of Profit or Loss.

Financial liabilities

The Authority classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable cost incurred.

Financial liabilities at amortised cost including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in the Statement of Profit or Loss.

(ii) Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period.



2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.6 Financial instruments (Cont'd)

(iii) Expected credit loss on financial assets (ECL)

The Authority recognises loss allowances for ECL on financial assets measured at amortised cost including trade receivable and cash and cash equivalents. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Authority is exposed to credit risk.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Authority in accordance with the contract and all the cash flows that the Authority expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Authority measures loss allowances for trade receivable using simplified approach and has calculated ECLs based on lifetime ECLs. The Authority has established a provision matrix that is based on the Authority's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

The Directors have considered that ECL on cash and cash equivalents is negligible and therefore no provision made.

(v) Derecognition

The Authority derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(vi) Offsetting financial instruments

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

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and short term deposits held with banks. Cash equivalents are short term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, against which the bank overdrafts are deducted.



2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.8 Impairment of non-financial 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).

2.9 Capital Reserve

The Authority was vested with the assets and liabilities of the former Directorate of Civil Aviation for which a financial consideration was not paid. The net value of assets over the liabilities was credited to a Capital Reserve Account.

2.10 Employee Benefits

(i) *Short-term employee benefits*

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

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

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

(ii) *Defined contribution plans*

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

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

(iii) *End of contract benefits*

Compensation and Gratuity is paid to employees upon completion of a two-year contract in line with the Employment Act 1995 and SCAA Contract of Service. Compensation and Gratuity are provided for in the accounts yearly and expensed under Staff costs.

The Authority accrues this liability on a current basis and carries it to a provision account for payments to be made as and when they occur.



2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.11 Taxation

The tax expense for the year comprises of current and deferred tax. Tax is recognised in Statement of Profit or Loss, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity.

(i) Current tax

The current tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is provided for using the liability method on all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled. The tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is possible that future taxable profit will be available against which the temporary differences can be utilised.

2.12 Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

2.13 Foreign currencies

(i) Functional and presentation currency

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

(ii) Transaction 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.



2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.13 Foreign currencies (Cont'd)

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

2.14 Revenue recognition

The Authority earn revenue from aeronautical and non-aeronautical goods and services:

Aeronautical revenue

Aeronautical revenue relates to the following services and is recognised in accordance with IFRS 15 and it is governed by the Statutory Instruments:

- i *Landing fees* - *Using regulated tariffs for aircraft landings based on maximum take-off weight for each landing by an airline.*
- ii *Aircraft parking* - *On regulated tariffs for each aircraft parked by an airline for more than six hours, based on length and wingspan of aircraft per 24 hours.*
- iii *Passenger service charges* - *Using regulated tariffs for each departing passenger at an airport of departure.*
- iv *Air Navigation Fees* - *Using regulated tariff based on distance flown in the FIR and maximum take-off weight of aircraft.*
- v *Safety & security regulation* - *Tariff based on different type of safety and security oversight services provided to Aircraft and Service Providers.*

The Authority accounts for contracts with customers for each revenue stream when all five steps for revenue recognition in accordance with IFRS 15 have been addressed. These steps have been outlined as follows:

- (a) The contract has been approved by the parties to the contract - the contracts are implied based on aviation business practices;
- (b) Each party's rights in relation to the goods or services to be transferred can be identified - the Authority has the right to restrict access to the facilities it provides to customers should they not pay as stipulated by agreed terms for the services it provides;
- (c) The payment terms for the goods or services to be transferred can be identified (see below);
- (d) The contract has commercial substance - the contracts affect the Authority's cash flows and risk as transactions are entered into to earn a profit; and
- (e) It is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected - the Authority considers the customer's ability and intention to pay the amount of consideration based on prior business dealings with the customer.

The Authority satisfies its performance obligations in relation to its revenue streams at a point in time, as follows:



2. MATERIAL ACCOUNTING POLICIES (CONT'D)

2.14 Revenue recognition (Cont'd)

- i Landing fees - upon landing of an aircraft at the Authority's airports.
- ii Passenger service fees - upon departure by a passenger from the Authority's airports.
- iii Air navigation fees - after the aircraft has passed in the Seychelles Flight Information Region (FIR).
- iv Safety and security - upon the delivery of Airworthiness certificate to aircraft and licences validation for aviation personnel.

