



SEYCHELLES  
PUBLIC  
TRANSPORT  
CORPORATION

# ANNUAL REPORT

## 2019



English River | PO Box 610 | Victoria, Mahé Seychelles



+248 428 0280 | Hotline: +248 432 5252



[inquiry@sptc.sc](mailto:inquiry@sptc.sc)



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## 1.1 About Us

In December 1977, the Government of Seychelles established Seychelles Public Transport Corporation (SPTC) to cater for the commuting needs of the people of Seychelles.

The Corporation was established under Section 3 of the Seychelles Public Transport Corporation Decree. SPTC is fully owned by the Seychelles' Government.

SPTC has five member Board of Directors consisting of a Chairman and four other members appointed by the President of the Republic. The Chief Executive Officer is a non-executive member of the Board of Directors

Over the years the corporation has grown and now offers an expansive range of services for daily needs of the Seychellois people, including private mechanical repairs and maintenance, advertising opportunities and special hires.

This annual report presents an overview of SPTC undertakings during the year 2019.

### 1.2 Vision

“To become the first choice of transport for commuting in Seychelles”

### 1.3 Mission

“To deliver an efficient, safe, reliable, affordable and modern transport service capable of meeting the current and future needs of our customers”

### 1.4 Strategic Objectives

1. To maximize net income/revenue from SPTC operation.
2. To improve the business and working environment of SPTC.
3. To promote/improve customer service in SPTC.
4. To improve the internal management, control and operations of SPTC.
5. To strengthen financial and fiscal risk management and reporting of SPTC.

## 2.0 Corporate Governance

### 2.1 Board of Directors

The Seychelles Public Transport Corporation (SPTC) is governed by a Board of Directors, entrusted with the overall strategic direction of the Corporation.



**Mr. Andy Moncherry**  
Chairman



**Mrs. Cecily Derjacques**  
Member



**Mr. Alone Edmond**  
Member



**Mrs. Marilyn Reginald**  
Member



**Mrs. Noemie Woodcock**  
Member

### 2.2 Meetings of the Board

The Board of Directors have at least twelve meetings in a year.

The meetings are held on the last Wednesday of each month of every other month or the last Saturday of every other month.

It is to be noted that Mrs. Noemie Woodcock did not extend her appointment on the Board and as such ceased to be a member as of June 2019. A replacement is yet to be appointed.

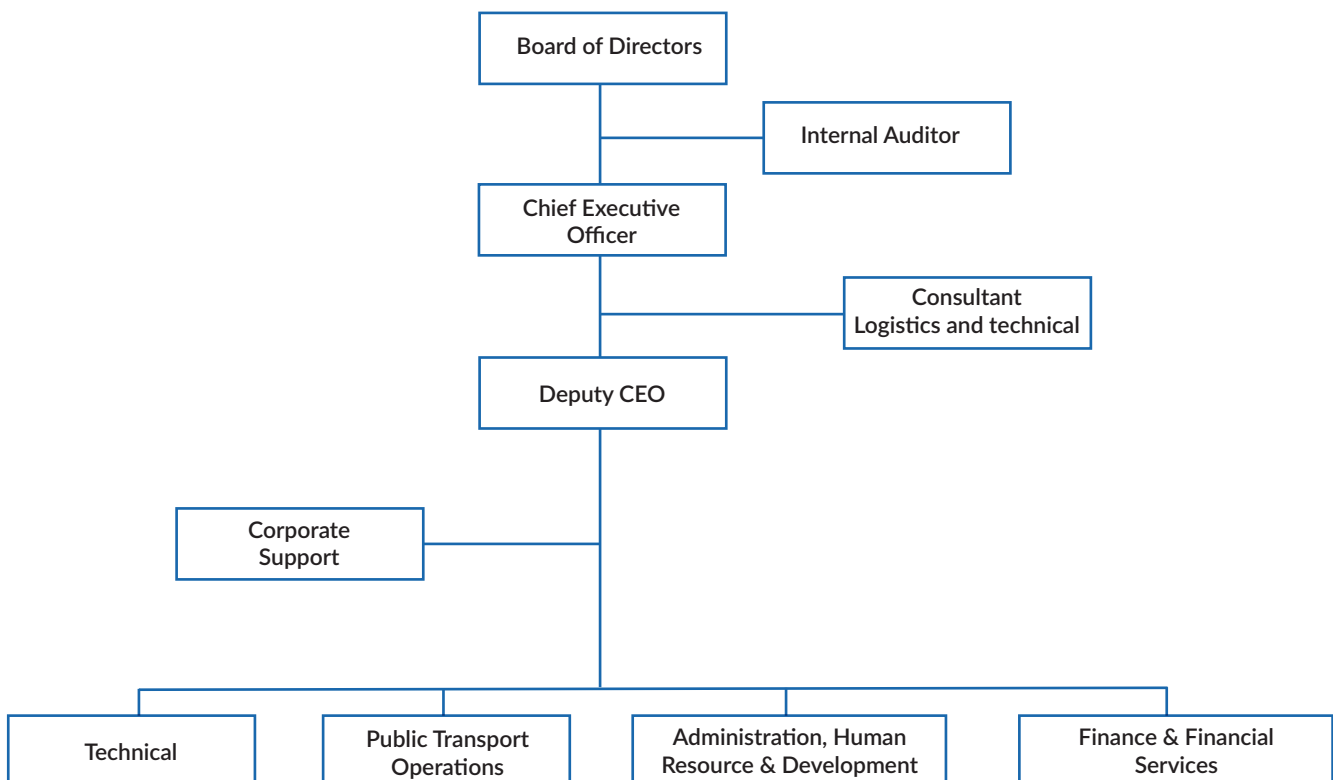
## 3.0 Management of SPTC

### 3.1 Introduction

The Seychelles Public Transport Corporation is headed by a Chief Executive Officer, appointed by the President. This role, for the past three years has been occupied by Mr Patrick Vel. Mr. Vel is supported by a Deputy Chief Executive Officer, Mr. Maxwell Julie and a Consultant for Logistics & Technical, Mr. Geffy Zialor.

They are assisted by a Chief Financial Officer, Mrs. Margaret Ally and three General Managers, Ms. Bernadette Soffola, General Manager for Operations; Mr. Elvis Octave, General Manager for Technical; and Mrs. Winifred Belmont, General Manager for Administration, Human Resource & Development.

### 3.2 Organisational Structure of SPTC



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### 3.3 Management Committees

Under the good governance regime, SPTC Management has three committees to assist in its functions:

#### 3.3.1 Projects Committee

The Projects Committee was established to have overview of capital projects undertaken by SPTC and to have oversight on minor projects being managed by administration.

#### 3.3.2 Procurement Committee

The Procurement Committee was established to ensure compliance with internal procurement procedures and policies in line with the directives of the National Tender Boards and Procurement Oversight Unit.

The committee ensures that the most competitive procurements are always made.

#### 3.3.3 Appeals Committee

This Committee reviews disciplinary decisions made by SPTC Management to ensure the fair and just treatment of employees.

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## 4.0 PROFESSIONAL SERVICES PROVIDERS

In order for SPTC to deliver effectively on its mandates it makes use of the professional services of a lawyer, an insurance broker and external auditor.

### Lawyer

Mr. Kieran B Shah

Attorney-at-Law & Notary

House of Ansuya, Revolution Avenue, Victoria,  
Seychelles.

