

**SEYCHELLES CIVIL
AVIATION
AUTHORITY**

**Annual Report
2016**

Seychelles Civil Aviation Authority
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Chairman's Statement

As Chair of the Board of Directors of the Seychelles Civil Aviation Authority over those past 5 years it gives me pleasure in delivering the 2016 annual statement.

It is with immense satisfaction that we witness the marked progress achieved. Income before taxation at year-end stood at SCR138 million indicating a 19% increase on the 2015 results. The SCAA's 2016 direct contribution to public funds solely in terms of business tax and dividend increased by 7% to SR84.7 million. This was exclusive of VAT payments on the procurement of goods and services.

Tourism remains the mainstay of the Seychelles economy given that it is the number one foreign exchange earner. In essence air transport is responsible for the large majority of tourism arrivals and continues to facilitate access to new markets; different airline offerings and services whilst linking up to a wider network through the Seychelles International Airport. Thanks to the enhanced air links, Seychelles welcomed over 300,000 visitors to our shores in 2016.

Given the double digit growth, it remained essential to uphold Seychelles' safety and security labels and in line with our mandate as a member of the International Civil Aviation Organisation (ICAO). Efforts launched in this sphere, included strengthening of our operations and oversight measures.

Irrespective of our best endeavours to avoid any occurrence that could impact safety, an effective and workable emergency plan for the airport remains a priority. A second edition of the plan was launched in August outlining major improvements in the implementation of best practices and effective responses, in the unfortunate event of an accident.

The plan was subsequently tested in November as the SCAA simulated a full scale aircraft accident. All responding organisations participated in this exercise with the aim to assess the effectiveness of communications, the management process and interactions between agencies in such an eventuality. Findings from this exercise will optimise our ability as a nation to be effective in dealing with such an eventuality.

Environmental concerns relating to climate change, carbon emissions and noise continued to be a major concern for the international aviation community. Even though Seychelles as a country is committed and commended for its contributions in addressing those global issues much work

remains to attain environmental sustainability. As part of our sustainability programme, SCAA implemented the replacement of energy efficient light bulbs with LED in security lightings at the airfield, the water harvesting project at the Fire Service Station and promulgated an environmentally responsible culture amongst its employees in adopting eco-friendly behaviours such as switching off lights and air-conditioners when not needed.

In line with our core values, SCAA continued to support the community through its corporate social responsibility program in 2016. We provided much needed support to the Ministry of Health in the battle against the rising incidence of cancer in the country. We also proudly provided support to the Institute of Early Childhood Development (IECD) by funding a project which set up a database system for children using day-care facilities in the country.

Overall, 2016 was another successful year. The company continued to grow and post solid financial results and contribute handsomely to the economy whilst meeting the challenges of remarkable tourism growth. The SCAA can boast a robust performance in the number of scheduled flights and passenger numbers. I would like to take this time to convey my gratitude and thanks to all those that have worked hard and continue to contribute towards the progress of civil aviation and tourism. The Board joins me in expressing special thanks to our aviation community who work tirelessly to make it all happen. I wish to extend a warm welcome and congratulations to our new Minister for Tourism, Civil Aviation, Ports and Marine, Ambassador Maurice Lousteau-Lalanne, who has a rich aviation and tourism background. Likewise our gratitude and recognition goes to ex Minister Mr Alain St Ange with whom we worked closely and defied many odds.

I am certain that with the strong support of the various Government agencies, our parent Ministry of Civil Aviation, the SCAA Board, its CEO and staff we will continue to deliver to the best of our abilities and means.

The over-riding mission of the SCAA is to safeguard the rights of the many passengers and airport community who entrust us explicitly with their well-being.

Safe travels and happy landings to you all



David Savy
Chairman

CEO's Statement

2016 was another strong year for the aviation industry globally. This was a direct result of the favourable economic climate, particularly the availability of cheaper fuel, which created headwinds in the demand for travel worldwide.

