

**PUBLIC UTILITIES CORPORATION**  
**Member's report & Audited Financial Statements**  
**for the year ended 31 December 2023**

**PUBLIC UTILITIES CORPORATION**

**MEMBERS' REPORT & AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

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## MEMBERS' REPORT

The Members are pleased to present their report together with the audited financial statements of the Corporation for the year ended 31 December 2023.

## PRINCIPAL ACTIVITIES

The Public Utilities Corporation (the Corporation) is a parastatal organisation formed in the year 1986 subsequent to the merger of two previous parastatals, namely the Seychelles Water Authority and Seychelles Electricity Corporation Limited.

The Corporation is engaged in generation and distribution of electricity; storage, treatment and distribution of potable water; and treatment and disposal of waste water. These activities have remained unchanged as compared to the prior financial years.

## RESULTS

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Profit for the year	95,818,838
Retained earnings brought forward	1,420,796,628
<b>Retained earnings carried forward</b>	<b><u>1,516,615,466</u></b>

## PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment of the Corporation and the movements therein are detailed in note 12 to the Financial Statements.

The capital work in progress of the Corporation and the movements therein are detailed in note 13 to the Financial Statements.

The Members are of the opinion that the carrying value of the fixed assets at 31 December 2023 approximates its fair value.

## MEMBERS AND MEMBERS' INTEREST

The Members of the Corporation since the date of the last report and the date of this report are:

Chairman	Mr. Stephen Rousseau (Appointed effective 1 February 2024)
Vice-Chairman	Mr. Dilip Shah (Appointed effective 1 February 2024)
Chief Executive Officer	Mr. Joel Valmont
Non-executive members:	Ms. Irene Croise
	Mrs. Nanette Laure
	Ms. Taryn Auguste (Appointed effective 1 April 2023)
	Mr. Bertrand Belle (Appointed effective 1 February 2024)
	Ms. Ingrid Tirant (Appointed effective 1 February 2024)
	Mr. Mike Tirant (Appointed effective 1 February 2024)
	Mr. Nady Banane (Appointed effective 1 February 2024)
	Mr. Leonard Alvis (until 31 January 2024)
	Mr. Stephen Rousseau (until 31 January 2024)
	Mr. Philippe Chong-Seng (until 31 January 2024)

## MEMBERS' REPORT (CONTINUED)

## MEMBERS AND MEMBERS' INTEREST (CONTINUED)

Members hereby confirm that none of them held any interest in the Corporation nor entered into any contracts or arrangements (other than service contracts and normal course of business) or made any profit from the operation of the Corporation.

## STATEMENT OF MEMBERS' RESPONSIBILITIES

The Members are responsible for the overall management of the affairs of the Corporation including the operations of the Corporation and making investment decisions.

The Members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ('IFRS') and with the requirements of the Public Utilities Corporation Act, 1985 and Public Enterprises Act, 2023. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. The Members 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 Members confirm that the financial statements presented for audit are free from material misstatements and that they have met their aforesaid responsibilities.

## AUDITORS

The Auditor General of Seychelles is mandated to carry out the audit of the Corporation as per Article 158 of the Constitution and as specified under Section 16(2) of The Public Utilities Corporation Act, 1985 (as amended). The Auditor General has contracted Sey Auditors & Associates to perform the audit function for the year under review and to report their findings to the Auditor General.

Signed in accordance with the authorisation of the Board



Mr. Stephen Rousseau  
Chairperson



Mr. Joel Valmont  
Chief Executive Officer



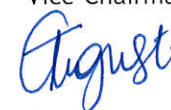
Mr. Dilip Shah  
Vice-Chairman



Ms. Irene Croise  
Director



Mrs. Nanette Laure  
Director



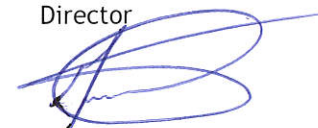
Ms. Taryn Auguste  
Director



Mr. Bertrand Belle  
Director



Ms. Ingrid Tirant  
Director



Mr. Mike Tirant  
Director



Mr. Nady Banane  
Director

Dated: 27 MAY 2024  
Victoria, Seychelles





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Please address all correspondence to the Auditor General

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### **OPINION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE PUBLIC UTILITIES CORPORATION FOR THE YEAR 2023**

#### **Opinion**

The accompanying financial statements set out on pages 4 to 45, which comprise of the statement of financial position as at 31<sup>st</sup> 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 on my behalf by SeyAuditors & Associates, appointed under section 19 of the Auditor General Act, 2010. As per the agreement with the auditors, they have reported to me the results of their audit and on the basis of their report, 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,

- (a) proper accounting records have been kept by the Corporation as far as it appears from examination of those records; and
- (b) the financial statements on pages 4 to 45 give a true and fair view of the financial position of the Corporation as at 31<sup>st</sup>, 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 Public Utilities Corporation Act, 1985, as amended.

#### **Basis for Opinion**

The audit was conducted in accordance with the International Standards on Auditing (ISAs). 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 Corporation in accordance with INTOSAI Code of Ethics applicable to its members, together with other ethical requirements that are relevant to the audit of the financial statements in Seychelles. I believe that 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 Public Utilities Corporation Act, 1985, and Public Enterprises Act, and for such internal control as the members 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 members are responsible for assessing the Corporation'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 Corporation 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 Public Utilities Corporation Act, 1985. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- identifies and assesses that risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the 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;
- obtains 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 Corporation's internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- concludes on the appropriateness of the Board of Directors' use of going concern basis of accounting and, based on the audit evidence obtained, concludes whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern.

- If the auditor concludes that a material uncertainty exists, the auditor is 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 the opinion. My conclusions are based on audit evidence obtained to the date of my auditor's report. However, future unforeseeable events or conditions may cause the Corporation to cease to continue as a going concern;
- evaluates 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;
- obtains sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Corporation to express an opinion on the financial statements. The auditor is responsible for the direction, supervision and performance of the audit. I remain responsible for the audit opinion; and
- communicates with directors among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

#### **Report on Other Legal and Regulatory Requirement**

In satisfying the Public Utilities Corporation Act, 1985 and the Public Enterprises Act, 2013, the Auditor informed that he has no relationship with, or interests in, the Corporation other than in his capacity as auditor and dealing in the ordinary course of business and that he has obtained all information and explanations required and maintains that proper accounting records have been kept by the Corporation as far as it appears from his examination of those records.



**Gamini Herath**  
**Auditor General**

**29 May 2024**  
**Victoria, Seychelles**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023

Figures in SR

Description	Notes	2023	2022
<b>Revenue</b>			
Revenue from operations	5	1,868,381,897	1,937,351,306
Other income	6	83,666,953	106,971,110
		<u>1,952,048,850</u>	<u>2,044,322,416</u>
<b>Expenditure</b>			
Direct operating expenses	7	1,092,635,376	1,197,952,834
Staff costs	8	324,382,761	273,255,918
Other operating overheads	9	269,616,758	225,481,663
Exchange differences	10	3,205,169	(51,611,622)
Depreciation of property, plant and equipment	12	161,814,380	186,748,743
Amortisation of intangible assets	14	2,267,759	2,372,566
Amortisation of right-of-use assets	15(b)	-	341,211
Provision for credit impairment	17(f)	596,976	2,617,693
<b>Total Expenditure</b>		<u>1,854,519,179</u>	<u>1,837,159,006</u>
<b>Profit before financing activities</b>		97,529,671	207,163,410
Finance income	11(a)	12,868,089	11,568,067
Finance expense	11(b)	<u>(14,578,922)</u>	<u>(16,665,663)</u>
<b>Profit and Total Comprehensive Income for the year</b>		<u>95,818,838</u>	<u>202,065,814</u>

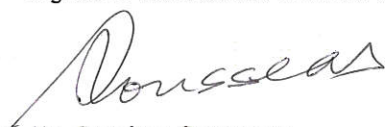
The notes on pages 9 to 45 form an integral part of these financial statements  
Auditor General's Opinion on pages 3 to 3(b)



## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

Figures in SR

Assets	Notes	2023	2022
<b>Non-current assets</b>			
Property, plant and equipment	12	3,222,251,207	2,239,101,357
Capital work in progress	13	730,022,085	1,595,353,737
Intangible assets	14	168,630	2,436,389
Trade and other receivables	17	202,081	1,106,560
		<u>3,952,644,003</u>	<u>3,837,998,043</u>
<b>Current assets</b>			
Inventories	16	790,253,083	722,609,283
Trade and other receivables	17	363,617,806	269,122,869
Cash and bank balances	18	728,464,199	761,560,286
		<u>1,882,335,088</u>	<u>1,753,292,438</u>
<b>Total assets</b>		<u>5,834,979,091</u>	<u>5,591,290,481</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Assigned capital	19	1,439,743,591	1,439,743,591
Retained earnings		1,516,615,466	1,420,796,628
<b>Total equity</b>		<u>2,956,359,057</u>	<u>2,860,540,219</u>
<b>Non-current liabilities</b>			
Borrowings	20	1,293,819,856	1,175,814,225
Trade and other payables	21	58,865,879	48,437,008
Employee benefit obligations	22	106,130,129	91,654,281
Deferred grants	23	949,745,009	954,300,243
		<u>2,408,560,873</u>	<u>2,270,205,757</u>
<b>Current liabilities</b>			
Borrowings	20	118,917,109	110,510,442
Trade and other payables	21	250,333,708	243,056,183
Employee benefit obligations	22	24,323,924	23,355,625
Deferred grants	23	76,484,420	83,622,255
		<u>470,059,161</u>	<u>460,544,505</u>
<b>Total liabilities</b>		<u>2,878,620,034</u>	<u>2,730,750,262</u>
<b>Total equity and liabilities</b>		<u>5,834,979,091</u>	<u>5,591,290,481</u>

Signed in accordance with the authorisation of the Board on 27 MAY 2024 2024.


Mr. Stephen Rousseau  
Chairperson



Mr. Joel Valmont  
Chief Executive Officer

The notes on pages 9 to 45 form an integral part of these financial statements  
Auditor General's Opinion on pages 3 to 3(b)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONTINUED)

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Mr. Dilip Shah  
Vice-Chairman



Ms. Irene Croise  
Director



Mrs. Nanette Laure  
Director



Ms. Taryn Auguste  
Director



Mr. Bertrand Belle  
Director



Ms. Ingrid Tirant  
Director



Mr. Mike Tirant  
Director



Mr. Nady Banane  
Director

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

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 Figures in SR

Description	Assigned capital	Retained earnings	Total
At 1 January 2023	1,439,743,591	1,420,796,628	2,860,540,219
Total Comprehensive Income for the year	-	95,818,838	95,818,838
At 31 December 2023	<u>1,439,743,591</u>	<u>1,516,615,466</u>	<u>2,956,359,057</u>
At 1 January 2022	1,439,743,591	1,218,730,814	2,658,474,405
Total Comprehensive Income for the year	-	202,065,814	202,065,814
At 31 December 2022	<u>1,439,743,591</u>	<u>1,420,796,628</u>	<u>2,860,540,219</u>

The notes on pages 9 to 45 form an integral part of these financial statements  
 Auditor General's Opinion on pages 3 to 3(b)



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

Description	Notes	2023 SR	2022 SR
<b>OPERATING ACTIVITIES</b>			
Profit for the year		95,818,838	202,065,814
Adjustments for:			
Amortisation of deferred grants	6 & 23	(83,641,953)	(106,867,010)
Fixed assets written off	9	36,275	33,611
Profit on disposal	6	(25,000)	(104,100)
Finance income received	11(a)	(12,868,089)	(11,568,067)
Finance expense	11(b)	14,578,922	16,665,663
Strategic parts expensed	12	13,600,695	15,738,690
Depreciation of property, plant and equipment	12	161,814,380	186,748,743
Amortisation of intangible assets	14	2,267,759	2,372,566
Amortisation of right-of-use assets	15(b)	-	341,211
Provision for obsolete inventories	16(a)	-	299,383
Provision of credit impairment	17(f)	596,976	2,617,693
Foreign currency differences on borrowings	20(b)	25,679,512	(80,586,940)
Employee benefit obligations charge	22(b)	25,369,854	16,609,564
Exchange (gain)/loss on cash and cash equivalents	10	(22,772,697)	29,439,128
Operating profit before working capital changes		<u>220,455,472</u>	<u>273,805,949</u>
<b>Movement in working capital:</b>			
Decrease in trade and other receivables	17	(94,187,434)	(27,134,730)
Movement in inventories	16	(67,643,800)	43,085,098
Movement in bank balances retained for letters of credit	18	(106,565,652)	9,163,184
Movement in trade and other payables	21	17,706,396	59,837,460
<b>Cash generated from operations</b>		<u>(30,235,018)</u>	<u>358,756,961</u>
Interest receivable on overdue trade receivables	11(a)	9,857,119	10,787,863
Employee benefit paid	22(b)	(9,925,707)	(18,761,407)
<b>Net cash (outflow)/inflow from operating activities</b>		<u>(30,303,606)</u>	<u>350,783,417</u>
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	12	(13,053,595)	(33,364,039)
Proceeds on disposal		25,000	104,100
Additions to capital work in progress	13	(280,215,952)	(308,003,786)
Movement in term deposits	18	(83,387,214)	(10,549,031)
Interest on term deposits	11(c)	1,468,294	643,482
Interest on loan to employees	11(a)	16,180	8,992
<b>Net cash outflow from investing activities</b>		<u>(375,147,287)</u>	<u>(351,160,282)</u>

The notes on pages 9 to 45 form an integral part of these financial statements

Auditor General's Opinion on pages 3 to 3(b)

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

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 Figures in SR

Description	Notes	2023	2022
<b>FINANCING ACTIVITIES</b>			
Proceeds from borrowings	20	202,533,266	83,995,459
Repayment of borrowings	20	(101,800,480)	(78,094,249)
Government and other grants received	23	71,948,884	108,167,651
Principal paid on lease liabilities	15(c)	-	(490,841)
Interest paid	11(b)	(14,578,922)	(16,665,663)
<b>Net cash inflow from financing activities</b>		<u>158,102,748</u>	<u>96,912,357</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<u>(247,348,146)</u>	<u>96,535,492</u>
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS:</b>			
At 1 January		714,837,320	647,740,956
(Decrease)/Increase during the year		(247,348,146)	96,535,492
Exchange gain/(loss) cash and cash equivalents	10	22,772,697	(29,439,128)
<b>At 31 December</b>	<b>18</b>	<u>490,261,871</u>	<u>714,837,320</u>

The notes on pages 9 to 45 form an integral part of these financial statements  
 Auditor General's Opinion on pages 3 to 3(b)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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**1. GENERAL INFORMATION**

The Public Utilities Corporation is a Parastatal organisation formed in the year 1986 under the Public Utilities Corporation Act, 1985 (as amended), subsequent to the merger of two previous parastatals, namely the Seychelles Water Authority and Seychelles Electricity Corporation Limited. The Corporation is domiciled in the Republic of Seychelles with its administrative office situated at the Electricity House, Roche Caiman, Mahe.

The Corporation is engaged in generation and distribution of electricity; storage, treatment and distribution of potable water; treatment and disposal of waste water. These activities have remained unchanged as compared to the prior financial years.

These financial statements of the Corporation are approved by the Members and presented to the Minister of Agriculture, Climate Change and Environment.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all years presented, unless otherwise stated. Where necessary, comparative figures have been amended to conform with the change in presentation in the current year.

**2.1 Basis of preparation**

The financial statements of Public Utilities Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and with the requirements of the Public Utilities Corporation Act, 1985 (as amended) and Public Enterprises Act, 2023.

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.

**2.2 New standards, interpretations and amendments adopted effective 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:

- IFRS 17 Insurance Contracts;
- 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. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.2 New standards, interpretations and amendments adopted effective January 1, 2023 (Continued)****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 Corporation's financial statements.*

**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.

*The amendments had no effect on the measurement or presentation of any items in the financial statements of the Corporation but affect the disclosure of accounting policies of the Corporation.*

**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 Corporation's financial statements.*

**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 Corporation's financial statements.*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.2 New standards, interpretations and amendments adopted effective January 1, 2023 (Continued)****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 Corporation's financial statements.*

**2.3 New standards, interpretations and amendments not yet effective**

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 Corporation has decided not to early adopt.

(i) *The following amendments are effective for the period beginning 1 January 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 amendments are effective for the period beginning 1 January 2025:*

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

The Corporation 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 Use of estimates and judgements**

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Corporation's Management to exercise judgement in applying the Corporation's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.5 Foreign Currencies

#### *Functional and presentation currency*

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

#### *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 when the fair value was determined.

### 2.6 Revenue

#### (i) *Grant income*

When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

#### (ii) *Interest income*

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities.