Revenue is due within 30 days of satisfaction of a performance obligation. There are no warranties, returns and any related obligations in relation to the Authority's revenue streams. Revenue is measured at the transaction price allocated to that performance obligation.

Non-aeronautical revenue

Non-aeronautical revenue relates to lease income and other revenue. Revenue from leasing activities is recognised in accordance with IFRS 16 on a straight line basis over the lease term. Other revenue is recognised in accordance with IFRS 15 as detailed below:

Retail Concession - Based on the higher of a minimum guaranteed rental and/or a percentage of turnover.

Parking - Time-based tariffs.

Other - Recognised based on type of permit as well as the access that the permit grants or services provided such as fuel throughput and Aircraft security services.

2.15 Leases

The Authority assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) Lessee

The Authority applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Authority recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Authority had a lease for a period of less than one year and the Directors applied the exemption per IFRS 16 not to recognise right-of-use assets and liabilities for leases with low value or having a lease period of less than 1 year.

(ii) Lessor

Leases in which the Authority does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Income from such assets arising is accounted for on a straight-line basis over the lease terms and is included in Non-aeronautical revenue (refer to note 2.14) in the Statement of Profit or Loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.



3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 stated below.

(a) Impairment of Financial Assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Authority uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Authority's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The Authority's historical credit loss experience and forecast economic conditions may therefore not be representative of the actual default in the future.

Bank balances have been assessed to have low credit risk at each reporting date as they are held with reputable banking institutions. Directors have estimated impairment to be immaterial.

(b) Depreciation Policies

Property, Plant and Equipment and Investment Property (notes 5 & 6) are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Authority 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 actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

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.

(c) Split between Property, Plant and Equipment and Investment Property

The Directors split portions of buildings for rental from those for own use based on floor space being rented. Thus building for own use is approximated estimated at 70% of the area while 30% of the remaining for rental.

(d) Impairment of Fixed Assets

Property, Plant and Equipment and Investment Property (notes 5 & 6) 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.



3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(d) Impairment of Fixed Assets (Cont'd)

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.

Cash flows which are utilised in these assessments are extracted from the yearly budget.

4. FINANCIAL RISK MANAGEMENT

The Authority's comprehensive risk management process involves identifying, understanding and managing the risks associated with each of the Authority's business units. Risk awareness, control and compliance are embedded in the Authority's day-to-day activities.

The Authority operates within clearly defined guidelines that are approved by the Board and the Authority's policy is not to engage in speculative transactions. The Board recognises the critical importance of having efficient and effective risk management policies and systems in place. To this end, there is clear organisational structure with delegated authorities and responsibilities from the Board to Management.

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

4.1 Credit Risk

Credit risk is the risk of loss to the Authority as a result of the failure by a customer or counterparty to meet its contractual obligations. The Authority's credit risk arises mainly from trade and other receivables.

The Authority has no significant concentration of credit risk on trade and other receivable. 95% of its international collections or billings are collected by IATA clearing house. Most international revenue is collected within the 60 days except rejected billings which takes more time to reconcile. The credit quality of trade and other receivable that are neither past due nor impaired can be assessed by reference to historical information about each customer.

The allowance account in respect of trade receivables and other receivable is used to record impairment losses unless the Authority is satisfied that no recovery of the amounts owing is possible. At that point, the amounts considered irrecoverable are written off against the allowance account.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The Authority banks with reputable financial institution whose risk of default is remote.