Seychelles International Airport was no exception. By the end of 2016, over 300,000 visitors landed at our international airport. Residents and visitors traffic combined grew by 15% compared to the previous year, accounting for a total of 825,087 international passenger throughput. Cargo from commercial flights increased by 14% to 10,153 (tons) last year. The positive results were attributed to the overall good traffic performance by the airlines, having recorded an average of 68% load factor for the year. The benefits were compounded with the launching of air services by 3 airlines namely Turkish Airlines, Sri Lankan Airlines and Qatar Airways during the final quarter of the year, as well as the increase in capacity by Condor Airlines and Ethiopian Airlines as well as the national carrier which strengthened regional routes. Consequently, the Authority gained an increase in aeronautical revenue by 11% to SCR352.8 million.

Air Seychelles regional operations continued to boost the number of transfer passenger traffic that were handled at Seychelles International Airport, reaching a height of 70,425 passengers in 2016 compared to 40,632 in 2015.

The processing of passengers at Seychelles International Airport, also known as facilitation, is governed by the Standards and Recommended Practices (SARPs) as per Annex 9 of the International Civil Aviation Convention, Seychelles being a member since 1977. The facilitation process is the means of maximising the efficiency of border clearance formalities, while also achieving and attaining high-quality security and effective law enforcement. Similar to many airports around the world, the growth in traffic continued to put pressure on facilitation at Seychelles International Airport, particularly during peak periods, when we are disadvantaged with respect to airlines' slots timings that are also affected by controls at connecting airports. Shortage in manpower by key service providers also impacted on the processing capability at border controls and check-in.

In spite of this, static capacity grew by approximately 100% and 50% with the completion of the extension of the international arrival lounge and the international departure lounge respectively, tallying to 700 square meters of additional floor space. The additional space on arrival sought to

improve the flow of traffic at the pre-immigration area during the early mornings and early afternoon's peak hours, accommodating an addition of up to 650 passengers at any given point in time. In the departure lounge, 330 additional seats, including recliner seats for passengers wishing to sleep, have been placed to ease congestion on the ground floor during peak hours.

Domestic operations to Praslin remains at the centre of our airport operation as it represented 75% of total air movements in 2016 providing essential travel options for the residents and visitors alike, mainly to Praslin as well as to other islands including Bird Island, Desroches, Fregate and D'arros. Construction of the new Mahé Domestic Terminal continued in 2016, following its inception in February 2015. Progress was attained particularly on Phase 1 of the project, which included a modern departure facility, as well as commercial facility for passengers including a Food and Beverage outlet and a passenger lounge. This project will reach full completion towards the end of 2018 at an investment cost of SCR96.1 million. Cost recovery from non-aeronautical sources is forecasted between 6 to 10 years, with SCR8 million of revenue expected from year one of operation.

The significance of non-aeronautical activities for airports around the world cannot be overstated in this age. At our airports, commercial effort is far from the vision of the Airport City of Dubai or the elevated experience of Changi. In the backdrop of a smaller traffic profile and limited space, the focus is on expanding revenue streams with primary emphasis on ensuring essential services to passengers and improving current products as well as standards of facilities. All non-aeronautical targets were comfortably achieved in 2016 with an increase of 8% in revenue, mainly generated by a considerable increase in rental of buildings and facilities of 13% and retail concessions of 9%. In spite of the increase in passenger numbers by 13%, actual spending per passenger on duty free goods for example, declined from USD30 to USD28. The assumptions are that passengers are more inclined to spend at competing airports; there is a growing trend of travellers with lower disposal income; and the increase in the availability and attractiveness of cheaper products.