#### (iii) *Revenue from contracts with customers*

The Corporation's main revenue activity is the supply of electricity, water and sewerage services, which is recognised when electricity and water is consumed by the user, and when the services are delivered to the customer. Revenue is recognised when a customer obtains control of the goods or services supplied. The amount of revenue recognised is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.6 Revenue (Continued)***(iii) Revenue from contracts with customers (Continued)*

Revenue from unbilled services is recognised as accrued, based on past experience on the consumption pattern and effective rates thereof, on the reporting date as services are already provided.

<i>Revenue activity</i>	<i>Nature and timing of satisfaction of performance obligation, including significant payment terms</i>	<i>Revenue recognition</i>
Electricity sales	Performance obligation is settled when electricity is supplied to the customer. Most customers pay for electricity after consumption and have 30 days to pay. Some customers prepay for electricity.	Revenue is recognised over time as electricity is consumed by the customer (i.e. when control is transferred) and is billed for on a monthly basis. Revenue is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties.
Water and Sewerage	Performance obligation is settled when water is supplied to the customer and sewerage services is delivered to the customer. Most customers pay for water and sewerage services after consumption and have 30 days to pay.	Revenue is recognised over time as water is consumed by the customer (i.e. when control is transferred) and is billed for on a monthly basis. Revenue is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties.
Other	Ad hoc requests for electricity-related services that are distinct from the sale of electricity or the connection of customers to the grid.	Revenue is recognised at a point in time when the service is completed.

**2.7 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Initial cost of property, plant and equipment comprises its purchase price and any attributable costs of bringing the asset to working condition for its intended use. Such cost also include the cost of replacing components of the property, plant and equipment provided the replacement increases the effective useful lives of assets for which the spares are replaced.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

## 2.7 Property, plant and equipment (Continued)

Borrowing costs for long-term construction projects are capitalised only if the recognition criteria is met and the borrowing costs can be directly attributable to the purchase or construction of the asset. 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.

Properties in the course of construction for operation purposes are carried at cost less any recognised impairment loss. Cost includes professional fees for qualifying assets and borrowing costs capitalised only if the project is viable and the Corporation would pursue it further. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Corporation derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation.

Costs incurred for major maintenance is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are charged to the Statement of Profit or Loss. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of respective assets only if the recognition criteria for provision is met and the Corporation is able to estimate the cost. However since the cost of decommissioning cannot be reliably estimated, this policy is currently not in use.

Depreciation on property, plant and equipment is provided for on a straight line basis to write off the cost of each asset evenly to its residual value over their estimated useful lives as stated below:

	Years
Land and buildings	50
Dams and reservoirs	20-50
Water and sewerage equipment	30-50
Electricity equipment	14-25
Other plant and machinery	8-14
Other equipment	4-5
Furniture and fittings	8
Motor vehicles	5-7

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.7 Property, plant and equipment (Continued)

Freehold land and construction work in progress are not depreciated.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss.

The assets residual values, useful lives and methods of depreciation are reviewed periodically and adjusted prospectively, if appropriate.

Property, plant and equipment are subject to impairment in line with the Corporation's policy as described in *note 2.10* impairment of non-financial assets.

### 2.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the Statement of Profit or Loss when incurred.

Intangible assets are amortised on a straight-line basis in the Statement of Profit or Loss over their estimated useful lives, from the date that they are available for use. The estimated useful life of software for the current and comparative periods was 5 years. Intangible assets' residual value, useful life and amortisation methods are reviewed and adjusted if appropriate, at the end of each reporting period.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

The intangible assets are subject to impairment in line with the Corporation's policy as described in *note 2.10* impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.9 Leases**

The Corporation 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.

The Corporation applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Corporation recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. For any new leases with lease term of >12 months, the Corporation opted to treat the lease term as the notice period for termination provided in the lease agreement as the non-cancellable period.

**i) Right-of-use assets**

The Corporation recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right of use assets are subject to impairment in line with the Corporation's policy as described in *note 2.10* impairment of non-financial assets.

**ii) Lease liabilities**

At the commencement date of the lease, the Corporation recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Corporation and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

**2.10 Impairment of non-financial assets**

The Corporation assesses, at each reporting date, whether there is an indication that property, plant and equipment, right of use asset, intangible assets and other non-financial assets may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the assets recoverable amount.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.10 Impairment of non-financial assets (Continued)

An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

### 2.11 Financial assets

#### a) *Initial recognition*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are recognised when the Corporation becomes a party to the contractual provisions of the respective instrument.

#### b) *Classification and Measurement*

With the exception of trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient, the Corporation initially measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient are measured at the transaction price.

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Corporation's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.11 Financial assets (Continued)

#### b) *Classification and Measurement (Continued)*

The Corporation's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in Statement of Profit or Loss when the asset is derecognised, modified or impaired. The Corporation's financial assets at amortised cost includes trade and other receivables and cash and bank balances.

#### c) *Impairment of financial assets*

The Corporation assesses, on a forward looking basis, the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Corporation applies the simplified approach to IFRS 9 to measure the loss allowance which uses lifetime expected losses. The Corporation determines the expected credit losses by using a provision matrix, estimated on historical credit loss experience and based on past due dates of the receivables adjusted appropriate to reflect current conditions and estimates of future economic conditions.

No impairment was recognised for cash and bank balances and other receivables since the Members are of the opinion that the risk of default is negligible.

#### d) *Derecognition*

Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

### 2.12 Inventories

Inventories of the Corporation comprise fuel for generators, lubricants, strategic spares for generators and general maintenance spares and consumables.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.12 Inventories (Continued)

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

### 2.13 Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts if any.

### 2.14 Assigned capital

Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

### 2.15 Deferred grant

Grants from Government, International Organisations and third parties are recognised where there is reasonable assurance that the grant will be received and on compliance with all the attached conditions thereof. Grants are classified as current and non-current based on their expected utilisation pattern.

When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, it is recognised as deferred income in the Statement of Financial Position until it is complete for intended use and then recognised in the Statement of Profit or Loss as Grants Income.

### 2.16 Borrowings and finance costs

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities and non-current depending on the repayment period.

**2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)****2.16 Borrowings and finance costs (Continued)**

Borrowing costs are capitalised, net of interest received on cash drawn down yet to be expended when they are directly attributable to the acquisition, contribution or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

**2.17 Employee benefit obligation****Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as bonuses and non-monetary), 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.

**Defined contribution schemes**

A defined contribution plan is a pension plan under which the Corporation pays a fixed contribution into a separate entity. The Corporation 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 Corporation 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.

**Defined benefit schemes**

A defined benefit plan is a post employment benefit other than a defined contribution plan. The Corporation currently operates an unfunded scheme for employees' end of service benefits that follows relevant local regulations and is based on periods of cumulative service and levels of employees' final basic salaries. The liability for staff terminal benefits is determined as the liability that would arise if employment of all staff was to be terminated at reporting date.

**2.18 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.



## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.19 Trade and other payables

Trade payable represent liabilities for goods and services provided to the Corporation prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Other payable include deposits from customers and project retention. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments 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 Corporation 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 discussed as follows:

### 3.1 Calculation of expected credit loss allowance (ECL)

The Corporation recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Corporation's historical credit loss experience. For all other financial instruments, the Corporation recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. The expected credit loss model requires the Corporation to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

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

### 3.2 Impairment of non- financial assets

The Corporation's main non-financial assets are generators that produce electricity, distribution network that supply electricity and water treatment plants that supply treated water to the country. A decline in the value of those plant and equipment could have a significant effect on the amounts recognised in the financial statements. Management assesses the impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could trigger an impairment review include the following:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)****3.2 Impairment of non- financial assets (Continued)**

- i) Significant change in the useful life which would be expected from the passage of time or normal use.
- ii) Significant changes in the technology and regulatory environments.
- iii) Evidence that the performance of the plant and equipment could have negative impact on the operating results.

**3.3 Government grants**

The Corporation receives contributions from the Government of Seychelles and other external entities towards investments in capital projects for improvements of infrastructure and ameliorating services being offered. Significant judgement is required to determine whether these contributions are in the nature of government grants, in which case they are recognized in the Statement of Profit or Loss systematically in accordance with the related liability or expense, or in the form of equity, in which case they are recognized in the Statement of Financial Position as capital contributions.