### Insurance Broker

African Risk Transfer Seychelles

Suite 204, Waterside, Eden Island, Mahe

### Auditors

BDO Associates

PO Box 18, Quincy Street, The Creole Spirit, Victoria,  
Mahé, Seychelles



## 5.0 YEAR 2019 IN REVIEW

### 1. January 2019 - Introduction of New Bus Schedule

A new bus schedule was introduced in January 2019, to maximize (resources) both human and physical resources. This optimised (that) the bus networks and brought about a reduction of daily bus trips from over 1900 to 1665.

### 2. April 2019 - Scheme of Service for Support Staff

Following the implementation of a scheme of service for public bus drivers in 2018, SPTC also introduced schemes of service for its support staff in 2019. The different Schemes have been designed to attract more Seychellois towards joining SPTC as well as to motivate and retain competent staff, with the purpose of building a quality workforce at the SPTC amidst the challenges ahead.

### 3. May 2019 - Privatization of SPTC contract services

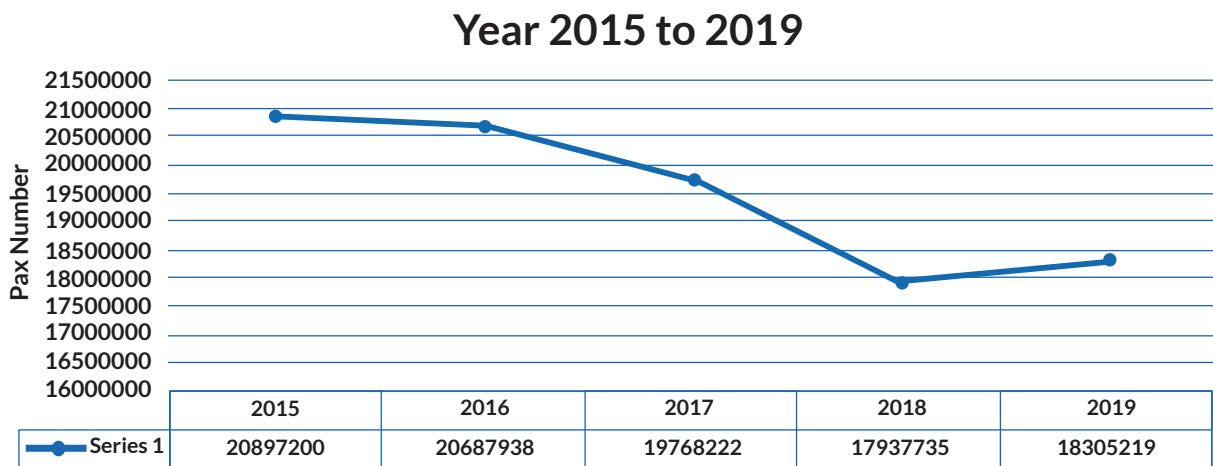
Privatization of SPTC's contract and special hire services was initiated in November 2018 and was concluded in May 2019. The loss to SPTC in revenue term is expected to be around SR16 million annually.

### 4. Corporate Activities

#### a. August 2019 - Health & Safety

In its effort to promote a healthy workforce SPTC partnered with the Lions Club of Seychelles and the Health Care Agency (HCA) to host a kidney screening for its staff. A total of 121 SPTC staff participated in the Kidney Screening exercise. The event was held at SPTC's Newport premises on 31st August 2019.

### iii. Passenger Travel Trends



SPTC has recorded a decline in the total number of tickets sold since the year 2016.

The most significant decline was in 2018 with a 9% reduction in total number in passengers when compared to 2017, this represent a loss of SR12.8m. in revenue in 2018.

It is to note that in 2019 there have since been an increase of 2% in number of passengers when compared to 2018, representing an increase in revenue of SR 2.5m compared to 2018.

However overall the number of passengers in 2019 is 2,591, 981 less to that of 2015.



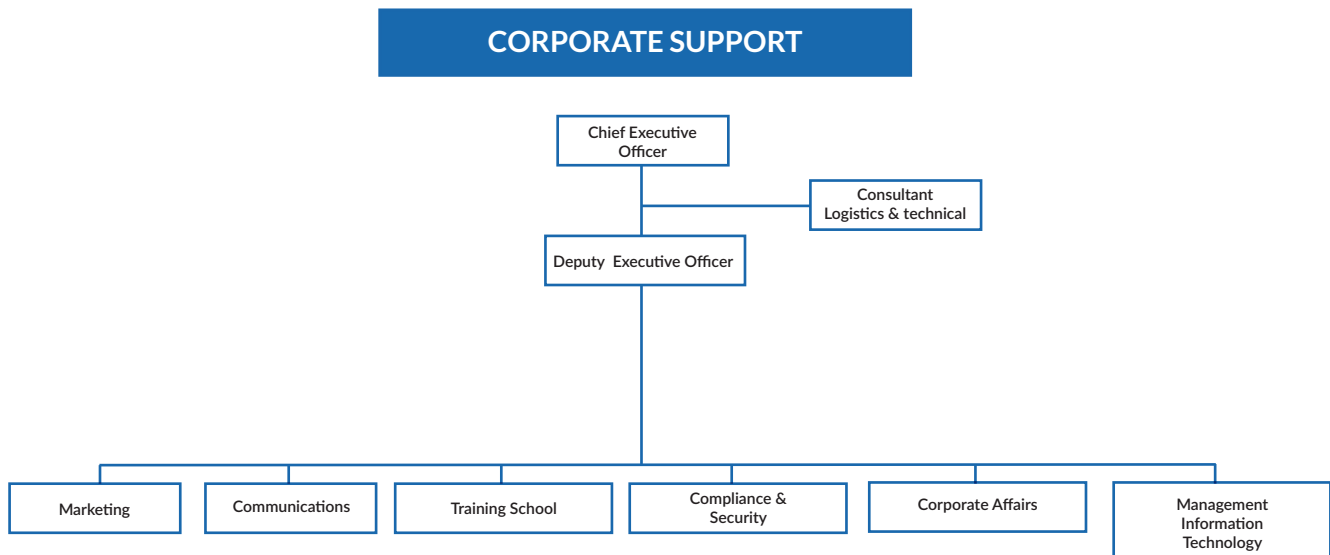
#### b. September 2019 - Team-Building

A Management Team-Building exercise was organised in 2019 with the aims of strengthening SPTC's Management Team and developing the leadership and negotiating skills of the participants. Around 60 supervisors, managers, senior managers and general managers of SPTC were drawn into 4 teams to a) plan and organize a social activity and b) participate in an Outdoor Management Exercise. The event took place on 7th September 2019 at Anse Royale.



## 6.0 DEPARTMENTAL REVIEW

### 6.1 Corporate Support



#### 6.1.1. Information Technology

In 2019 SPTC forged ahead with its plan to improve and upgrade its information system technology both on board its buses and at base to maximize control and monitoring of its operations in terms of communications, operations and revenue collection.

##### i. Passenger Counting and CCTV Project

A passenger counting and CCTV project was piloted on Praslin in 2019. The IT unit had the technical responsibility of the project and the Compliance and Security section had the functional management responsibility for the project. The project aimed at monitoring passenger load and cash collection so as to identify pilferage, leakage, fare evasions as well as being a means of assuring driver safety on the buses.

### 6.1.2. Compliance & Security

This department has the responsibility to supervise and conduct necessary checks and test to ensure that all procedures are being followed onboard all buses such as ticketing and safety procedures, in order to detect wrongful doing such as pilferage, leakage, fare evasions and ensuring that every travelling passenger is issued with a valid travel ticket so that all proceedings goes in the company coffer as it should. Furthermore, it is also tasked with meeting the Corporation's security needs and by doing so enhance the safety and security of all our staff and visitors alike.