Air traffic control handled 37,389 flights for the year 2016, representing an average of 102 flight movements per day that were landing and taking off at Seychelles International Airport. Safety from air to ground and vice versa is a pivotal concern to SCAA as the Airport Authority. As aircraft lands on the runway, the perimeter of space between the runway and the surrounding grounds are separated by the runway hardshoulders. These hardshoulders serve the important purpose of

protecting aircraft engines from Foreign Object Debris (FOD) ingestions and protecting adjoining grounds from damage during aircraft operations. From March to April 2016, a total of 26,000 square metres of runway and taxiway hardshoulders were replaced at an investment cost of SCR20.7 million

The Seychelles International Airport and its associated services is labour intensive and mainly comprised of fixed assets resulting in a high cost burden for up keeping and manpower. Repairs and maintenance remained high at SR24 million in 2016 representing 10% of total operating cost, whilst staff cost represented 47% to the value of SCR119.8 million. Increases in staff related cost were attributed to the increase in compensation and gratuity following the upsurge in minimum wage and other government policy changes in this respect. The increase in traffic also put more pressure on overall cost as period of operations grew.

Despite these challenges, the SCAA is fortunate to have a competent and dedicated workforce of over 600 staffs, who works tirelessly, night and day, to guarantee the continuity of our airport operations on a 24 hour basis.

On behalf of the Board and SCAA's Executive Management team, I take this opportunity to convey my appreciation to the employees of SCAA. I would also like to express my gratitude to our stakeholders for their continued support.

Thank you.

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Gilbert Faure
Chief Executive Officer

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Seychelles Civil Aviation Authority
DIRECTORS REPORT
FOR THE YEAR ENDED 31st DECEMBER 2016

The Board of Directors present their report together with the Auditor's Report and the Audited Financial Statements of the Seychelles Civil Aviation Authority (hereafter called the "Authority") for the year ended 31st December 2016.

Principal Activities of the Authority

The principal activities of the Authority remains the provision of Aviation Regulatory and Safety Oversight, the provision of Air Navigation Services, the provision of Aviation Security Services and Management and provision of Operational Services at Seychelles International and Praslin Airports. It also facilitates business development opportunities.

Results for the Year

	<i>31st December 2016</i>	<i>31st December 2015</i>
	SCR	SCR
Operating Income	391,534,868	350,507,006
Operating Expenses	(252,894,269)	(234,177,427)
Profit before taxation	138,640,599	116,329,579
Taxation	(41,542,180)	(34,848,874)
Profit for the Year	97,098,419	81,480,705
Dividends	(43,200,000)	(44,400,000)
Retained Profit at end of Period	53,898,419	37,080,705

Fixed Assets

Additions to property and equipment totalling to SCR47.36 million for the year under review comprise mainly Hard Shoulder, Special Accommodation Facility, Fibre Optic cabling, Maintenance Workshop and Airlines offices.

The Directors are of the opinion that the market or saleable value of the fixed assets at 31st December 2016 does not differ substantially from the amounts at which they are included in the accounts at that date.

Reserves

The current year's retained profit of SCR53,898,419 together with opening retained earnings totalling to SCR314,411,654 makes a total of SCR368,310,073 in the Authority's reserves.

Dividend

The Directors recommend the payment of dividend of SCR43,200,000.

Directors

Details of the current members of the Board of directors are shown in Note 6. The Directors are appointed every two years in accordance with the Public Enterprise Monitoring Commission Act, 2013.

None of the Directors held interest in the share of the Authority during the financial year.

Seychelles Civil Aviation Authority
DIRECTORS REPORT
FOR THE YEAR ENDED 31st DECEMBER 2016

Statement of Board of Director's Responsibilities

The Board of Directors is to ensure the integrity of financial information; provides financial oversight and monitors financial planning and financial reports, including adoption and supervision of the annual budget; the directors are to exercise their business judgment to act in what they reasonably believe to be the best interests of the entity in the administration of the entity's assets, and where applicable, its investments.

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

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

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

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

The Board of Directors consider that they have met their responsibilities as set out in the Public Enterprise Monitoring Commission Act, 2013 and the Seychelles Civil Aviation Authority Act 2005.

Auditors

The Office of the Auditor General will continue in office in accordance with Section 12(3) of the Seychelles Civil Aviation Act, 2005.