**3.4 Depreciation and estimated useful lives of non-financial assets**

Estimated useful lives and residual values of non-financial assets are assigned based on the intended use of respective assets and their economic lives. Subsequently if there are changes in circumstances such as technological advances or prospective utilisation of the assets concerned that could result in the actual useful lives or residual values differing from initial estimates, the estimated useful lives and residual values are readjusted in line with the current circumstances. The Management have reviewed the residual values and useful lives of major items of property, plant and equipment and determined necessary adjustments.

**3.5 Employee benefit**

Employee benefit obligations (other than defined monthly contributions to pension fund with no further obligations) comprise gratuity; compensation for length of service determined based on length of service; unutilised leave pay; and end of contract bonus on fixed term contracts.

*Length of service*

The amendments to the Seychelles Employment Act in the year 1999 entitled one day wage for each completed month of service provided the employee has completed five years continuous service. The Corporation accrues this liability on a current basis and carries it to a provision account for payments to be made as and when they occur. The Management have estimated that the amount of the liability provided will not be materially different had it been computed by an external Actuary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)***End of contract payment*

Where the Employee satisfactorily completes the term of engagement under the contract, the Employer at the end of the term of engagement, grant to the Employee an end of contract payment ranging from 5% to 15% of the total remuneration earned as specified on the contract. For the purpose of provision, the Members estimated the liability based on the prior years' averages of 14%.

**3.6 Capitalisation of projects**

The Corporation capitalises development costs for projects in accordance with its accounting policies. Initial capitalisation of costs is based on Management's judgement that technological and economical feasibility is confirmed, usually when a project has reached a defined milestone according to an established project Management model. In determining the amounts to be capitalised, Management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. Capitalisation is based on technical evaluation carried out internally by the Corporation's project team.

**3.7 Calculation of unbilled units**

The billing cycle of the Corporation is area based and therefore results in different billing dates for customers. Revenue from unbilled services at the reporting date is recognised as accrued, based on the past experience of the consumption pattern and effective rates thereof as services are already provided.

**3.8 Limitation of sensitivity analysis**

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

**4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT**

The Corporation is exposed through its operations to the following financial risks:

- Currency risk;
- Cash flow and fair value interest rate risk;
- Credit risk; and
- Liquidity risk.

In common with all other businesses, the Corporation is exposed to risks that arise from its use of financial instruments. This note describes the Corporation's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

#### 4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

There have been no substantive changes in the Corporation's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments used by the Corporation, from which financial instrument risk arises, are as follows:

- Trade and other receivables;
- Cash and cash equivalents;
- Borrowings; and
- Trade and other payables.

##### 4.1 General objectives, policies and processes

The activities of the Corporation expose it to different financial risks; market risks (including currency and fair value interest risk), credit and liquidity risk. The Members have the overall responsibility for the establishment, oversee and monitoring of the Corporation's risk management framework and is assisted by Senior Management. Senior Management is responsible for designing, developing and monitoring the Corporation's risk management policies, which are approved by the Members. Senior Management reports regularly to the Members and committees of the Government on its risk management activities.

The Corporation's risk management policies are established to identify and analyse the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporations' activities and its role in the Republic of Seychelles. The Corporation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The following are the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital.

##### a) *Currency risk*

The Corporation is exposed to currency risk arising from acquisition of supplies and capital projects that are denominated in currencies other than its functional currency. The currencies in which these transactions are primarily denominated are Euro ("EUR"), United States Dollar ("USD"), Singapore Dollar ("SGD"), South African Rand ("ZAR") and Great Britain Pounds ("GBP"). The Corporation aims to aggregate a net position for each currency so that natural hedging can be achieved.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

## 4.1 General objectives, policies and processes (Continued)

a) *Currency risk (Continued)*

If the Seychelles Rupee had weakened/strengthened against the below currencies by 5 basis points with all other variables at the end of the year remaining constant, the impact (increase/(decrease)) on the results for the year would have been as depicted below:

	Euro	USD	GBP	OTHERS
	+/-	+/-	+/-	+/-
<b>31 December 2023:</b>				
Cash and bank balances	16,868,236	1,126,627	401,377	-
Trade and other payables	(531,001)	(1,132,634)	(7,752)	(3,664)
Borrowings	(24,333,232)	(32,865,740)	-	-
<b>Net exposure</b>	<b>(7,995,997)</b>	<b>(32,871,747)</b>	<b>393,625</b>	<b>(3,664)</b>
<b>31 December 2022:</b>				
Cash and bank balances	15,137,199	691,823	246,578	-
Trade and other payables	(649,339)	(700,493)	(23,528)	(87,627)
Borrowings	(24,569,021)	(34,178,756)	-	-
<b>Net exposure</b>	<b>(10,081,162)</b>	<b>(34,187,426)</b>	<b>223,050</b>	<b>(87,627)</b>

The currency portfolio of financial assets and liabilities is summarised as follows:

	Financial assets		Financial liabilities	
	2023	2022	2023	2022
	SR	SR	SR	SR
<b>EURO</b>	<b>337,364,726</b>	302,743,982	<b>497,284,673</b>	504,367,213
<b>USD</b>	<b>22,532,543</b>	13,836,459	<b>679,967,474</b>	697,584,973
<b>GBP</b>	<b>8,027,530</b>	4,931,554	<b>155,036</b>	470,564
<b>Other</b>	<b>-</b>	-	<b>73,272</b>	1,752,545
<b>SR</b>	<b>578,115,108</b>	662,504,617	<b>540,032,392</b>	370,314,668
	<b>946,039,907</b>	984,016,612	<b>1,717,512,846</b>	1,574,489,963

Financial assets exclude prepayments amounting to SR 146.1m (2022: SR 47.8m) (note 17).

Financial liabilities exclude provisions amounting to SR 3.1m included in other payables (2022:3.3m) (note 21).

b) *Cash flow and fair value interest rate risk*

The Corporations' cashflow exposure to interest rate risk arises primarily from long-term borrowings at floating rates for funded developmental projects.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

## 4.1 General objectives, policies and processes (Continued)

*b) Cash flow and fair value interest rate risk (Continued)*

Market risks are thoroughly discussed in regular Management meetings. Tariff adjustments are carried out based on impact on fuel prices. Market risks and strategies to combat these risks are also discussed by Members at the meetings.

At period ends, if interest rates are moved by 1% higher/lower with all other variables at the end of the year held constant, results for the year would have been as shown below, mainly as a result of higher/lower interest rate expense on loans.

	<u>2023</u>	<u>2022</u>
	SR	SR
Borrowings	<u>± 145,789</u>	<u>± 166,657</u>

*c) Credit risk*

The Corporation's credit risk arises when a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's receivables from customers, deposits, cash at banks and other receivables.

The Corporation's exposure to credit risk is influenced mainly by characteristics of each customer. However, Management also considers the demographics of the Corporation's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk. Although geographically there is no significant concentration of risk, at the reporting date, majority of the Corporation's trade receivables from customers were domiciled domestically.

The Corporation applied the simplified approach of IFRS 9 to measure loss allowance of lifetime ECL. The Corporation determines the expected credit losses using a provision matrix as already explained earlier. In order to minimise credit risk, the Corporation has adopted a policy of only dealing with credit worthy counterparties. Credit approvals and other monitoring procedures are in place to ensure follow up is done to recover overdue debts.

*d) Liquidity risk*

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation through its regular budgets and forecasts manages liquidity to ensure that it will always have sufficient liquidity to meet its liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

## 4.1 General objectives, policies and processes (Continued)

d) *Liquidity risk (Continued)*

	Less than 1 year	Between 1 to 5 years	After 5 years	Total
	SR	SR	SR	SR
<b>At 31 December 2023:</b>				
Gross Borrowings	161,806,918	869,721,925	907,979,820	1,939,508,662
payables	250,333,708	58,865,879	-	309,199,587
	<u>412,140,626</u>	<u>928,587,804</u>	<u>907,979,820</u>	<u>2,248,708,249</u>
<b>At 31 December 2022:</b>				
Gross Borrowings	136,017,339	680,156,842	783,188,256	1,599,362,437
payables	243,056,183	48,437,008	-	291,493,191
	<u>379,073,522</u>	<u>728,593,850</u>	<u>783,188,256</u>	<u>1,890,855,628</u>

## 4.2 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.

## 4.3 Capital risk Management

The Corporation's policy is to maintain a strong capital base designed to provide sufficient liquidity to the business, maintain market confidence and sustain future growth of the business. The Corporation's main objectives when managing capital are:

- to maintain flexibility to pursue strategic infrastructure development opportunities and ensure adequate liquidity to withstand weakening economic conditions; and
- to maintain an appropriate balance between debt financing vis-a-vis capital as measured by gearing ratio.