4.2 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Authority's exposure to the risk of changes in foreign exchange rates relates primarily to the Authority's operating activities where revenue, expense and borrowings is denominated in a foreign currency. Foreign currency risk is not hedged.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.2 Foreign currency risk (Cont'd)

As at December 31, the Authority's exposure to foreign currency risk was as follows, based on the notional amounts:

	2023			2022		
	Notional Amount	Year End Spot Rate	SCR Amount	Notional Amount	Year End Spot Rate	SCR Amount
Trade and other receivables						
In USD	6,643,963	14.14	93,933,678	6,372,982	14.07	89,653,834
In Euro	103,992	15.85	1,648,783	81,714	15.12	1,235,539
Cash and Bank Balances						
In USD	10,428,861	14.14	147,445,323	9,320,217	14.07	131,114,954
In Euro	59,452	15.85	942,606	109,715	15.12	1,658,931
In Pound Sterling	3,480	18.01	62,691	3,480	16.90	58,824
Borrowings						
In USD	3,259,012	14.14	46,076,563	3,350,652	14.07	47,136,301
Trade and Other Payables						
In USD	1,141,900	14.14	16,144,411	1,759,240	14.07	24,748,636

At December 31, if the Seychelles Rupee had weakened/strengthened by 5% against United States Dollar and Euro with all variables held constant, impact on results would have been as follows:

	2023		2022	
	Euro	USD	Euro	USD
	SCR	SCR	SCR	SCR
	+/-	+/-	+/-	+/-
Cash and bank balances	47,130	7,372,266	82,947	6,555,748
Trade and other receivables	82,439	4,696,684	61,777	4,482,692
Borrowings	-	2,303,828	-	2,356,815
Trade and other Payables	-	807,221	-	1,237,432
	129,570	15,180,000	144,724	14,632,687

4.3 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is the Authority's policy to manage interest cost using a mix of fixed and variable rates debts.

As at December 31, 2023, the Authority's borrowings from Nouvobanq was at 5.31%, being 5% plus 3 months Secured Overnight Financing Rate (SOFR) (2022: 5.31%), whilst interest bearing assets on fixed deposits were between 2.0% to 2.5%.

At December 31, if interest rates on floating rate borrowings had been 1 basis point higher/lower with all other variables held constant, results for the period would have been as shown below, mainly as a result of higher/lower interest expense on loans.

	2023	2022
	SCR	SCR
Borrowings	± 129	± 73

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.4 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Authority maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Authority's liquidity reserve on the basis of expected cash flow and do not foresee any major liquidity risk over the short term.

The table below analyses the Authority's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than 1 year SCR	Between 1 and 3 years SCR	Over 3 years SCR	Total SCR
At December 31, 2023				
Gross borrowings	16,101,261	32,202,522	6,685,340	54,989,122
Gratuity and compensation	13,736,650	5,004,960	-	18,741,610
Trade and other payables	45,187,760	-	-	45,187,760
	75,025,671	37,207,482	6,685,340	118,918,492
At December 31, 2022				
Gross borrowings	16,021,086	32,042,172	10,091,663	58,154,921
Gratuity and compensation	10,546,597	3,377,496	-	13,924,093
Trade and other payables	55,601,638	-	-	55,601,639
	82,169,321	35,419,668	10,091,663	127,680,653

4.5 Capital risk management

The Authority's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for Government of Seychelles and benefits for other stakeholders, and
- to provide an adequate return to Government by pricing products and services commensurately with the level of risk.

The Authority sets the amount of capital in proportion to risk. The Authority is not subject to external imposed capital requirements. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Authority in negotiation with Government of Seychelles, may adjust the amount of dividends paid to the Government of Seychelles and increase or reduce debt. Net debt is calculated as total interest-bearing borrowings (including current and non-current borrowings) less cash and bank balances plus short-term investment while equity include capital reserve and retained earnings.

As at December 31, 2023 Gearing was estimated to be Nil as Cash and bank balances exceed total debts. (2022: None).

4.6 Fair value estimation

The nominal value less estimated credit adjustments of financial liabilities and assets are assumed to approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