Approval



David Savy
Chairman




Wills Agricole
Director



Michelle Murray
Director



Anne Lafortune
Director



Damien Thesee
Director



Amelie Nourice
Director

Date: 25/4/2017

Victoria, Seychelles



**REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE
SEYCHELLES CIVIL AVIATION AUTHORITY
FOR THE YEAR ENDED 31ST DECEMBER 2014**

Scope

I have audited the financial statements of the Seychelles Civil Aviation Authority for the year ended 31 December 2014 as set out on pages 5-16.

Responsibility of the Board for the Financial Statements

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice and in compliance with the requirements of the Seychelles Civil Aviation Authority Act, 2005 and the Public Enterprise Monitoring Act, 2009. *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; selection and applying appropriate policies; and making accounting estimates that are reasonable in the circumstances.*

Auditor's Responsibility

My responsibility is to express an opinion on those financial statements based on my audit and report it to the Minister responsible for Civil Aviation. The audit was conducted in accordance with International Standards on Auditing issued by the INTOSAI. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance *whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Authority, as well as evaluating the overall presentation of the financial statements.*



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

Opinion

In my opinion:

- the financial statements on pages 5-16 give a true and fair view of the financial position of the Authority as at 31 December 2014, and the results of its financial operations and cash flows for the year then ended;
- proper accounting records have been kept by the Authority as far as it appears from my examination of those records; and
- I have obtained the information necessary for the purpose of the audit and am satisfied with the information received.

A handwritten signature in black ink, appearing to read 'Marc Benstrong'.

Marc Benstrong
Auditor General

31 March 2015
Victoria

Seychelles Civil Aviation Authority
STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2016

		2016	2015
	Notes	SCR	SCR
Assets			
Non-current Assets			
Property, Plant & Equipment	8	333,228,884	318,461,964
Capital Work in Progress	9	<u>78,080,342</u>	<u>41,651,640</u>
		411,309,226	360,113,604
Current Assets			
Trade Debtors	10	94,459,320	84,293,300
Other Debtors & Prepayments	11	19,053,563	15,742,610
Staff Loans	12	5,728,938	4,441,716
Provisional Tax	13	-	8,685,996
Cash and Bank Balances	14	<u>89,656,257</u>	<u>71,124,799</u>
		208,898,078	184,288,421
Less:			
Current Liabilities			
Trade Creditors		24,403,610	3,714,874
Other Creditors & Accruals		7,271,180	9,473,767
Provision for Terminal Benefits		7,652,390	9,375,968
Provisional Tax	13	6,990,961	-
Loan Due within a year		<u>6,030,303</u>	<u>-</u>
		52,348,444	22,564,609
Net Current Assets		<u>156,549,634</u>	<u>161,723,812</u>
Total Assets		<u>567,858,860</u>	<u>521,837,416</u>
Long Term Liabilities			
Loan Accounts	18	14,640,824	22,517,799
Represented By			
Government Capital Reserve		184,907,963	184,907,963
Retained Earnings	15	<u>368,310,073</u>	<u>314,411,654</u>
		<u>567,858,860</u>	<u>521,837,416</u>


Chief Executive Officer
25/04/2017


Financial Controller

The notes set out on pages 16-23 form an integral part of these Financial Statements

Seychelles Civil Aviation Authority
INCOME STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2016

	Notes	2016 SCR	2015 SCR
Income			
Aeronautical Revenue	4(a)	352,859,154	316,599,921
Non-Aeronautical Revenue	4(b)	34,408,080	31,975,133
Other Operating Income	4(c)	3,865,953	3,334,770
Exchange Gain/(Loss)		351,431	(2,998,123)
Profit on Disposal		50,250	1,595,305
Net Income		391,534,868	350,507,006
Operating Expenses			
Staff Costs	5	119,766,706	111,609,691
Repairs and Maintenance		24,079,306	24,135,684
Other Operating Expenses	7	74,953,082	64,038,272
Bad & Doubtful Debts		6,783	32,286
Finance Costs		1,490,434	2,198,688
Depreciation	8	32,597,958	32,162,806
		252,894,269	234,177,427
Profit before Tax		138,640,599	116,329,579
Business Tax	13	(41,542,180)	(34,848,874)
Net Profit After Tax		97,098,419	81,480,705
Distribution to Government	16	(43,200,000)	(44,400,000)
Retained Profit for the year		53,898,419	37,080,705