The Corporation monitors capital on the basis of the debt-to-equity ratios. The ratio is calculated as net debt to total equity. Net debt is calculated as total debt less cash and cash equivalents. Total equity comprises all components of equity (i.e. assigned capital and retained earnings).

During the financial year ended 31 December 2023, the Corporation's strategy, which was unchanged from the financial year ended 31 December 2022, was to maintain the debt-to-total equity ratio at a reasonable level in order to secure access to finance at a reasonable cost. The debt-to-total equity ratio at 31 December 2023 and 31 December 2022 were as follows:



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 4. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (CONTINUED)

## 4.3 Capital risk Management (Continued)

	2023	2022
	SR	SR
Total debt (note 20)	1,412,736,965	1,286,324,667
Less: Cash and cash balances (note 18)	<u>(728,464,199)</u>	<u>(761,560,286)</u>
	<u>684,272,766</u>	<u>524,764,381</u>
Total equity (page 5)	<u>2,956,359,057</u>	<u>2,860,540,219</u>
Debt-to-total equity ratio	<u>23.15%</u>	<u>18.34%</u>

## 5. REVENUE FROM OPERATIONS

	2023	2022
	SR	SR
Supply of electricity	1,570,098,626	1,655,118,396
Supply of water	253,944,666	236,242,050
Waste disposal	33,851,858	32,276,221
Other services	10,486,747	13,714,639
	<u>1,868,381,897</u>	<u>1,937,351,306</u>

## (a) Revenue from related parties:

Income from service supplied to Government and Government related entities:

	2023	2022
	SR	SR
Supply of electricity	161,273,390	158,286,309
Supply of water	29,741,438	26,240,603
Waste disposal	8,242,429	6,874,742
Other services	44,670	43,220
	<u>199,301,926</u>	<u>191,444,874</u>

(b) The Corporation's own consumption of electricity and water was SR 139,097,138 (2022: SR 155,053,597) and SR 5,318,544 (2022: SR 3,758,347) respectively. These amounts have been eliminated from reported revenue.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

**6. OTHER INCOME**

	<u>2023</u>	<u>2022</u>
	SR	SR
Amortisation of deferred grants (notes 6(a) & 23)	83,641,953	106,867,010
Profit on disposal	25,000	104,100
	<u>83,666,953</u>	<u>106,971,110</u>

- (a) The release of deferred grant is made up of SR 64,142,973 from Government of Seychelles and SR 19,498,980 from third parties (2022: SR 87,446,127 and SR 19,420,883) respectively.

**7. DIRECT OPERATING EXPENSES**

	<u>2023</u>	<u>2022</u>
	SR	SR
Generation fuel and lubricants	1,051,340,410	1,152,901,957
Materials and equipment charges	30,308,020	34,081,808
Other consumables	2,881,309	2,547,812
Fuel and oil for vehicles	8,105,637	8,421,257
	<u>1,092,635,376</u>	<u>1,197,952,834</u>

- (a) *Purchase from related party - SEYPEC*

	<u>2023</u>	<u>2022</u>
	SR	SR
Heavy fuel oil	801,988,034	901,805,171
Light fuel oil	217,046,228	235,772,486
	<u>1,019,034,262</u>	<u>1,137,577,657</u>

**8. STAFF COSTS**

	<u>2023</u>	<u>2022</u>
	SR	SR
Salaries	262,255,693	229,188,700
Members' emoluments (notes 8(a) & 26)	2,837,296	2,606,282
Pension contribution	10,346,150	8,351,902
Employee benefit obligations (note 22(b))	25,369,854	16,609,564
Other employee related costs	23,573,768	16,499,470
	<u>324,382,761</u>	<u>273,255,918</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 8. STAFF COSTS (CONTINUED)

a) Members' emoluments:	2023	2022
	SR	SR
<i>Mr. Joel Valmont</i>	2,457,296	2,231,349
<i>Mr. Leonard Alvis</i>	91,200	91,200
<i>Ms. Irene Croise</i>	60,800	60,800
<i>Mrs. Nanette Laure</i>	60,800	60,800
<i>Mr. Stephen Rousseau</i>	60,800	60,800
<i>Mr. Philippe Chong-Seng</i>	60,800	60,800
<i>Ms. Taryn Auguste</i>	45,600	-
<i>Dr. Selwyn Gendron</i>	-	40,533
	2,837,296	2,606,282

- b) The Board Members, Mr. Dilip Shah, Mr. Bertrand Belle, Ms. Ingrid Tirant, Mr. Mike Tirant and Mr. Nady Banane, did not receive any board fees in 2023 since their appointment to the board was from 1st February 2024.
- c) The Corporation provides for end of contract bonus with respect to fixed term employees. The total provision as at the year end for the financial year amounted to **SR 5,994,141** (2022: SR 5,042,035) with respect to all existing fixed term contracted employees. End of contract bonus is payable based on individual performance which is assessed at the end of the contract. For the purpose of provision, the Members estimated the liability based on the prior years' averages of 14%.
- d) Included in other employee related costs are staff rentals amounting to **SR 3,450,387** (2022: SR 2,888,060) (note 15(d)).

	2023	2022
	SR	SR
Repairs and maintenance	169,692,849	136,528,161
Hire	25,018,893	22,586,530
Administration expenses	19,280,538	15,969,175
Tree clearance	11,400,585	16,012,210
Consultancy services	7,814,903	-
Technical services	17,162,702	18,240,312
Bank charges	8,484,133	3,730,568
Other insurance	3,738,942	2,940,483
Feasibility study	-	2,643,596
Licenses and insurance vehicle	2,516,208	2,531,025
Rent (note 15(d))	2,177,929	1,954,856
Professional fees	1,646,045	1,280,722
Audit fee	471,500	471,500
Drought expenses	175,256	259,531
Fixed assets written off (note 12)	36,275	33,611
Provision for obsolete inventory (note 16(a))	-	299,383
	269,616,758	225,481,663

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 10. EXCHANGE DIFFERENCES

	<u>2023</u>	<u>2022</u>
	SR	SR
Borrowings (note 20(b))	25,679,512	(80,586,940)
Cash and cash balances	(22,772,697)	29,439,128
Others	298,354	(463,810)
	<u>3,205,169</u>	<u>(51,611,622)</u>

## 11. FINANCE INCOME AND EXPENSE

	<u>2023</u>	<u>2022</u>
	SR	SR
<b>(a) Finance income</b>		
Interest receivable on overdue trade receivables	9,857,119	10,787,863
Interest on term deposits	2,994,790	771,212
Interest on loan to employees	16,180	8,992
<b>Total finance income</b>	<u>12,868,089</u>	<u>11,568,067</u>
<b>(b) Finance expense</b>		
Interest expense on borrowings	14,578,922	16,657,679
Interest expense on lease liabilities (note 15(c))	-	7,984
<b>Total finance expense</b>	<u>14,578,922</u>	<u>16,665,663</u>
<b>Net finance cost recognised in the Statement of Profit or Loss</b>	<u>(1,710,833)</u>	<u>(5,097,596)</u>

(c) An amount of SR 1,526,496 was accrued for interest on term deposit as at December 31, 2023 (2022: SR 127,730) . For Cashflow only SR 1,468,294 (2022: SR 643,482) has been considered.

(d) Borrowing costs capitalised and included in work-in-progress on note 13 amounted to SR 11,429,569 (2022: SR 15,102,211). The borrowing costs charged were the actual costs incurred up to the point when the project was substantially completed. The rates used to determine the amount of borrowing costs ranged from 0.6% to 3.5% per annum (2022: 0.6% to 3.5%).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

**12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****(a) Government owned land parcels**

Certain land parcels acquired by the Corporation are not registered in the name of the Corporation. These were land parcels acquired from the Government of Seychelles which were allocated to the Corporation but not legally transferred to the Corporation. This is in line with the policy of the Government to allocate land parcels to the Corporation based on its requirements. The Government of Seychelles is the Ultimate Beneficiary and Owner of the Corporation.