### 6.1.3. Communication

The Communication unit is tasked with the responsibility to provide prompt and effective internal and external communication, sensitize and educate the general public on services provided by SPTC. In a nutshell to satisfy the need for information by both SPTC internal and external customers.

In 2019, SPTC further strengthened its internal complaints handling mechanism systems in collaboration with the Operation Control Centre.

Minor complaints were attended to within 24 hours whilst major ones requiring investigation within seven days.

Communications released four (4) quarterly info sheets and two (2) half-yearly newsletters providing essential information to staff on issues of importance. SPTC further improved its relationship with all Media Houses in the country informing them of the happenings in SPTC through Press Releases and Communiqués.

In 2019, the Communication Department continued with its sensitization talks in Schools around the Islands to better inform and educate the students on the best way to make use of SPTC buses.

SPTC continues to actively use its website and makes use of Facebook to disseminate proactive information to the Public

#### 6.1.4. Marketing

The role of the Marketing section of SPTC is to identify new alternative revenue streams, and satisfy customer requirements profitably. SPTC has developed clear marketing strategies and plans for the different products and services available within the corporation.

Apart from transportation of the general public, which is the core business of SPTC, where bus fares are collected, SPTC has the potential to offer the following products and services:

##### 1. Travel related services

1. Bus advertising
2. Smart cards
3. Bus ticket advertising

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## 2. Sales of physical space

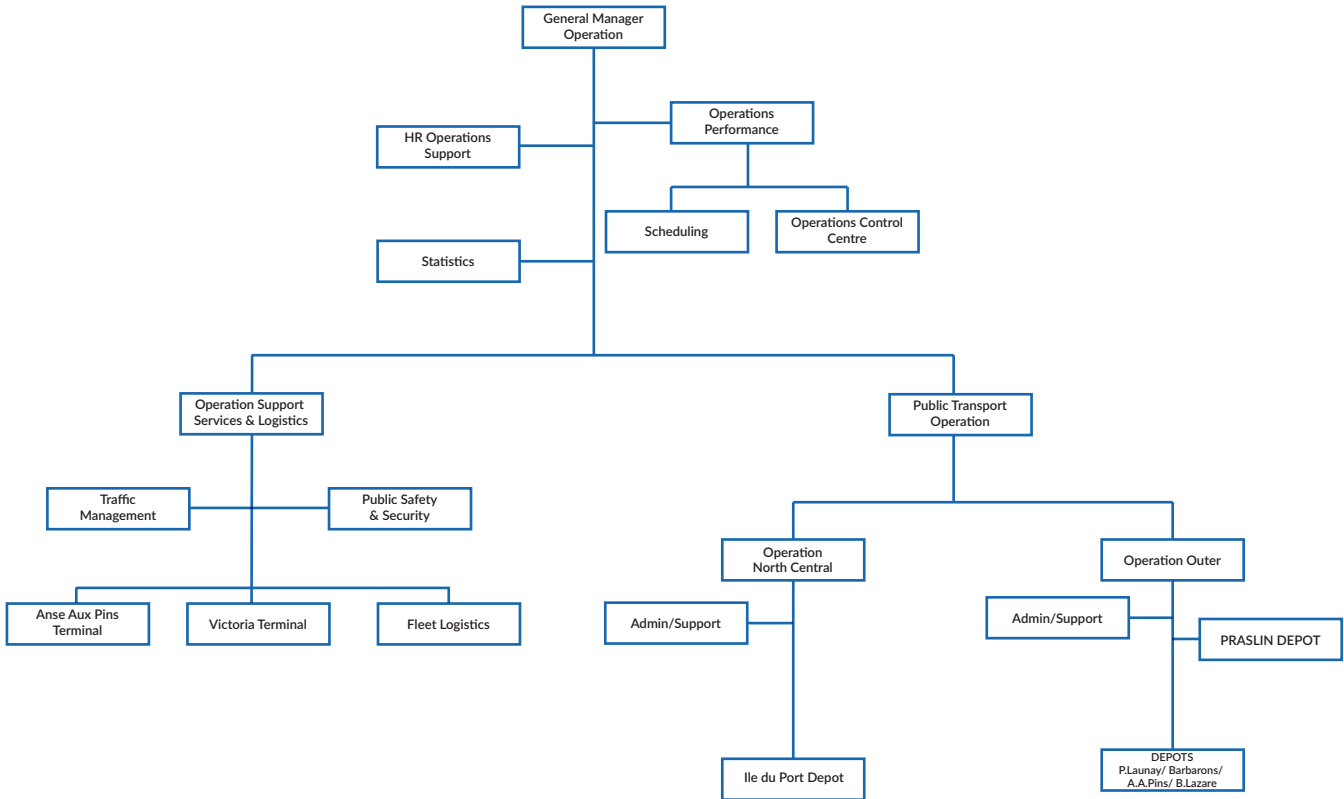
1. Advertising at the different Terminals
2. ATM space for Banks
3. Vending machines
4. Terminal transit of private buses

## 3. Workshop related services

1. Private vehicle maintenance jobs
2. Conversion of derelict buses

This section is continuously exploring new avenues and building stronger relationships with various businesses and stakeholders with the view of diversifying revenue base for SPTC.

## 6.2 Transport Operations and Logistics

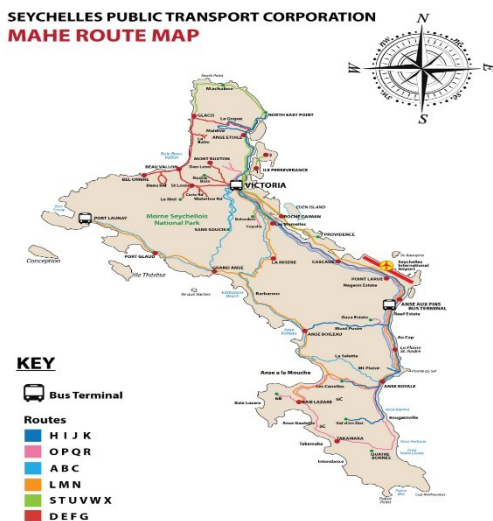


SPTC operates an integrated public bus network, with over 1600 bus journeys daily, covering over 78 bus routes on Mahe and Praslin, supported by four (4) bus depots located across Mahe and one (1) in Praslin, three Bus Terminals, 250 buses and 220 drivers.

During the year 2019 the Department focused on two main undertaking aimed at improving efficiencies of the service offered and gaining positive engagement from its core workforce, the drivers.



### 6.2.1 New public bus schedule



Work was concluded in reviewing the schedule which had been in use for the past ten years and the new schedule was subsequently introduced in January 2019.

New sets of driver duties were also implemented alongside the schedule.

The driver duties have been condensed leading to reduction of duties and subsequently better driver management. It is noted that there was a reduction in daily bus journeys from over 1900 to 1665.