The notes set out on pages 16-23 form an integral part of these Financial Statements

Seychelles Civil Aviation Authority
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st DECEMBER 2016

	2016		2015
	SCR		SCR
Cash Flows from Operating Activities			
Profit Before Tax	138,640,599		116,329,579
Depreciation Expenses	32,597,958		32,162,806
Interest Receivable/Payable	394,948		(1,286,377)
Loss/(Profit) on Disposal	(50,250)		(1,595,305)
Bad & Doubtful Debts	6,783		32,286
Exchange Losses/(Gains) on Year End Transactions	<u>1,023,064</u>	172,613,102	<u>1,581,825</u>
Provisional Tax Paid	(34,544,719)		(37,711,401)
Refund of Business tax	<u>8,679,496</u>	(25,865,223)	<u>-</u>
			(37,711,401)
Movements in Working Capital			
(Increase) /Decrease in Accounts Receivable (including Staff Loans)	(14,648,429)		(12,307,965)
Increase/(Decrease) in Accounts Payable	18,486,150		76,204
Increase/(Decrease) in Terminal Benefits	<u>(1,723,578)</u>	2,114,143	<u>1,989,052</u>
			(10,242,709)
Cash Flows from Investing Activities			
Purchase of Assets & WIP	(83,798,330)		(61,254,460)
Sale of Assets	<u>55,000</u>	(83,743,330)	<u>1,706,895</u>
			(59,547,565)
Cash Flows from Financing Activities			
Loan Receipt	14,969,328		29,948,001
Loan Repayment	(18,356,562)		(9,073,622)
Dividend Paid	<u>(43,200,000)</u>	(46,587,234)	<u>(44,400,000)</u>
			(23,525,621)
Net Increase/(Decrease) in Cash		18,531,458	16,197,518
Cash as at 1 st January 2016		<u>71,124,799</u>	<u>54,927,281</u>
Cash as at 31st December 2016		<u>89,656,257</u>	<u>71,124,799</u>

The notes set out on pages 16-23 form an integral part of these Financial Statements

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2016

1 CORPORATE INFORMATION

The Seychelles Civil Aviation Authority (the Authority) was set up under the Seychelles Civil Aviation Authority Act, 2005 which came into force in April 2005. The Authority was vested with the assets and liabilities of the former Directorate of Civil Aviation for which a financial consideration was not paid. The net value of assets over the liabilities was credited to a Capital Reserve account.

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

The activities of the Authority are regulatory, with respect to regulation of civil aviation activities and safety oversight, as well as service provider in the provision of air navigation services and management of Seychelles International and Praslin Airports.

2 BASIS OF PREPARATION

The financial statements of the Authority have been prepared under the historical cost convention, modified to include the valuation of certain property, plant and equipment.

The financial statements of the Authority have been prepared in accordance with generally accepted accounting practice in Seychelles. The financial statement values are presented in Seychelles Rupee (SCR) unless otherwise indicated.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below:

(a) Property, Plant and Equipment and Depreciation

Apart from land which has been purchased by the Authority, the value of land occupied by the Authority is not included in the Financial Statements. A number of sites occupied on Mahé including the land upon which the existing Seychelles International Airport is situated are held by the Authority on a lease of 99 years at a nominal rent. The transfer of other land ownership on Mahé and Praslin to the Authority is still under discussion with the Government.

Buildings and infrastructure are stated at revalued amount less accumulated depreciation, while plant and equipment, motor vehicles and others are stated at cost less accumulated depreciation.