5. PROPERTY, PLANT & EQUIPMENT

	Land SCR	Building & Infrastructure SCR	Plant & Machinery SCR	Furniture, Fittings & Office Equipment SCR	Motor Vehicles SCR	Computer Hardware SCR	Other Assets SCR	Total SCR
Costs								
As at January 1, 2022	6,780,800	448,753,994	114,525,109	27,048,295	56,866,758	88,537,878	31,667,099	774,179,933
<i>Additions</i>	-	3,289,002	11,315,411	1,041,772	1,083,556	14,519,754	243,279	31,492,774
<i>Direct Purchase</i>	-	1,435,037	4,378,089	1,041,772	487,826	4,522,190	243,279	12,108,193
<i>Transfer from WIP</i>	-	1,853,965	6,937,322	-	595,730	9,997,564	-	19,384,581
<i>Disposals</i>	-	-	(5,473)	(26,593)	-	(419,333)	(1,018,703)	(1,470,102)
As at December 31, 2022	6,780,800	452,042,996	125,835,047	28,063,474	57,950,314	102,638,299	30,891,675	804,202,605
<i>Additions</i>	350,200	7,928,382	6,411,965	1,547,610	3,706,521	20,130,889	10,698,167	50,773,734
<i>Direct Purchase</i>	350,200	-	2,831,141	737,825	1,193,043	708,389	878,369	6,698,967
<i>Transfer from WIP</i>	-	7,928,382	3,580,824	809,785	2,513,478	19,422,500	9,819,798	44,074,767
<i>Disposals</i>	-	-	(697,323)	(226,252)	(1,612,611)	(1,210,935)	(340,666)	(4,087,787)
As at December 31, 2023	7,131,000	459,971,378	131,549,689	29,384,832	60,044,224	121,558,253	41,249,176	850,888,552

Included in land, buildings and infrastructure is a house on Parcel S5256 purchased on March 28, 2018 for a sum of seven million Seychelles rupees (SCR 7m). Following an order from the Supreme Court of Seychelles dated March 26, 2024, as a result of a matrimonial settlement on said property, SCAA is now claiming the amount paid for the property by way of recision.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



5. PROPERTY, PLANT & EQUIPMENT (CONT'D)

	Land SCR	Building & Infrastructure SCR	Plant & Machinery SCR	Furniture, Fittings & Office Equipment SCR	Motor Vehicles SCR	Computer - Hardware & Software SCR	Other Assets SCR	Total SCR
Accumulated Depreciation								
As at January 1, 2022	-	180,758,149	76,917,012	23,510,535	53,742,449	83,617,535	29,479,164	448,024,844
Depreciation for the year	-	17,980,631	7,285,831	1,688,687	1,883,042	3,952,843	1,704,802	34,495,836
Disposals Depreciation	-	-	(2,371)	(24,988)	-	(379,147)	(1,018,704)	(1,425,210)
As at December 31, 2022	-	198,738,780	84,200,472	25,174,234	55,625,491	87,191,231	30,165,262	481,095,470
Depreciation for the year	-	17,997,818	7,604,210	1,398,244	1,865,646	3,765,394	567,078	33,198,390
Disposals Depreciation	-	-	(426,207)	(185,637)	(1,612,611)	(1,139,697)	(317,088)	(3,681,240)
As at December 31, 2023	-	216,736,598	91,378,475	26,386,841	55,878,526	89,816,928	30,415,252	510,612,620
Net Book Value								
As at December 31, 2022	6,780,800	253,304,216	41,634,575	2,889,240	2,324,823	15,447,068	726,413	323,107,135
As at December 31, 2023	7,131,000	243,234,780	40,171,214	2,997,991	4,165,698	31,741,325	10,833,924	340,275,932

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



6. INVESTMENT PROPERTY

COST	2023	2022
	SCR	SCR
At January 1,	88,697,695	88,697,695
Additions	-	-
At December 31,	<u>88,697,695</u>	<u>88,697,695</u>
ACCUMULATED DEPRECIATION		
At January 1,	39,563,004	36,015,096
Charge for the year	3,547,908	3,547,908
At December 31,	<u>43,110,912</u>	<u>39,563,004</u>
NET BOOK VALUE	<u><u>45,586,783</u></u>	<u><u>49,134,691</u></u>

7. CAPITAL WORK IN PROGRESS

	2023	2022
	SCR	SCR
At January 1,	92,218,886	44,303,484
Expenditure incurred during the year	51,710,612	67,299,983
Transfer to property, plant & equipment (note 5)	(44,074,767)	(19,384,581)
Transfer to Expenditure	(388,312)	-
At December 31,	<u>99,466,419</u>	<u>92,218,886</u>