### 6.2.2. Driver Engagement

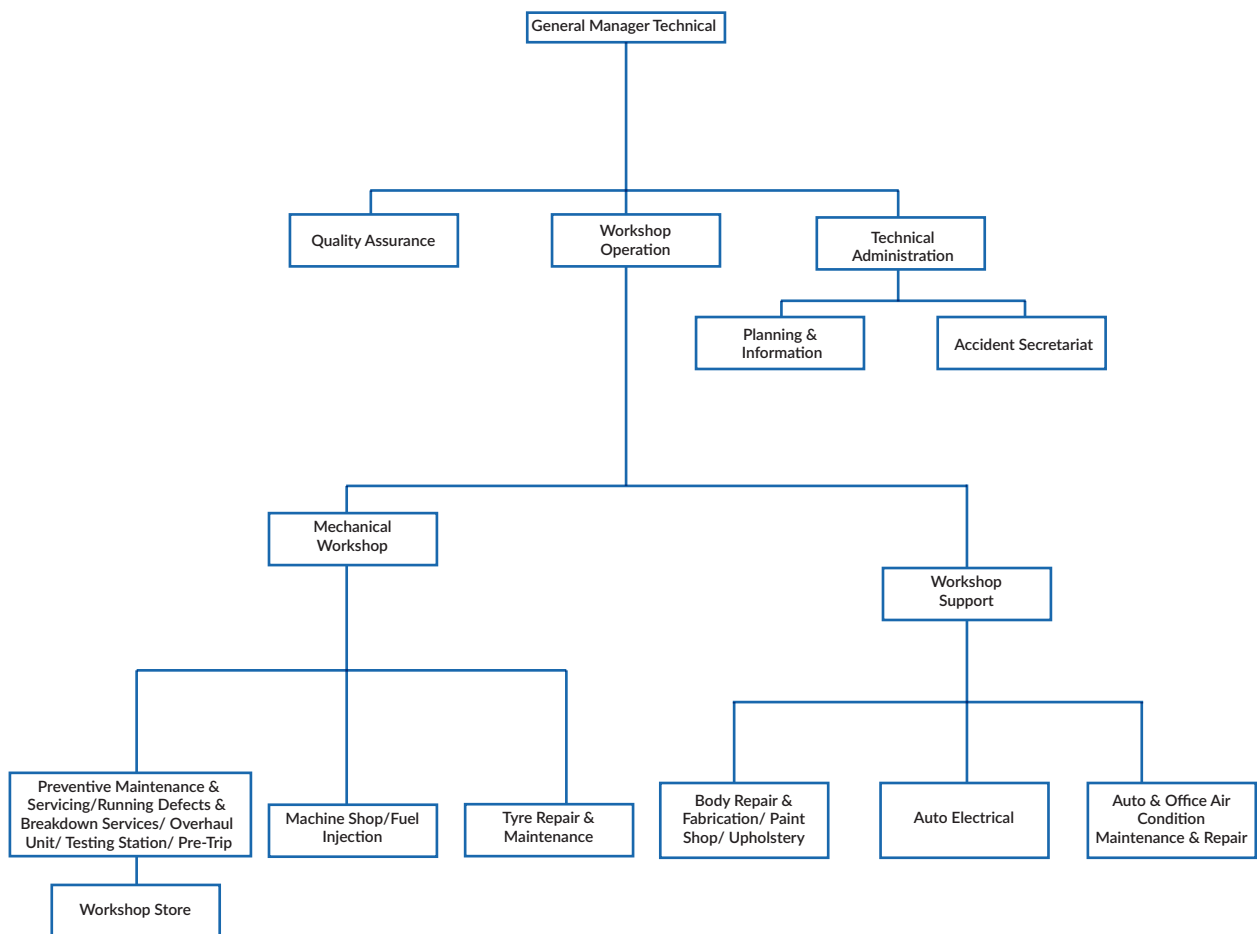
Operations Management had reinforced its relations with the drivers through several platforms that promotes driver engagement. Line Management positions has been created within the division occupied by drivers that has given them more say in managing the work. Regular meetings have been organised between SPTC Management, Seychelles Federation of Workers Union and SPTC driver representatives.

Furthermore, general staff meeting were conducted in July and September 2019 which included 4 meetings specifically for drivers.

### 6.2.3. Safety and Security

On 24th July 2019 SPTC recorded a major accident at La Louise where a bus left the road and overturned in a bend near Chilli Bar. No fatalities were recorded but 28 passengers received treatment and were subsequently released.

### 6.3 Technical and Maintenance



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The Technical Department is responsible for planning, organizing and carrying out preventive maintenance and running repair on SPTC buses in accordance to the Workshop Operational Procedures.

The mechanical Workshop located at New Port carries out all types of vehicle maintenance in a well-organized workshop structure comprising of workshops for vehicle servicing bays, machining and fitting, Panel beating and painting works as well as specialized workshops for engines/mechanical/electrical aggregates overhauling and Fuel injection calibration/repairs.

In addition, the mechanical workshop also offers private job services for external clients.

SPTC firmly emphasizes on quality control vis-à-vis safety and comfort of its buses.

Therefore, apart from repairs and maintenance, all buses undergo monthly checks at the Vehicle Testing Station situated at the New Port premises.

Routine inspections form part of the quality control to ensure that the buses are in sound roadworthy condition before going on the road.

Daily pre-trip inspections are conducted on all buses, including when buses are brought in for re-fuelling.

Morning pre-trip is carried out by the respective bus drivers in the form of a general check-up on the condition of their buses whereas mechanical checks are carried out daily during the day by Workshop mechanics.



During the next three years, the SPTC will work towards improving the efficiency of its engineering department by introducing a robust and integrated fleet management software to manage and keep track of vehicle and related aggregates maintenance schedule as well as to better manage consumptions of fuel, spare parts and tyres which are important cost centres needing closer monitoring and control. With the construction of the new depot at Ile Du Port workshop will be decentralizing its services with improved and modernized equipment.

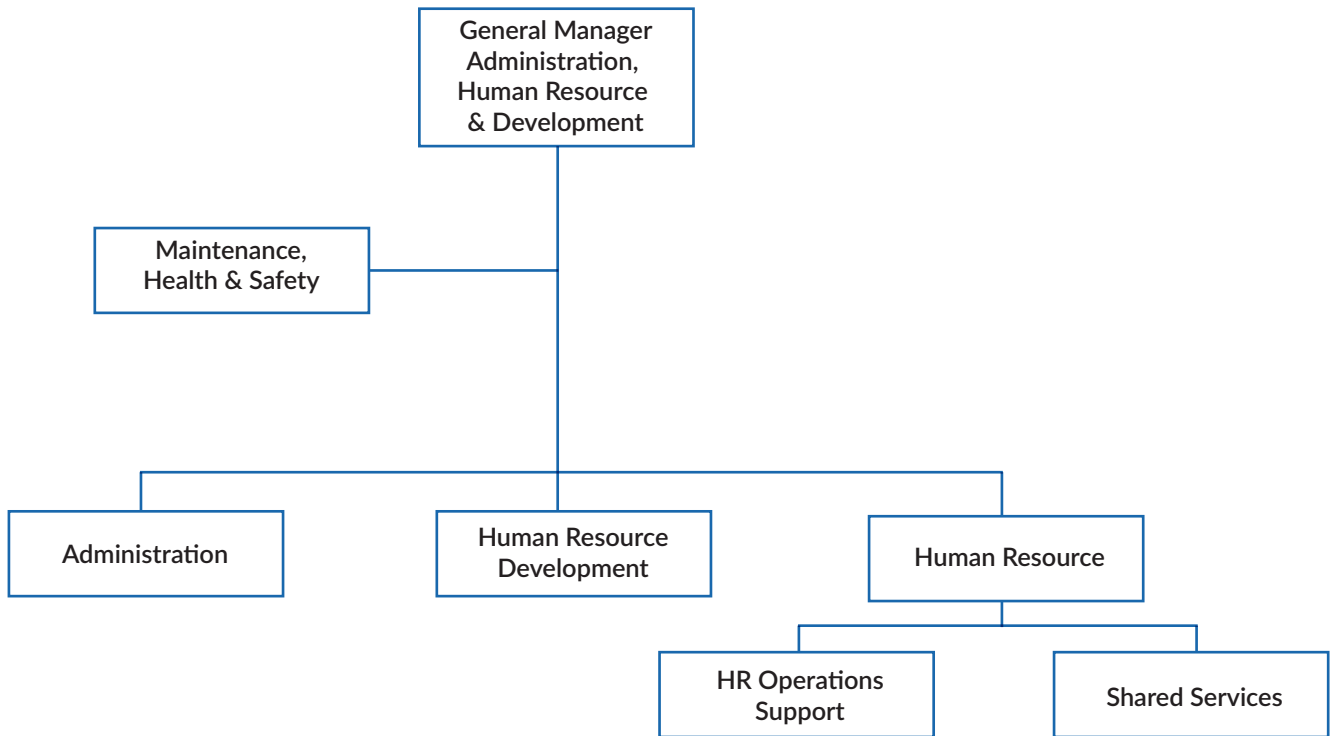
### 6.3.1 Workshop Infrastructure Improvement Projects