The cost of an asset comprises its purchase price and any attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions and improvement are capitalised and expenditure for maintenance and repairs are charged to the income statement.

Buildings and infrastructure are stated at fair value for existing use as ascertained by a professional valuer as at 2005. These have been recognised on the grounds that the Authority has unrestricted right to the enjoyment of the future economic benefits arising from these assets.

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2016

Depreciation of buildings and infrastructure is recognised in profit or loss. Depreciation on property, plant and equipment is calculated on a straight line basis to write-off cost, less estimated residual value, of each asset evenly over their expected useful lives. Land is not depreciated.

The annual rates of depreciation are as follows:

• Buildings and Infrastructure	4%
• Plant & Machinery	10%
• Furniture, Fittings And Office Equipment	20%
• Motor vehicles	20%
• Computers – Hardware And Software	25%
• Others	25%

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset is included in the income statement in the year the asset is derecognised.

(b) Foreign Currency

Transactions in currencies other than Seychelles Rupees are converted at the rate of exchange ruling at the transaction date. At the balance sheet date, foreign currency monetary assets and liabilities are converted at the rate ruling at that date. Exchange differences arising are taken to the income statement.

(c) Taxation

Business tax is provided at the rates ruling at the balance sheet date on profits of the Authority.

(d) Cash and Bank Balances

Cash and bank balances comprise cash at bank, in hand and short-term deposits with a maturity period of one year or less in the Statement of Financial Position.

For the purpose of the cash flow, cash and cash equivalent consist of the cash and bank balances as defined above net of outstanding bank overdrafts.

(e) Provisions

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

(f) Going Concern

The management has made an assessment of its ability to continue as a going concern and is satisfied that the Authority has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Authority's ability to continue as going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2016

	2016	2015
	SCR	SCR
4 INCOME		
(a) Aeronautical Revenue		
Landing fees (International/Domestic)	27,989,586	25,886,923
Licences and Registration	804,711	723,627
Passenger Service Fees (International /Domestic)	214,939,846	190,152,979
Air Navigation Charges	113,979,324	104,084,511
IATA Charges	<u>(4,854,313)</u>	<u>(4,248,119)</u>
	<u>352,859,154</u>	<u>316,599,921</u>
(b) Non Aeronautical Revenue		
Other Airport Charges	927,352	1,292,972
Concession Fees	18,700,620	17,753,772
Fuel Throughput Charges	3,637,613	3,275,294
Rent Airport Buildings	<u>11,142,495</u>	<u>9,653,095</u>
	<u>34,408,080</u>	<u>31,975,133</u>
(c) Other Income		
Interest Received	3,740,684	3,223,078
Miscellaneous	<u>125,269</u>	<u>111,692</u>
	<u>3,865,953</u>	<u>3,334,770</u>
5 STAFF COSTS		
Payroll Expenses	82,322,835	76,716,739
Pension Contribution	1,923,393	1,851,896
Income Taxes	12,323,341	13,454,677
Compensation & Gratuity	22,387,182	18,688,149
Income Tax on other Benefits	464,115	556,507
Directors & Secretary's Fees (see Note 6)	<u>345,840</u>	<u>341,723</u>
	<u>119,766,706</u>	<u>111,609,691</u>

Compensation and Gratuity is paid to employees upon completion of a 2-year contract in line with the Employment Act and SCAA Contract of Service. Compensation and Gratuity are provided for in the accounts yearly and expensed under payroll costs.