8. INVENTORIES

	2023	2022
	SCR	SCR
Terminal and Airside Spares	954,694	908,144
Maintenance Spares and Consumables (PME)	8,700,617	4,795,257
Maintenance Spares and Consumables (Bld & Infra)	594,997	1,153,746
Office, General and Administration Consumables	696,336	804,489
General Consumables	220,511	-
	<u>11,167,155</u>	<u>7,661,636</u>

9. TRADE AND OTHER RECEIVABLES

	2023	2022
	SCR	SCR
Gross trade receivables (note 9(b))	124,581,383	115,923,896
Less: Allowance for expected credit loss (note 9(b))	(5,435,937)	(6,440,230)
	<u>119,145,446</u>	<u>109,483,666</u>
Other receivables	1,031,615	783,827
Prepayments	2,020,752	2,916,972
	<u>122,197,813</u>	<u>113,184,465</u>

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



9. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Credit Loss Allowances

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

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

The Authority writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, i.e., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. The average credit period on trade receivables is 60 days. No interest is charged on outstanding trade receivables.

The following table details the risk profile of trade receivables based on the Authority's provision matrix.

(i) *At December 31, 2023*

	Trade receivables-days past due				Total
	< 30 days	31-60 days	61-90 days	> 90 days	
Gross amount (SCR)	103,236,263	10,060,502	1,715,732	9,568,886	124,581,383
Expected loss rate (%)	0.42%	0.48%	2.25%	51.35%	
Lifetime ECL (SCR)	<u>435,245</u>	<u>48,408</u>	<u>38,675</u>	<u>4,913,609</u>	<u>5,435,937</u>

ii) *At December 31, 2022*

	Trade receivables-days past due				Total
	< 30 days	31-60 days	61-90 days	> 90 days	
Gross amount (SCR)	93,288,702	5,330,795	3,909,434	13,394,965	115,923,896
Expected loss rate (%)	0.74%	0.85%	5.09%	41.10%	
Lifetime ECL (SCR)	<u>690,336</u>	<u>45,312</u>	<u>198,990</u>	<u>5,505,592</u>	<u>6,440,230</u>

iii) *Expected credit loss movement during the year is as follows:*

	2023	2022
	SCR	SCR
At January 1,	6,440,230	8,907,184
Credit for the year	(1,004,293)	(2,466,954)
At December 31,	<u>5,435,937</u>	<u>6,440,230</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



9. TRADE AND OTHER RECEIVABLES (CONT'D)

(c) Sensitivity analysis

If the ECL rates on trade receivables above 90 days past due had been 1% higher/(lower) as of December 2023, the loss allowance would have been +/- SCR 49,136 (2022: +/- SCR 55,056).

(d) Trade and other receivables include SCR 14.1m due to related parties. (2022: SCR 10.5m) (note 25(b)).

10. TAXATION

(a) Statement of Financial Position

	2023	2022
	SCR	SCR
At January 1,	(6,311,060)	(5,593,858)
As previously reported	-	-
Impact of adopting IFRS	-	-
Charge to Statement of Profit or Loss (note 10(b))	28,486,265	7,623,548
As previously reported	-	-
Impact of adopting IFRS	-	-
Net payments during the year	(18,375,804)	(8,340,750)
At December 31,	3,799,401	(6,311,060)

(b) Statement of Profit or Loss

	2023	2022
	SCR	SCR
Current tax at applicable tax rate (notes 10(a) & 10(c))	28,486,265	7,623,548
Deferred tax charge (note 15(b))	272,769	26,435,902
	28,759,034	34,059,450

(c) Reconciliation between tax expense and accounting profit is as follows:

	2023	2022
	SCR	SCR
Profit Before Taxation:	116,097,830	136,313,711
Tax calculated at applicable tax rates (note 10(d))	28,924,458	33,978,428
Expenses not deductible for tax purposes	548,285	(1,928,614)
Income exempt for tax purposes	447,363	505,361
Excess of capital allowances over depreciation	(1,433,841)	(17,532)
Tax losses utilised carried forward	-	(24,914,095)
	28,486,265	7,623,548