Several projects were earmarked for 2019 with the aim of improving the infrastructure and equipments within the workshop.

The Workshop Reroofing project was completed in the 3rd quarter of 2019 and this greatly improved the working environment.

Other projects in the pipeline are the resurfacing of Newport Workshop and modernizing workshop tools and equipment which are both in tender stage. Also at tender stage is the Praslin Depot workshop resurfacing project.

## 6.4 Human Resource Management



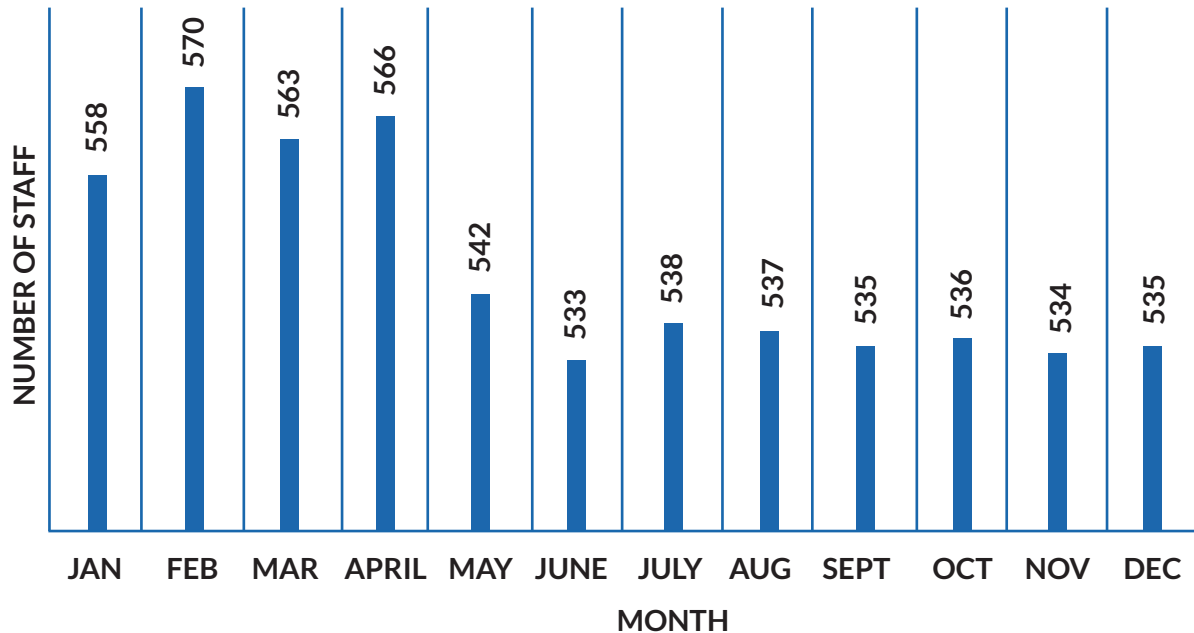
SPTC total staff strength as at December 2019 stood at 535 personnel of which 409 are male and 126 are female.

220 bus driver's accounts for 41% of the workforce, 23% are the technical staff of which 64 are expatriates within the pool of technical staff.

The remaining 36% of the workforce are support staff.

It is noted that year on year from 2017 there has been an average decrease in the number of staffs

## 2019 - STAFF STRENGTH



from 585 in December 2017 to 561 in December 2018 and now 535 in December of 2019.

This is in line with SPTC's Human Resource Management strategy of rightsizing to ensure that the organisation is operating optimally and efficiently.

Whilst the overall number of staffs continues to shrink SPTC has focused its effort in increasing its contingent of drivers which is now 220, up from 200 in December 2018.

#### 6.4.1. Bus driver Recruitment and Retention

Local driver recruitment remained a challenge in 2019 whereby SPTC attracted only 7 new recruits and appointed 6 former employees. In order to bolster its driver strength as per the recommendation of World Bank Report of and Office of the Auditor General Performance Audit of 2017, 16 expatriate drivers were recruited from Madagascar.

#### 6.4.2. Scheme of Service for Support Staff

With the aim of providing clear paths of career progression, regularising staff remuneration and clarifying the terms and conditions of support staff schemes of service were introduced across the organisation.

The introduction of the schemes of service resulted in an 8% increase in the payroll when implemented in April 2019, this increase rose further in July when the Long Service Allowance was effected. In December SPTC also adopted the 5% Supplementation Allowance that was introduced in the Public Service.

#### 6.4.3. Industrial Relations

SPTC started 2019 with a series of consultation meeting with public bus drivers with the aim of promoting dialogue and participatory industrial relations with the largest section of its workforce.

These meetings were supported by ARID, a local human rights civil society organisation.

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#### 6.4.4 Administration

The Administration department is responsible to provide administrative and non-core logistical support to all department in SPTC and also for proper up-keeping of buildings, properties, that falls under the portfolio of SPTC.

#### 6.4.5. Human Resource Development

As part of the overall Human Resource Development strategy, staff training and capacity building are the two areas that SPTC has been prioritizing for the last three years.

The Human Resource Management Section is responsible for establishing equitable policies for effective Human Resources management. SPTC's success depends on the performance of its most valuable asset which is its employees.

#### 6.4.6 Trainings

##### a. Driver Training

A total of 23 new recruit drivers were trained this includes the 16 expatriate drivers. A further 6 former drivers were also trained. For the year 2019, 23 drivers underwent refresher training.



## b. Technical Training

In 2019 one mechanic proceeded on the Skill Pro-Training with TATA in India for a 1 year course.

Locally one Technician undertook an Advance Diploma in Telecommunication at the Seychelles Institute of Technology.

Four electronics staff attended a training by ECI to increase their proficiency in the maintenance of the Ticketing Machines. One staff from the insurance team initiated the Foundation program in Insurance at The Guy Morel Institute.