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2016

	2016	2015
	SCR	SCR
6 DIRECTORS FEES & EXECUTIVE EMOLUMENTS		
Directors		
D. Savy (appointed September '11)	77,640	77,640
W Agricole (appointed November 2010)	49,404	49,404
M. Murray (appointed September '11)	49,404	49,404
A.Lafortune (appointed Feb'14)	49,404	49,404
D.Thesee (appointed Feb'14)	49,404	49,404
D Singh (appointed Jan'15)	-	37,053
A Nourice (appointed Nov'15)	49,404	8,234
Secretary fees	<u>21,180</u>	<u>21,180</u>
	<u>345,840</u>	<u>341,723</u>
Senior Executive Emoluments		
Chief Executive Officer	859,740	843,832
Other Senior Management	5,491,926	5,481,072
7 OTHER OPERATING EXPENSES		
Administration Costs	32,660,284	28,570,830
Communication Costs	8,323,211	6,837,955
Transportation Costs	4,413,612	3,101,149
Staff Training	8,563,076	9,728,025
Other General Expenses	<u>20,992,899</u>	<u>15,800,313</u>
	<u>74,953,082</u>	<u>64,038,272</u>
After charging:		
Audit Fees	100,000	100,000

Seychelles Civil Aviation Authority
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st DECEMBER 2016

8 PROPERTY, PLANT AND EQUIPMENT

	Land	Building & Infrastructure	Plant & Machinery	Furniture, Fittings & Office	Motor Vehicles	Computer – Hardware & Software	Other Assets	Total
	SCR	SCR	SCR	SCR	SCR	SCR	SCR	SCR
Costs								
As at 1 January 2015	1,558,050	329,528,223	64,192,888	15,184,333	42,160,032	65,965,125	25,391,912	543,980,563
Additions during the year		30,497,690	6,526,273	1,105,265	4,054,067	2,140,597	1,832,540	46,156,432
Disposals during the year					(1,331,465)		(1,071,265)	(2,402,730)
As at 31 December 2015	1,558,050	360,025,913	70,719,161	16,289,598	44,882,634	68,105,722	26,153,187	587,734,265
Additions during the year		28,781,414	2,546,491	1,789,293	12,415,006	1,535,901	301,523	47,369,628
Disposals during the year			(38,000)		(100,095)			(138,095)
As at 31 December 2016	1,558,050	388,807,327	73,227,652	18,078,891	57,197,545	69,641,623	26,454,710	634,965,798
Accumulated Depreciation								
As at 1 January 2015		95,552,242	30,889,308	12,368,204	25,439,752	52,041,213	23,109,916	239,400,635
Depreciation for the year		13,182,716	5,995,088	1,188,631	4,443,537	5,889,233	1,463,601	32,162,806
Disposals Depreciation					(1,331,465)		(959,675)	(2,291,140)
As at 31 December 2015		108,734,958	36,884,396	13,556,835	28,551,824	57,930,446	23,613,842	269,272,301
Depreciation for the year		14,401,037	5,951,970	1,150,863	4,806,889	5,878,840	408,359	32,597,958
Disposals Depreciation			(33,250)		(100,095)			(133,345)
As at 31 December 2016		123,135,995	42,803,116	14,707,698	33,258,618	63,809,286	24,022,201	301,736,914
Net Book Value								
As at 31 December 2015	1,558,050	251,290,955	33,834,765	2,732,763	16,330,810	10,175,276	2,539,345	318,461,964
As at 31 December 2016	1,558,050	265,671,332	30,424,536	3,371,193	23,938,927	5,832,337	2,432,509	333,228,884