(d) Applicable tax rates are as follows:

<u>Taxable income</u>	<u>2023 & 2022</u>
	Tax rates - %
≤ SCR 1,000,000	15
> SCR 1,000,000	25

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



11. CASH AND CASH EQUIVALENT

	2023	2022
	SCR	SCR
(a) Cash on Hand	272,705	308,496
Cash at Bank	266,572,967	223,363,824
Total Cash & Bank Balances	266,845,672	223,672,320
Fixed Deposit	(77,048,976)	(75,895,698)
Cash & Cash Equivalent for Cash Flow	189,796,696	147,776,622

- (b) The Authority holds Fixed Deposits in Seychelles Rupees and US Dollar amounting to **SCR 5,426,373** and **SCR 71,622,603** (2022: SCR 75,895,698 and SCR Nil) respectively. It represent term deposits with banks with interest rates ranging from 2.15% to 2.5% for Rupee accounts and 4.80% for US Dollar Accounts. Their maturity dates fall between June to December 2024.

12. CAPITAL RESERVE

The Authority was vested with the assets and liabilities of the former Directorate of Civil Aviation for which a financial consideration was not paid. The net value of assets over the liabilities was credited to a Capital Reserve Account.

13. BORROWINGS

	2023	2022
	SCR	SCR
At January 1,	47,136,301	30,576,479
Received during the year	10,289,098	31,468,496
Paid during the year	(11,576,883)	(12,658,849)
Exchange movement	228,053	(2,249,825)
At December 31,	46,076,569	47,136,301

The borrowings are analysed as:

	2023	2022
	SCR	SCR
Non-current	34,727,940	33,992,398
Current	11,348,629	13,143,903
	46,076,569	47,136,301

- (a) The Authority obtained a loan of **USD 5 million** from Seychelles International Mercantile Banking Corporation Limited (Nouvobanq). The loan is secured by a first line charge and a floating charge of the Authority's worth to secure USD 5 million. The loan repayment is subject to a moratorium period of 9 months up to October 2021 and thereafter payable over 66 months.

The loan attracts a base interest of 5% plus 3 months Secured Overnight Financing Rate (SOFR) which stood at 5.31 % at the end of the year (2022: 5.315%). Interest charges for 2023 amount to **SR 4.9m** (2022: SR 2.7m).

- (b) The exposure of the Authority's borrowings to foreign exchange risk, interest risk and maturity profile are shown on notes 4.2, 4.3 and 4.4 respectively.
- (c) The fair value is not significantly different to their carrying value.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



14. Employee Benefits & Leave Provisions

(a) Gratuity and Compensation

	2023	2022
	SCR	SCR
At January 1,	13,924,093	16,566,923
Charge for the year	15,364,114	9,221,455
Paid during the year	(10,546,597)	(11,864,285)
At December 31,	18,741,610	13,924,093

Gratuity and compensation is analysed as:

	2023	2022
	SCR	SCR
Non-current	5,004,960	3,377,496
Current	13,736,650	10,546,597
	18,741,610	13,924,093

(b) Accrued Leave

	2023	2022
	SCR	SCR
At January 1,	11,193,843	10,066,121
Charge for the year (note 19)	2,494,708	1,127,722
At December 31,	13,688,551	11,193,843

15. DEFERRED TAX

- (a) Deferred taxes are calculated on all temporary differences under the liability method at applicable rates as mentioned in note 10(d).

There is a legally enforceable right to offset deferred tax assets and deferred tax liabilities when the deferred taxes relate to the same fiscal authority for the same entity.