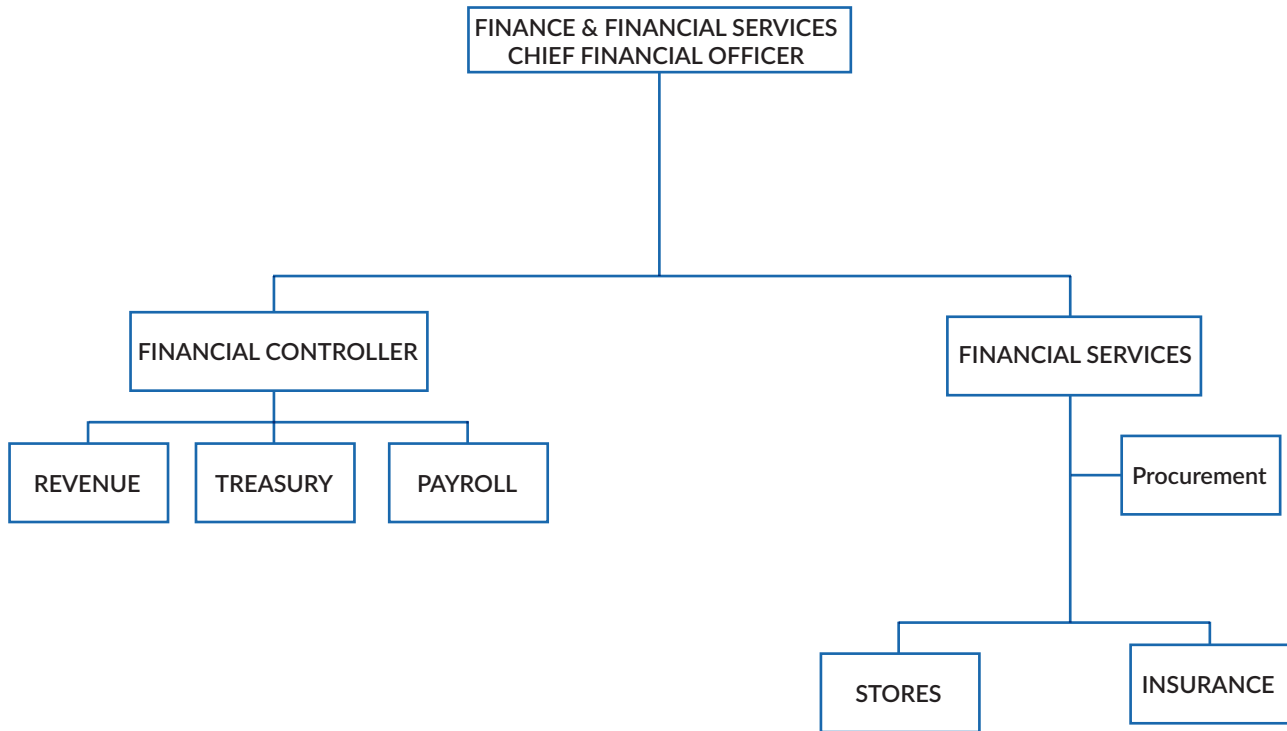
Three SPTC Driving Instructors and 4 drivers proceeded onto driving instructor training in India in September. Lastly an IT Staff was trained in the fundamentals of Microsoft Servers.

## c. Management and Leadership Training

Two managers are currently attending the Diploma in General Management course at The Guy Morel Institute.

In an effort to promote effective leadership and shared accountability 3 Senior Management staff attended Executive Leadership training at The Guy Morel Institute, whilst 6 management staff attended the Finance for Non-Financial Managers training.

## 6.5 Finance and Financial Services



### 6.5.1. Finance Department

This department is tasked with ensuring that costs and expenses are contained, that revenue for all services rendered is collected, and to provide accurate and timely financial information to management and other stakeholders in conformity with IFRS standard.

### 6.5.2. Financial Services

The Financial Services unit within SPTC is responsible for:

- I. Insurance of all movable and immovable assets.
- II. Effective inventory management of SPTC assets.

### 6.5.3. Financial Implications - Year 2019

#### i. Effect of fire disaster

The Corporation's New Port depot was destroyed by fire on August 8th 2018.

Whilst the demolition of the burnt warehouse in August 2019 increased functional space at SPTC's Newport Premises, the loss of this building meant SPTC incurred a cost of SR56,000 monthly for the renting of a warehouse at Providence.

#### ii. Insurance

On 11th October 2019 SACOS offered the sum of SCR23, 013,151.60 as full and final settlement of the claim relating to the fire of 8th August 2018.

This is exclusive of the interim payment of SCR 1,500,000 that had been paid on 26th December 2018.

SPTC undertook the recommendation following the fire to relook at minimising its risks by installing a fire suppression system in its server rooms and fitted its Newport and Admin premises with fire detecting systems, a project which cost the Corporation SR. 1, 082, 867.21.

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### i. Administrative Costs

During the year 2019, the corporation's operating and administrating costs was reduced. This is attributed to a number of cost cutting measures adopted by the Management.

### ii. Payroll

Whilst employee-related costs reduced for the first quarter of 2019, it increased by 8% in April 2019 with the introduction of the schemes of service and by December 2019 it had further increased due to the introduction of the Long Service Allowance in July and the 5% Supplementation Allowance in December.

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## 7.0 AUDITS

### 7.1. Internal Audit

SPTC's Internal Audit Section reports functionally to the Board of Directors as well as administratively to CEO of SPTC, in order to fulfil its responsibilities independently and objectively.

Internal Audit's main role is to provide independent assurance that SPTC's risk management, governance and internal control processes are operating effectively.

It also provides audit assurance to Management and the Board of Directors that sound and adequate internal controls exist in the SPTC, and promotes a good governance culture and compliance with all laws, regulations, procedures and guidelines, which in turn enhances stakeholder confidence.

Audit follow up is also carried out to ensure audit queries are answered and corrective action have been taken by management.

### 7.2 Independent Auditor's Report

## DIRECTORS' REPORT - DECEMBER 31, 2019

The Directors are pleased to submit their report together with the audited financial statements of the Corporation for the year ended December 31, 2019.

## PRINCIPAL ACTIVITY

The Corporation operates public transport on Mahé and Praslin and this has remained the same during the year under review.

## RESULTS

	SR
Profit for the year	27,645,502
Revenue deficit brought forward - Restated	<u>(3,791,671)</u>
Retained earning carried forward	<u><u>23,853,831</u></u>

## PROPERTY AND EQUIPMENT

Additions to property and equipment of SR 7.9m during the year comprised furniture, fittings and equipment, buildings on leasehold land, work in progress and vehicles and engines (2018: SR 62m). Assets with a net book value of SR 209k were written off during the year (2018: SR 2m).

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

## DIRECTORS

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

Patrick Vel  
 Andy Moncherry (Chairman)  
 Alone Edmond  
 Marilyn Reginald  
 Cecily Derjacques  
 Noemi Woodcock (resigned in June 2019)

None of the Directors held any interest in the share of the Corporation at the date of this report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

The Directors consider they have met their aforesaid responsibilities.


**AUDITORS**

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

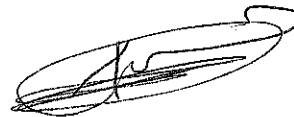
**BOARD APPROVAL**



Patrick Vel  
Chief Executive Officer




Andy Moncherry  
Chairman



Alone Edmond  
Director



Marilyn Reginald  
Director



Cecily Derjaques  
Director

Date: 27 MAY 2020  
Victoria, Seychelles



Tel : +248 461 2612  
Fax : +248 461 2300  
e-mail: bdoseychelles@bdo.sc

P.O. Box 18  
The Creole Spirit  
Quincy Street, Mahé  
Victoria, Seychelles

## SEYCHELLES PUBLIC TRANSPORT CORPORATION

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

#### Report on the audit of the Financial Statements

##### Opinion

We have audited the financial statements of Seychelles Public Transport Corporation set out on pages 4 to 36 which comprise the Statement of Financial Position as at December 31, 2019, the Statement of Profit or Loss and Other comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 4 to 36 give a true and fair view of the financial position of the Corporation as at December 31, 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, Public Enterprise Monitoring Commission Act, 2013 and comply with the Seychelles Public Transport Corporation Act, 1977.

##### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Seychelles, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Emphasis of Matter - Effects of coronavirus (COVID-19) pandemic*

We draw attention to Note 21 of the financial statements which describes a material uncertainty regarding the Coronavirus pandemic which is affecting Seychelles severely. Actions adopted by countries such as closing borders, grounding flights and discouraging people from travelling abroad are impacting heavily on all industries thereby raising a significant uncertainty on going concern of the Corporation.

However, the Directors of the Corporation together with Management are confident that they will continue to have the financial and otherwise support of their Shareholder, Government of Seychelles and are therefore of the opinion that the going concern basis of preparation of these financial statements remains appropriate in the foreseeable future.

*Our opinion is not qualified in respect of the matter above.*





## SEYCHELLES PUBLIC TRANSPORT CORPORATION

3(a)

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)

#### Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Seychelles Public Transport Corporation Act, 1977, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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 Directors either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.



SEYCHELLES PUBLIC TRANSPORT CORPORATION

3(b)

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

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

*Public Enterprise Monitoring Commission Act, 2013*

We have no relationship with, or interests in, the Corporation, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

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

Other matter

This report is made solely to the members of Seychelles Public Transport Corporation (the "Corporation"), as a body, in terms of Public Enterprise Monitoring Commission Act, 2013 to conduct the audit on their behalf. Our audit work has been undertaken so that we might state to the Corporation's members those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and Corporation's members as a body, for our audit work, for this report, or for the opinions we have formed.

  
BDO ASSOCIATES  
Chartered Accountants

Dated: 27 MAY 2020  
Victoria, Seychelles

## STATEMENTS OF FINANCIAL POSITION - DECEMBER 31, 2019

	Notes	2019 SR	Restated 2018 SR	At January 1, Restated 2018 SR
<b>ASSETS</b>				
<b>Non-current asset</b>				
Property and equipment	5	105,523,190	114,897,019	71,771,686
<b>Current assets</b>				
Inventories	6	18,902,077	15,304,933	24,292,643
Investments in financial assets at amortised cost	7	25,694,621	6,857,988	5,183,186
Trade and other receivables	8	9,290,890	16,226,859	7,742,220
Cash and cash equivalents	9	8,136,311	2,179,353	13,994,632
		<u>62,023,899</u>	<u>40,569,133</u>	<u>51,212,681</u>
<b>Total assets</b>		<u>167,547,089</u>	<u>155,466,152</u>	<u>122,984,367</u>
<b>RESERVES AND LIABILITIES</b>				
<b>Reserves</b>				
Capital grants	10	100,560,613	108,547,583	56,791,687
Retained earnings/(Revenue deficit)		<u>23,853,831</u>	<u>(3,791,671)</u>	<u>16,459,536</u>
		<u>124,414,444</u>	<u>104,755,912</u>	<u>73,251,223</u>
<b>LIABILITIES</b>				
<b>Non-current liability</b>				
Retirement benefit obligations	11	<u>27,251,092</u>	<u>23,829,723</u>	<u>24,162,527</u>
<b>Current liabilities</b>				
Borrowing	12	564,583	4,714,641	-
Trade and other payables	13	<u>15,316,970</u>	<u>22,165,876</u>	<u>25,570,617</u>
		<u>15,881,553</u>	<u>26,880,517</u>	<u>25,570,617</u>
<b>Total liabilities</b>		<u>43,132,645</u>	<u>50,710,240</u>	<u>49,733,144</u>
<b>Total reserves and liabilities</b>		<u>167,547,089</u>	<u>155,466,152</u>	<u>122,984,367</u>

These financial statements have been approved for issue by the Board of Directors on: 27 MAY 2020

Patrick Vel  
Chief Executive Officer

Alone Edmond  
Director

Andy Moncherry  
Chairman

Marilyn Reginald  
Director

Cecily Derjacques  
Director

The notes on pages 8 to 36 form an integral part of these financial statements.  
Auditor's report on pages 3 to 3(b).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED  
DECEMBER 31, 2019

	Notes	2019 SR	Restated 2018 SR
Revenue	2(i)	141,667,559	149,675,712
Operating expenses	14	(49,886,324)	(53,373,939)
Operating profit		91,781,235	96,301,773
Administrative expenses	14	(143,027,668)	(132,069,206)
Interest income - banks		293,207	174,426
Other income	16	78,599,369	24,560,607
Loss from operations		27,646,143	(11,032,400)
Write off due to fire and other costs	14	-	(28,138,725)
Donations with respect to fire damages	16	-	19,000,746
Profit / (Loss) before foreign exchange movement		27,646,143	(20,170,379)
Foreign exchange movements losses		(641)	(80,828)
Profit / (Loss) for the year	17	27,645,502	(20,251,207)
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to Statement Profit or Loss:</i>			
Grant received during the year	10	8,516,731	62,483,636
Release to Statement of Profit or Loss			
- Depreciation charge	10	(16,503,701)	(10,727,740)
Total other comprehensive (expense) / income for the year		(7,986,970)	51,755,896
Total comprehensive income for the year		19,658,532	31,504,689

The notes on pages 8 to 36 form an integral part of these financial statements.  
Auditor's report on pages 3 to 3(b).

## STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2019

	Capital Grants	(Revenue deficit)/ Retained earnings	Total
	SR	SR	SR
<b>At January 1, 2019</b>			
- As previously reported	108,547,583	(3,556,548)	104,991,035
- Effect of adopting IFRS 9 (note 8(f))	-	(235,123)	(235,123)
As restated	108,547,583	(3,791,671)	104,755,912
<b>Total comprehensive (expense)/income for the year</b>	<b>(7,986,970)</b>	<b>27,645,502</b>	<b>19,658,532</b>
<b>At December 31, 2019</b>	<b>100,560,613</b>	<b>23,853,831</b>	<b>124,414,444</b>
<b>At January 1, 2018</b>			
- As previously reported	56,791,687	16,584,523	73,376,210
- Effect of adopting IFRS 9 (note 8(f))	-	(124,987)	(124,987)
As restated	56,791,687	16,459,536	73,251,223
<b>Total comprehensive income/(expense) for the year</b>	<b>51,755,896</b>	<b>(20,251,207)</b>	<b>31,504,689</b>
<b>At December 31, 2018</b>	<b>108,547,583</b>	<b>(3,791,671)</b>	<b>104,755,912</b>

The notes on pages 8 to 36 form an integral part of these financial statements.  
Auditor's report on pages 3 to 3(b).