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	2016	2015
	SCR	SCR
9 CAPITAL WORK IN PROGRESS		
Work in Progress brought forward	41,651,640	26,553,612
Expenditure incurred during the year	66,459,489	45,548,118
Transferred to Fixed Assets	(28,781,414)	(30,450,090)
Transferred to Expenditure	<u>(1,249,373)</u>	<u>-</u>
	<u>78,080,342</u>	<u>41,651,640</u>
10 TRADE DEBTORS		
Trade Debtors	93,753,096	84,097,791
Debtors' Exchange Rate Revaluation	789,710	272,212
Bad Debts Provisions	<u>(83,486)</u>	<u>(76,703)</u>
	<u>94,459,320</u>	<u>84,293,300</u>
11 OTHER DEBTORS AND PREPAYMENTS		
Prepayment	1,248,304	3,112,778
Treasury Account	104,980	350,243
Interest Receivables	1,165,547	1,560,495
VAT Liability	16,334,985	10,539,359
Other Debtors	<u>199,747</u>	<u>179,735</u>
	<u>19,053,563</u>	<u>15,742,610</u>
12 STAFF LOANS		
Vehicle Loans	5,525,511	4,161,494
General Purpose Loans	35,373	77,613
Other Loans	<u>168,054</u>	<u>202,609</u>
	<u>5,728,938</u>	<u>4,441,716</u>
13 TAXATION		
Tax Credit Brought Forward	(8,685,996)	(5,823,469)
Late Lodgement Penalty	6,500	
Refund of business tax	<u>8,679,496</u>	<u>-</u>
	-	(5,823,469)
<i>Charge for current year:</i>		
Provision for business tax based on profit for the period	41,542,180	34,848,874
Provisional Tax Paid	<u>(34,551,219)</u>	<u>(37,711,401)</u>
	<u>6,990,961</u>	<u>(8,685,996)</u>

Seychelles Civil Aviation Authority
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	2016	2015
	SCR	SCR
14 CASH AND BANK BALANCES		
Cash on hand	140,656	82,929
Seychelles Rupee a/c Balance	14,507,513	15,416,344
Euro A/c Balance	690,129	1,828,144
US\$ Dollar a/c Balance	21,648,963	5,071,425
Short-Term Security Deposit	<u>52,668,996</u>	<u>48,725,957</u>
	<u>89,656,257</u>	<u>71,124,799</u>

15 RETAINED EARNINGS

Balance brought forward as at 1st Jan	314,411,654	277,330,949
Profit during the year	97,098,419	81,480,705
Less: Distribution to Government (Note 16)	<u>(43,200,000)</u>	<u>(44,400,000)</u>
Retained earnings for the year	<u>368,310,073</u>	<u>314,411,654</u>

16 DISTRIBUTION TO GOVERNMENT

Distribution to Government is made in accordance with directions given by the Minister under Section 11 (3) of the Seychelles Civil Aviation Authority Act, 2005.

17 FINANCIAL RISK MANAGEMENT

(a) Currency risk

Some of the Authority's assets and liabilities are denominated in foreign currencies. There is a resultant exposure to foreign exchange fluctuations which may affect the Authority's assets and liabilities in a material manner.

The Authority's financial assets and liabilities are denominated as follows:

	Asset	Liabilities
	SCR	SCR
US Dollar	86,317,648	20,888,783
Euro	2,585,737	2,407
Pound Sterling	57,057	-
Seychelles Rupees	<u>119,937,635</u>	<u>46,098,078</u>
Total	<u>208,898,077</u>	<u>66,989,268</u>

(b) Liquidity Risk

SCAA practices prudent liquidity risk management by maintaining adequate funds to meet its funding needs.

Seychelles Civil Aviation Authority
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(c) Credit Risk

SCAA seeks to invest cash assets safely and profitably. SCAA also seeks to control credit risk by setting limit and ensuring that credit facility is made to customer with appropriate credit history and monitoring customers financial standing through credit review. SCAA considers the risk of material loss in the event of non-performance to be minimal.

(d) Fair Value

The carrying amount of the Authority financial assets and liabilities at the Balance Sheet date approximates the fair value.

18 NOUVOBANQ LOAN

	2016	2015
	SCR	SCR
Balance as at 1 st January	22,517,799	-
Amounts drawn down	14,969,328	29,948,001
Repayments	(18,356,562)	(9,073,622)
Exchange rate adjustment at year end	<u>1,540,562</u>	<u>1,643,420</u>
Balance as at 31st December	<u>20,671,127</u>	<u>22,517,799</u>

US\$6.5 million loan to fund the construction of the Domestic Terminal and purchase of essential airport equipment has been taken from NouvoBANQ. The loan is being serviced by the Seychelles Civil Aviation Authority. As at 31st December 2016, the loan balance is US\$1.5 million and US\$2.9 million remained to be withdrawn.