- (b) The following amounts are shown in the Statement of Financial Position:

	2023	2022
	SCR	SCR
Deferred tax assets (note 15(c)(i))	(9,466,524)	(8,165,232)
Deferred tax liabilities (note 15(c)(ii))	11,083,263	9,509,202
	1,616,739	1,343,970

The movement on the deferred tax account is as follows:

	2023	2022
	SCR	SCR
At January 1,	(1,343,970)	25,091,932
Charge to Statement of Profit or Loss (note 10(b))	(272,769)	(26,435,902)
At December 31,	(1,616,739)	(1,343,970)

- (c) Deferred tax is recognised in the Statement of Financial Position with respect to the following:

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



15. DEFERRED TAX (CONT'D)

(i) Deferred Tax Assets

	Tax Losses	Unrealised Exchange Loss	Provision for Credit Losses	Payroll Provisions	Total
	SCR	SCR	SCR	SCR	SCR
At January 1, 2022	24,914,096	806,212	2,226,797	6,658,260	34,605,365
Charge for the year	(24,914,096)	(530,522)	(616,739)	(378,776)	(26,440,133)
At December 31, 2022	-	275,690	1,610,058	6,279,484	8,165,232
(Charge)/Credit for the year	-	(275,690)	(251,074)	1,828,056	1,301,292
At December 31, 2023	-	-	1,358,984	8,107,540	9,466,524

(ii) Deferred Tax Liabilities

	Accelerated Tax Depreciation	Unrealised Exchange Gain	Total
	SCR	SCR	SCR
At January 1, 2022	9,513,433	-	9,513,433
Credit for the year	(4,231)	-	(4,231)
At December 31, 2022	9,509,202	-	9,509,202
Charge for the year	1,441,066	132,995	1,574,061
At December 31, 2023	10,950,268	132,995	11,083,263

16. TRADE AND OTHER PAYABLES

	2023	2022
	SCR	SCR
Trade payables	18,508,584	11,030,210
Levies due to Government (note 25)	22,137,795	32,524,094
Other payables	4,541,381	12,047,334
	45,187,760	55,601,638

17. REVENUE

	2023	2022
	SCR	SCR
Aeronautical		
Landing fees	30,096,123	29,897,007
Passenger service charges	285,460,769	270,034,396
Air navigation charges	141,348,621	124,728,666
Safety regulation charges	473,976	528,170
	457,379,489	425,188,239
Non-aeronautical		
Concession & property rental	49,145,600	43,411,326
Aviation security fees	4,563,182	4,271,096
Others airport fees	320,369	531,730
	54,029,151	48,214,152
Total Revenue	511,408,640	473,402,391

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

**18. OTHER INCOME**

	<u>2023</u>	<u>2022</u>
	SCR	SCR
Administration fees	142,007	140,780
Profit on disposal	25,963	388,218
Others	355,520	316,619
	<u>523,490</u>	<u>845,617</u>

19. EMPLOYEE BENEFIT COSTS

	<u>2023</u>	<u>2022</u>
	SCR	SCR
Salaries and wages	188,625,458	175,050,398
Employer's pension costs	8,973,681	7,483,741
Compensation, gratuity and bonus	29,912,030	17,318,497
Leave accrual (note 14(b))	2,494,708	1,127,722
Learning and development	14,438,730	7,407,431
Other benefits	8,521,201	7,169,601
	<u>252,965,808</u>	<u>215,557,390</u>

20. OTHER OPERATING OVERHEADS

	<u>2023</u>	<u>2022</u>
	SCR	SCR
Office and general administrative costs	21,768,810	17,573,131
ICT service support and maintenance	11,239,262	6,726,525
Air navigation support services and maintenance	13,620,870	5,787,690
Safety & security regulation costs	557,782	301,128
Airport operation cost	10,918,489	10,153,413
Commercial	6,678,259	6,126,170
Secretariat service support costs	478,122	-
Electrical, technical services and maintenance	35,501,270	31,092,252
Auditor's remuneration	150,000	150,000
Professional fees	95,294	255,000
Finance charges	49,797	44,252
	<u>101,057,955</u>	<u>78,209,561</u>

21. EXCHANGE MOVEMENTS

	<u>2023</u>	<u>2022</u>
	SCR	SCR
Realised exchange loss/(gain)	162,474	(292,736)
Unrealised exchange loss/(gain):		
- Receivables	(505,373)	1,050,277
- Payables	(26,605)	52,481
- Borrowing	228,053	(2,249,825)
- Cash and Bank Balances	(1,595,511)	4,653,209
	<u>(1,736,962)</u>	<u>3,213,407</u>

22. FINANCE INCOME

	<u>2023</u>	<u>2022</u>
	SCR	SCR
Interest from fixed deposit	2,509,430	2,404,455
Interest on staff loans	9,332	65,388
	<u>2,518,762</u>	<u>2,469,843</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



23. DIVIDEND PAID

Dividend to Government is made in accordance with directions given by the Minister under Section 11(3) of the Seychelles Civil Aviation Authority Act, 2005. Dividends of SCR 17,000,000 has been paid during the year under review (2022: SCR 15,000,000).