**13. CAPITAL WORK IN PROGRESS (WIP)**

	<u>2023</u>	<u>2022</u>
	SR	SR
At 1 January	1,595,353,737	1,791,657,825
Expenditure during the period	280,215,952	308,003,786
Transfer to PPE during the year (note 12)	(1,145,547,604)	(504,307,874)
Buildings (note 12)	(67,377,052)	(4,592,114)
Dams and reservoirs (note 12)	(438,227,456)	-
Water and sewerage equipment (note 12)	(5,970,583)	(251,128,478)
Electricity equipment (note 12)	-	(172,777,718)
Other equipment (note 12)	(1,084,983)	-
Other plant and machinery (note 12)	(632,887,530)	(75,809,564)
<b>At 31 December</b>	<b><u>730,022,085</u></b>	<b><u>1,595,353,737</u></b>

**13.1** Included in capital work in progress above are specific projects funded jointly by European Investment Bank ('EIB') and Agence Francaise De Developpement ('AFD'); and certain projects funded by African Development Bank ('AFDB'), Arab Bank for Economic Development of Africa ('BADEA'), The Saudi Fund for Development ('SAFD'), Seychelles International Mercantile Banking Corporation Limited (Nouvobanq) and The Abu Dhabi Fund for Development ('ADFD') which are detailed per note 13.4. Drawdowns from the approved loan facilities from EIB and AFD are held by the Government of Seychelles in separate accounts with the Central Bank of Seychelles to ensure specific disbursements as per the terms of the loan agreements. Movements in the Central Bank of Seychelles account are also analysed per note 13.5.

**13.2** Capital work in progress are carried at cost and reclassification of completed projects is done out as and when they are completed based on the technical evaluation carried out by the projects division of the Corporation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

**13. CAPITAL WORK IN PROGRESS (CONTINUED)****13.3 Details of Capital Projects funded by loan facilities:**

	<u>2023</u>	<u>2022</u>
	SR	SR
Non revenue water program	-	9,647
Improvements to Mahe-La Digue wastewater system	38,861,666	18,415,208
Raising of the La Gogue Dam	7,402,415	44,135,639
33kv cable from Turtle Bay to Anse Boileau	14,018,345	34,836,694
Upgrade of Sewerage Treatment Plant	18,911,851	-
Generation Capacity Expansion - Mahe Phase 3	179,066,176	-
5MW Solar Park	2,046,330	5,022,258
	<u>260,306,783</u>	<u>102,419,446</u>

**13.4 Source of funding for the above projects:**

	<u>2023</u>	<u>2022</u>
	SR	SR
European Investment Bank (EIB)	50,613,071	-
Agence Francaise De Developpement ('AFD')	7,160,446	18,424,855
African Development Bank ('AFDB')	7,402,415	44,135,639
Arab Bank for Economic Development in Africa ('BADEA')	5,810,058	13,379,434
The Saudi Fund For Development ('SAFD')	8,208,287	21,457,260
Seychelles International Mercantile Banking Corporation Ltd	179,066,176	-
Adu Dhabi Fund for Development (ADFD)	2,046,330	5,022,258
	<u>260,306,783</u>	<u>102,419,446</u>

**13.5 Movements in balances held with Central Bank of Seychelles:**

	<u>2023</u>	<u>2022</u>
	SR	SR
At 1 January	294,898,505	345,195,899
Utilised during the year	(57,773,516)	(18,424,855)
Exchange rate fluctuation	6,532,906	(31,872,539)
<b>At 31 December</b>	<u>243,657,895</u>	<u>294,898,505</u>

*Balances held with Central Bank of Seychelles denominated in Euro:*

European Investment Bank ('EIB')	15,375,005	19,054,054
Agence Francaise De Developpement ('AFD')	157	476,036
	<u>15,375,163</u>	<u>19,530,090</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 14. INTANGIBLE ASSETS

## Computer software

	2023	2022
COST	SR	SR
At 1 January and At 31 December	<u>41,874,605</u>	<u>41,874,605</u>
<b>ACCUMULATED AMORTISATION CHARGE</b>		
At 1 January,	39,438,216	37,065,650
Amortisation for the year	<u>2,267,759</u>	<u>2,372,566</u>
At 31 December,	<u>41,705,975</u>	<u>39,438,216</u>
<b>NET BOOK VALUE</b>		
At 31 December,	<u><u>168,630</u></u>	<u><u>2,436,389</u></u>

## 15. LEASES

## a) Lease contracts

The Corporation has lease contracts for its staff accommodations and offices. The lease terms ranges between 1 to 4 years. The Corporation's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Corporation is restricted from assigning and subleasing the leased assets. There are no lease contracts that include extension and termination options and variable lease payments.

The Corporation also has certain leases with terms of 12 months or less. The Corporation applied the 'short-term lease' recognition exemptions under IFRS 16 for these leases. Effective 1 January 2022, the Corporation opted to treat the lease term as the notice period for termination provided in the lease agreement as the non-cancellable period.

## b) Right-of-use assets

	2022		
	Accommodations	Offices	Total
	SR	SR	SR
At 1 January,	192,887	148,324	341,211
Depreciation charge (note 15(d))	<u>(192,887)</u>	<u>(148,324)</u>	<u>(341,211)</u>
At 31 December,	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 15. LEASES (CONTINUED)

## c) Lease liabilities

	2022
	SR
At 1 January,	490,841
Finance cost (notes 11(b) & 15(e))	7,984
Lease payments	(498,825)
<b>At 31 December,</b>	<b>-</b>

The Corporation had total cash outflows for short-term and long-term leases of SR 5.6m (2022: SR 5.3m).

## d) The following are the amounts recognised in the Statement of Profit or Loss:

	2023	2022
	SR	SR
Depreciation on right-of-use assets (note 15(b))	-	341,211
Interest expense on lease liabilities (note 15(c))	-	7,984
Expense relating to short-term leases included in:		
- Other employee related costs (note 8(d))	3,450,387	2,888,060
- Rental cost (note 9)	2,177,929	1,954,856
<b>Total amount recognised in the Statement of Profit or Loss</b>	<b>5,628,316</b>	<b>5,192,111</b>

## 16. INVENTORIES

	2023	2022
	SR	SR
Electricity generation fuel and lubricants	46,249,832	43,601,833
Spare parts and non saleable items	750,621,623	685,625,822
	796,871,455	729,227,655
Provision for obsolete inventory (note 16(a))	(6,618,372)	(6,618,372)
	790,253,083	722,609,283

## (a) Provision for obsolete inventory is as follows:

	2023	2022
	SR	SR
At 1 January	6,618,372	6,318,989
Charge during the year (note 9)	-	299,383
<b>At 31 December</b>	<b>6,618,372</b>	<b>6,618,372</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 17. TRADE AND OTHER RECEIVABLES

	2023	2022
	SR	SR
Trade receivables (notes 17(a) to 17(c))	180,759,581	174,661,559
Storage tank loan receivables	1,209,685	1,360,371
Unbilled units (note 17(d))	57,864,326	72,800,931
Gross trade receivables	239,833,592	248,822,861
Less: Specific provision (notes (17(e) and 17(g))	(18,476,160)	(21,854,716)
Less: Expected credit loss (note 17(g))	(4,956,971)	(5,550,450)
Net trade receivables	216,400,461	221,417,695
Loans and advances to staff (note 17(h))	1,328,115	1,034,197
Prepayments	146,091,311	47,777,537
	<u>363,819,887</u>	<u>270,229,429</u>
<b>Analysed as:</b>		
Due beyond one year	202,081	1,106,560
Due within one year	363,617,806	269,122,869
	<u>363,819,887</u>	<u>270,229,429</u>

- a) The carrying amounts of trade and other receivables measured at amortised cost approximate their fair value. These are denominated in Seychelles Rupees.
- b) Certain amounts of trade receivable bear surcharge at 2% per month for late payments.
- c) At 31 December 2023, trade receivables included SR 18,862,486 (2022: SR SR 20,509,540) from Government and parastatal organisations.
- d) The Corporation accrues revenue for proportionate unbilled units to complete 12 months billing cycle for each customer (note 3.7).
- e) Specific provision represented 100% provisions made for trade receivables SR 18.5m (2022: SR 21.9m) that were over 365 days past due. The legal team of the Corporation is continuously undertaking an exercise on case by case basis to recover sums due from the respective defaulters where possible.
- f) Movement in the provision for credit impairment of trade and other receivables is as follows:

	2023	2022
	SR	SR
At 1 January	27,405,166	24,787,473
ECL charge during the year	596,976	2,617,693
Write off	(4,569,011)	-
At 31 December	<u>23,433,131</u>	<u>27,405,166</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 17. TRADE AND OTHER RECEIVABLES (CONTINUED)

g) The lifetime expected loss provisions for trade receivables and contract assets are as follows:

	Less than 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
December 31, 2023					
Gross carrying amount	114,274,184	28,535,111	6,375,925	90,648,373	239,833,592
Less: Specific provision (note 17(e))				(18,476,160)	(18,476,160)
Gross carrying amount excluding specific provision	114,274,184	28,535,111	6,375,925	72,172,212	221,357,432
Expected loss rate	0.48%	0.67%	3.34%	5.55%	
Expected credit loss provision	(543,460)	(191,747)	(212,791)	(4,008,973)	(4,956,971)
December 31, 2022					
Gross carrying amount	111,910,369	22,488,568	6,981,861	107,442,063	248,822,861
Less: Specific provision (note 17(e))				(21,854,716)	(21,854,716)
Gross carrying amount excluding specific provision	111,910,369	22,488,568	6,981,861	85,587,347	226,968,145
Expected loss rate	0.68%	0.96%	4.52%	4.97%	
Expected credit loss provision	(760,991)	(215,890)	(315,694)	(4,257,875)	(5,550,450)

h) Although loans and advances to staff are interest bearing, the Members have estimated that no ECL is required since repayments are deducted monthly from salaries and wages and there has been no history of default. They are analysed as follows:

	2023	2022
Due within one year	1,126,034	976,859
Due beyond one year	202,081	57,338
	1,328,115	1,034,197
	SR	SR

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

**18. CASH AND CASH EQUIVALENTS**

	<u>2023</u>	<u>2022</u>
	SR	SR
Balances with banks	346,694,995	413,056,690
Deposit with treasury (note 18(a))	243,657,895	294,898,505
Term deposits with banks (note 18(b))	126,639,500	41,725,790
Undeposited funds (note 18(c))	11,385,809	11,763,595
Cash on hand	86,000	115,705
<b>Cash and bank balances per Statement of Financial Position</b>	<b>728,464,199</b>	<b>761,560,286</b>
Term deposits with banks (note 18(b))	(126,639,500)	(41,725,790)
Bank balance retained for letters of credit (note 18(d))	(111,562,828)	(4,997,176)
<b>Cash and cash equivalents per Statement of Cash Flows</b>	<b>490,261,871</b>	<b>714,837,320</b>

- a) Borrowings from Government of Seychelles through Agence Francaise De Developpement and European Investment Bank are received in the treasury account held with the Central Bank of Seychelles for spending on the Projects of the Corporation. Those deposits are denominated in Euro and are non-interest bearing. Movements in these accounts are provided in *note 13.5*.
- b) Term deposits with banks comprise short term call deposits and other short term deposits with periods of 12 months, depending on the immediate cash requirements of the Corporation and earn interest at varying short term interest rates.
- c) Undeposited funds comprised amounts unbanked at end of period date. Undeposited funds are deposited in the bank on the next working day.
- d) Amounts retained against letters of credit facility provided by; Seychelles International Mercantile Banking Corporation Limited (Nouvobanq) to the Corporation were **USD 475,016** and **EUR 77,718** (2022: USD 286,200 and AED 213,137), ABSA Bank (Seychelles) Limited **EUR 46,730** and The Mauritius Commercial Bank (Seychelles) Ltd **USD 37,400** and **EUR 1,327,296**

**19. ASSIGNED CAPITAL**

	<u>2023</u>	<u>2022</u>
	SR	SR
<i>Transferred from:</i>		
- Seychelles Electricity Corporation Limited	42,069,280	42,069,280
- Seychelles Water Authority	8,551,125	8,551,125
Loans taken over as capital contribution	841,512,062	841,512,062
Transfer of revaluation reserve (note 19(a))	158,537,000	158,537,000
Transfer of capital contribution reserve (note 19(b))	389,074,124	389,074,124
	<u>1,439,743,591</u>	<u>1,439,743,591</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

**19. ASSIGNED CAPITAL (CONTINUED)**

- a) On April 1, 1992, the Government of Seychelles transferred certain dams, reservoirs, water and sewerage treatment works and pipeline networks to the Corporation for which no consideration was paid by the Corporation. The Corporation recorded these assets at value determined by the technical team of the Corporation based on the current cost at the time of recording them in the books of the Corporation with a contra credit to the revaluation reserve account. This was rectified retrospectively in the year 2014 by crediting the Assigned Capital towards contribution other than cash from the owner of the Corporation.
- b) Prior to the year 2010, the Corporation received contributions from the Government of Seychelles for major capital works undertaken by the Corporation. Subsequently certain capital grants were included in this account which were reclassified to Deferred Grants in the year 2010 and the amount received for major capital works was carried in this account with no further subsequent movements. This was rectified retrospectively in the year 2014 by crediting the Assigned Capital towards contribution other than cash from the Owner of the Corporation.

**20. BORROWINGS**

	<u>2023</u>	<u>2022</u>
	SR	SR
Borrowings for infrastructure development are as follows:		
European Investment Bank (note 20(i))	374,968,415	372,620,430
Agence Francaise De Developpement (note 20(i))	111,696,230	118,759,999
The African Development Bank (note 20(ii))	222,493,245	232,830,359
The Arab Bank for Economic Development in Africa (note 20(iii))	137,501,483	138,307,366
The Saudi Fund For Development (SFD) (note 20(iv))	185,060,610	194,818,573
Seychelles International Mercantile Banking Corporation (note 20(v))	89,691,341	111,369,125
Abu Dhabi Fund for Development (ADFD) (note 20(vi))	112,259,465	117,618,815
Seychelles International Mercantile Banking Corporation (note 20(vii))	179,066,176	-
	<u>1,412,736,965</u>	<u>1,286,324,667</u>

a) **Analysed as:**

	<u>2023</u>	<u>2022</u>
	SR	SR
Due beyond one year	1,293,819,856	1,175,814,225
Due within one year	118,917,109	110,510,442
	<u>1,412,736,965</u>	<u>1,286,324,667</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

## 20. BORROWINGS (CONTINUED)

b) The movement in borrowings is as follows:

	<u>2023</u>	<u>2022</u>
	SR	SR
At 1 January	1,286,324,667	1,361,010,397
Received during the year	202,533,266	83,995,459
Repayment during the year	(101,800,480)	(78,094,249)
Foreign currency differences (note 10)	25,679,512	(80,586,940)
<b>At 31 December</b>	<b><u>1,412,736,965</u></b>	<b><u>1,286,324,667</u></b>

- i) The Corporation entered into two indemnity agreements relating to certainty of payment obligations under the European Investment Bank (EIB) and Agence Francaise De Developpement (AFD) with the Republic of Seychelles relating to the upgrade of Seychelles Water and Sewerage infrastructure. The total approved borrowing is Euro 36,737,000 of which Euro 26,737,000 is financed by EIB and the balance Euro 10,000,000 by AFD. These loans bear interest at 6 months Euribor + margin 1.48% per annum (2022: Euribor + margin 1.48% per annum). Principal repayments commenced in 2018.
- ii) The Corporation entered into an indemnity agreement relating to certainty of payment obligation under The African Development Bank (AFDB) with the Republic of Seychelles for financing part of the USD component and the entire Seychelles Rupee component of the Mahe Sustainable Water Augmentation Project (La Gogue). The total approved borrowing is USD 20,600,000 with closing date of drawdown as 31 December 2023. The loan bears interest at 6 months Libor + margin 0.60% per annum (2022: Libor + margin 0.60% per annum) and is repayable after a grace period of 5 years. Repayment is to be in 30 equal instalments following the 5 year grace period. Current balance represents drawdown at the reporting date. This Project is also expected to be funded with three grants approximating to Euro 1.5 million.
- iii) The Corporation entered into an indemnity agreement relating to certainty of payment obligation under The Arab Bank for Economic Development in Africa (BADEA) with the Republic of Seychelles for financing the Improvement of Electricity Network in South Mahe Project. The total approved borrowing is USD 11,000,000 with closing date of drawdown as 31 December 2023. The loan bears interest at 2.5% per annum (2022: 2.5% per annum) and is repayable after the grace period of 5 years in 34 semi annual instalments with interest. Current balance represents drawdown at the reporting date.
- iv) The Corporation entered into an indemnity agreement relating to certainty of payment obligation under The Saudi Fund For Development (SFD) with the Republic of Seychelles for financing the second phase of Electrification of South Mahe Island Project. The total approved borrowing is USD 20,000,000 with closing date of drawdown as 30 June 2024. The loan bears interest at 2% per annum (2022: 2% per annum) and is repayable in 30 semi - annual instalments of USD 666,667 after a 5 year grace period. Current balance represents drawdown at the reporting date.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