24. COMMITMENTS

Capital Commitments

	2023	2022
	SCR	SCR
Approved and contracted for	54,960,844	37,752,560

25. RELATED PARTY TRANSACTIONS

(a) Identification of related parties

SCAA is a public entity established under the Seychelles Civil Aviation Authority Act, 2005 of Seychelles and reports to the Minister for Transport, Civil Aviation and Ports & Marine. It therefore has a significant number of related parties including other state-owned entities, government departments and other entities within the sphere of Government. In addition, the Authority has a related party relationship with its Directors and Executive officers (Key Management). Unless specifically disclosed, transactions are concluded on an arm's length basis and the Authority is open to transact with any entity.

Key Management Personnel has been defined as the Authority's Board of Directors, CEO and Senior Executive. Non-executive Directors are included in the definition of key management personnel as required by IFRS. The definition of Key Management includes close family members of key management personnel and any entity over which key management exercises control or joint control.

(b) Related Party Transaction and Balances

	Balances		Transactions		
	Loans & Advance	Cash and Bank Balances	Levies Collected	Trade Receivable	Trade Payables
	SCR	SCR	SCR	SCR	SCR
December 31, 2023					
Public Entities	46,076,569	126,156,810	-	14,136,428	4,516,163
Government organisations and agencies	-	-	(22,137,795)	-	-
December 31, 2022					
Public Entities	47,136,301	169,698,206	-	10,473,691	2,859,838
Government organisations and agencies	-	-	(32,524,094)	-	-

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



25. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Remuneration to Executive Key Management

The aggregate remuneration provided for and paid to Key Management personnel comprised.

	2023	2022
	SCR	SCR
*Chief Executive Officer	1,080,000	1,080,000
Other Key Management Personnel Staff		
Salary and allowances	7,090,170	6,622,404
End of Contract Payment	970,072	1,052,722
	<u>9,140,242</u>	<u>8,755,126</u>

The increase in salaries and allowances above is due to salary increase pronounced by Government of Seychelles that took effect as of April 2023.

(d) Loans and advances to key management

No loans were paid to Key Management Staff in 2023 (2022: SCR 71,475).

(e) Directors' Fees to Non-Executive Directors

	Appointment	Resignation	End of Term	2023	2022
				SCR	SCR
Marlon Orr	Feb-21	Jun-23		28,800	69,120
Sherin Francis	Feb-21			62,208	55,296
May-Paule Volcere	Feb-21	Jun-22		-	19,200
Kelly Naidoo	Feb-21			46,080	46,080
Garry Jupiter	Feb-21	Apr-22		-	26,880
Yannick Roucou	Feb-21			46,080	46,080
Magalie Essack	Feb-21		Jan-24	46,080	46,080
Noella Brioché	Jul-22			46,080	19,200
Pedro Pierre	Jul-22	Nov-23		40,448	19,200
				<u>315,776</u>	<u>347,136</u>

26. EVENTS AFTER THE REPORTING PERIOD

Announcement of a Major Restructuring

Following the Cabinet approval of a bill by Cabinet of Ministers in October 2021, the Management of SCAA and the Board embarked on the preparatory journey for the separation of SCAA into two legal entities. The separation shall entail that SCAA shall remain as the regulatory and oversight body for safety, security and civil aviation operations in our jurisdiction and; the Seychelles Airport Authority (SAA) shall become the Airport Authority responsible for air navigation, fire and rescue, security and passenger welfare in the general operations of the airport on a commercial basis. The restructuring shall support to achieve reduction of potential conflicts of interest between the regulatory authority and the service provider. It will also allow the Airport Authority to derive maximum commercial opportunities.