**20. BORROWINGS (CONTINUED)**

- v) The Corporation entered in to a loan agreement with Seychelles International Mercantile Banking Corporation Limited (Nouvobanq) to borrow SCR 159,351,000 to finance the Desalination Plant Extension Project. This loan is fully pledged against generator set A51 (Serial Number PA AE269991) and generator set A61 (Serial Number PA AE269992) and bears interest at 8.00% per annum (2022: 8.00% per annum) and is repayable from the 13th month of the loan, in monthly installments of SCR 2,483,679. The current balance represents the drawdown in full less the principal repayments at the reporting date.
- vi) The Corporation entered into loan agreement with the Abu Dhabi Fund for Development, guaranteed by the Government of the Republic of Seychelles for financing the Ile de Romainville Solar Power Field Project. The total approved borrowing is AED 31,220,500.00 (USD 8.5m) with the closing date of drawdown as 31 December 2023. The loan bears interest at 2.00% per annum (2022: 2.00% per annum) and is repayable in 15 years following a grace period of 5 years in 30 semi annual instalments with interest. Current balance represents drawdown at the reporting date.
- vii) The Corporation entered in to a loan agreement with Seychelles International Mercantile Banking Corporation Limited (Nouvobanq) to borrow SCR 329,700,000 to finance 2 new 8 MW generator sets for the Mahe Power Station. This loan is fully pledged against the new generators to secure the principal and bears interest at 6.00% per annum (2022: 6.00% per annum) and is repayable from the 19th month of the loan, which will fall due in January 2025, in monthly instalments of SCR 3,652,582.29. The current balance represents the drawdown in full less the principal repayments at the reporting date.

**21. TRADE AND OTHER PAYABLES**

	<u>2023</u>	<u>2022</u>
	SR	SR
Trade payables	189,647,100	139,861,424
Other payables	60,686,608	103,194,759
Customer deposits (note 21(c))	58,865,879	48,437,008
	<u>309,199,587</u>	<u>291,493,191</u>

**Analysed as:**

	<u>2023</u>	<u>2022</u>
	SR	SR
Due beyond one year	58,865,879	48,437,008
Due within one year	250,333,708	243,056,183
	<u>309,199,587</u>	<u>291,493,191</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

**21. TRADE AND OTHER PAYABLES (CONTINUED)**

a) Trade and other payables are denominated in the following currencies:

	<u>2023</u>	<u>2022</u>
	SR	SR
SR	275,676,034	262,257,739
USD	22,652,671	14,009,860
EURO	10,620,028	12,986,784
OTHER	95,818	1,768,244
GBP	155,036	470,564
	<u>309,199,587</u>	<u>291,493,191</u>

b) The Corporation did not offer any securities with respect to trade and other payables.

c) Customer deposits comprise the following:

	<u>2023</u>	<u>2022</u>
	SR	SR
Electricity	52,923,408	42,649,058
Water	5,942,471	5,787,950
	<u>58,865,879</u>	<u>48,437,008</u>

**22. EMPLOYEE BENEFIT OBLIGATIONS**

	<u>2023</u>	<u>2022</u>
	SR	SR
Accrued leave	16,932,990	15,212,936
Gratuity	6,668,184	6,592,500
Length of service compensation	106,852,879	93,204,470
<b>Total employee benefit liabilities (note 22(b))</b>	<u>130,454,053</u>	<u>115,009,906</u>
Due within one year (note 22(a))	<u>(24,323,924)</u>	<u>(23,355,625)</u>
<b>Due beyond one year</b>	<u>106,130,129</u>	<u>91,654,281</u>

a) Analysis of amounts due within one year:

	<u>2023</u>	<u>2022</u>
	SR	SR
Accrued leave	16,932,990	15,212,936
Gratuity	2,320,000	2,565,000
Length of service compensation	5,070,934	5,577,689
	<u>24,323,924</u>	<u>23,355,625</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

**22. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)**

b) Movement in employee benefit obligations is as follows:

	<u>2023</u>	<u>2022</u>
	SR	SR
At 1 January,	115,009,906	117,161,749
Charge to Statement of Profit or Loss (note 8)	25,369,854	16,609,564
Paid during the year	<u>(9,925,707)</u>	<u>(18,761,407)</u>
<b>At 31 December,</b>	<b><u>130,454,053</u></b>	<b><u>115,009,906</u></b>

c) The Corporation recognised and provided for employee benefit obligations arising on account of gratuity based on the regulations applicable to parastatal organisations; leave salary and length of service severance compensation based on the provisions of Seychelles Employment Act. With respect to fixed term employees, the Corporation used average grades of past years to compute the estimated end of contract bonus. The Corporation proposes to meet these liabilities as and when they fall due, out of its working capital.

d) Employment benefit obligations have been determined using the method suggested by the Seychelles Employment Act and the Management has estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

**23. DEFERRED GRANTS**

	<u>2023</u>	<u>2022</u>
	SR	SR
At 1 January	1,037,922,498	1,036,621,857
Received from Government of Seychelles	60,000,000	60,000,712
Received from others	<u>11,948,884</u>	<u>48,166,939</u>
	1,109,871,382	1,144,789,508
Less: Amortisation for the year (note 6)	<u>(83,641,953)</u>	<u>(106,867,010)</u>
<b>At 31 December</b>	<b><u>1,026,229,429</u></b>	<b><u>1,037,922,498</u></b>

Analysed as:

	<u>2023</u>	<u>2022</u>
	SR	SR
Non-current	949,745,009	954,300,243
Current	<u>76,484,420</u>	<u>83,622,255</u>
	<b><u>1,026,229,429</u></b>	<b><u>1,037,922,498</u></b>

**24. CAPITAL COMMITMENTS**

a) Capital Commitments

	<u>2023</u>	<u>2022</u>
	SR	SR
Approved and contracted for	960,281,828	705,948,985
Approved but not yet contracted for	<u>2,380,960,966</u>	<u>1,549,512,679</u>
	<b><u>3,341,242,794</u></b>	<b><u>2,255,461,664</u></b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

**24. CAPITAL COMMITMENTS (CONTINUED)****b) Operating lease commitments - where the Corporation is the lessee**

The Corporation leases accommodations and offices under operating lease agreements. The leases have varying terms, escalation clauses and renewable rights.

The future aggregate minimum lease payments under operating leases are as follows:

	<u>2023</u>	<u>2022</u>
	SR	SR
Not later than one year	<u>1,024,050</u>	<u>844,250</u>

**25. CONTINGENT LIABILITIES**

There were no contingent liabilities as at December 31, 2023 (2022: Nil)

**26. RELATED PARTY TRANSACTIONS**

In the normal course of its operations, the Corporation enters into transactions with related parties. Related parties include Government and key Management personnel, consisting of Members of the Board of Directors. Unless stated, all transactions with related parties take place at arm's length.

*The following are material transactions entered into with the Government and other government owned entities:*

	<u>2023</u>	<u>2022</u>
	SR	SR
Revenue and services (note 5a))	<u>199,301,926</u>	<u>191,444,874</u>
Purchase of fuel (note 7a))	<u>1,019,034,262</u>	<u>1,137,577,657</u>

**Key Management Personnel**

Key Management personnel comprises the Chief Executive Officer, Chairman and the Non-Executive Board members. The latter are considered to be part of the key Management personnel as they have the authority and responsibility for planning, directing and controlling the activities of the Corporation.

The aggregate remuneration provided for and paid to key Management personnel (note 8).

	<u>2023</u>	<u>2022</u>
	SR	SR
Members' emoluments (note 8(a))	<u>2,837,296</u>	<u>2,606,282</u>

At 31 December 2023, trade receivables included SR 18,862,486 (2022: SR 20,509,540) from Government and parastatal organisations.