## STATEMENTS OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2019

	Notes	2019 SR	Restated 2018 SR
<b>Cash flows from operating activities</b>			
Profit / (Loss) for the year		27,645,502	(20,251,207)
<i>Adjustments for:</i>			
Depreciation on property and equipment	5(a)	17,056,127	16,879,787
Purchase of property and equipment through capital grant	10	(7,003,460)	(59,302,231)
Exchange movement on financial assets	7(a)	(1,037)	(52)
Accrued interest	7(a)	(158,810)	-
Charge of provision for credit impairment	8(f)	79,735	7,430
Inventories written off	14(b)	-	25,572,030
Release of depreciation charge	10	(16,503,701)	(10,727,740)
Grant related to assets received	10	8,516,731	62,483,636
Charge for retirement benefit obligations	11	7,463,566	3,448,852
Loss on assets written off		-	1,992,046
Loss on sale of motor vehicle	14	209,253	-
		<u>37,303,906</u>	<u>20,102,551</u>
<i>Changes in working capital</i>			
- Increase in inventories	6	(3,597,144)	(16,584,321)
- Decrease / (Increase) in trade and other receivables	8	6,856,234	(8,492,069)
- Decrease in trade and other payables	13	(6,848,906)	(3,404,741)
		<u>33,714,090</u>	<u>(8,378,580)</u>
Retirement benefit obligation paid	11	(4,042,197)	(3,781,656)
<b>Net cash inflow / (outflow) from operating activities</b>		<u>29,671,893</u>	<u>(12,160,236)</u>
<b>Cash flow from investing activities</b>			
Purchase of property and equipment	5(b)	(888,091)	(2,694,935)
Purchase of investment in financial assets	7	(23,013,152)	(1,820,800)
Proceeds from redemption of investment in financial assets	7	4,336,366	146,050
<b>Net cash outflow from investing activities</b>		<u>(19,564,877)</u>	<u>(4,369,685)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>10,107,016</u>	<u>(16,529,921)</u>
<b>Movement in cash and cash equivalents</b>			
At January 1,		(2,535,288)	13,994,631
Increase / (Decrease) during the year		10,107,016	(16,529,919)
<b>At December 31,</b>	9(a)	<u>7,571,728</u>	<u>(2,535,288)</u>

The notes on pages 8 to 36 form an integral part of these financial statements.  
Auditor's report on pages 3 to 3(b).

## 1. GENERAL INFORMATION

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

The principal activity of the Corporation is as stated in the Directors' report on page 2.

These financial statements will be submitted for consideration and approval at the forthcoming Annual General Meeting.

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of preparation

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS), the Seychelles Companies Act, 1972 and Seychelles Public Transport Corporation Act, 1977. These financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Where necessary, comparative figures have been amended to conform with change in presentation in the current year.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Corporation's accounting policies. The areas involving higher degree of judgement and complexity or areas where assumptions are significant to the financial statements are disclosed in note 4.

### (b) Adoption of new and revised standards

#### (i) Impact of initial application of IFRS 9 - Financial Instruments

Effective year ended December 31, 2019, the Corporation adopted IFRS 9 - Financial Instruments issued in July 2014 which has been applied retrospectively with initial application date of January 1, 2018. In accordance with the transition exemption under IFRS 9, differences in carrying amounts of financial assets and liabilities resulting from adoption of IFRS 9 have been recognised in retained earnings as at January 1, 2018.

*The adoption of IFRS 9 resulted in the following changes to the Corporation's accounting policies:*

#### *Classification and measurement of financial assets and financial liabilities*

The date of initial application of IFRS 9 is January 1, 2018, accordingly, the Corporation applied the requirements of IFRS 9 to instruments that continue to be recognised as at January 1, 2018 and not to those which has been derecognised as applicable. All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Adoption of new and revised standards (Cont'd)****(i) Impact of initial application of IFRS 9 - Financial Instruments (Cont'd)**

*The adoption of IFRS 9 resulted in the following changes to the Corporation's accounting policies (Cont'd):*

*Classification and measurement of financial assets and financial liabilities (Cont'd)*

**(A) Financial assets**

*A financial asset is measured at amortised cost only if both of the following conditions are met:*

It is held within a business model whose objective is to hold assets in order to collect contractual and the contractual terms that gives rise to contractual cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Classification and measurement of financial assets depends on the results of the SPPI and the business model test the Corporation determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Corporation monitors financial assets measured at amortised cost prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Corporation's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year under review.

The Corporation's main financial assets are: Investments in financial assets at amortised cost, trade and other receivables and cash and cash equivalents.

***Investment in financial asset at amortised cost***

Investments are financial assets with fixed & determinable payments & fixed maturities & after initial measurement, they are subsequently measured at amortised cost less allowance for impairment. The Corporation's main business purpose is to collect cash flows, which are usually payments of principal & interest, hence they fall within the 'at amortised cost' category under IFRS 9.



**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Adoption of new and revised standards (Cont'd)****(i) Impact of initial application of IFRS 9 - Financial Instruments (Cont'd)**

*The adoption of IFRS 9 resulted in the following changes to the Corporation's accounting policies (Cont'd):*

*Classification and measurement of financial assets and financial liabilities (Cont'd)*

**(A) Financial assets (Cont'd)*****Trade and Other Receivables***

The Corporation's main business purpose with respect to trade and other receivables is to collect the cash flows associated therewith. These cash flows are usually only the repayment of the principal amount (amount of goods or services sold on credit). Therefore most trade and other receivables will fall within the 'at amortised cost' category of IFRS 9.

***Cash and cash equivalent***

Cash and cash equivalents meet the business model of hold-to-collect and the SPPI test.

***Impairment of financial assets***

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. 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. Therefore, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In particular, IFRS 9 requires the Corporation to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade and other receivables in certain circumstances.

Financial assets at amortised cost of the Corporation comprised investment in treasury bills issued by the Central Bank of Seychelles and the risk of default has been estimated as nil. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9 but no loss has been noted in the past as well as based on available information, there is unlikely to have any loss due to default. Therefore, impairment losses for Financial assets at amortised cost and Cash and cash equivalent of the Corporation have been estimated by the Directors to be negligible.

**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Adoption of new and revised standards (Cont'd)****(i) Impact of initial application of IFRS 9 - Financial Instruments (Cont'd)**

*The adoption of IFRS 9 resulted in the following changes to the Corporation's accounting policies (Cont'd):*

*Classification and measurement of financial assets and financial liabilities (Cont'd)*

**(A) Financial assets (Cont'd)*****Simplified Approach to Impairment***

The Corporation adopted a simplified approach for its financial instruments since they do not contain a significant financing component.

The simplified approach allows entities to recognise a Lifetime Expected Credit Losses (ECL) on all these assets without the need to identify significant increases in credit risk.

IFRS 9 allows an operational simplification whereby entities can use a provisions matrix to determine their ECL under the impairment model. A provision matrix method uses past and forward information to estimate the probability of trade and other receivables. Entities are also allowed to use the stepped approach which is based on the historical loss rate method. This is the method applied by the Corporation.

***Step 1- Determine the appropriate groupings of receivables***

To be able to apply the provision matrix, the population of individual receivables are usually aggregated into sub-groups of receivables that share similar credit risk characteristics and which significantly drives each different sub-group's credit risk. Trade and other receivables of the Corporation were however grouped under only one category since the Directors estimated that the credit risk was similar for all their customers.

***Step 2- Determine the period over which historical loss rates are appropriate***

Once the identified historical data was collected which were from January 1, 2016 to June 30, 2017 for opening ECL balance at January 1, 2018, January 1, 2017 to June 30, 2018 for ECL of December 31, 2018 and January 1, 2018 to June 30, 2019 for ECL of December 31, 2019. The Corporation determined the amount of outstanding at the end of each time bucket until the point at which the bad debt is written off. The ageing profile buckets which the Corporation adopted was as follows: 1 - 30 days, 31 - 60 days, 61 - 90 days and above 90 days as disclosed per note 8(d). Balances above 365 days were provided in full, i.e; 100%.

**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Adoption of new and revised standards (Cont'd)****(i) Impact of initial application of IFRS 9 - Financial Instruments (Cont'd)**

*The adoption of IFRS 9 resulted in the following changes to the Corporation's accounting policies (Cont'd):*

*Classification and measurement of financial assets and financial liabilities (Cont'd)*

**(A) Financial assets (Cont'd)*****Simplified Approach to Impairment (Cont'd)******Step 3- Determine the historical loss rates***

In this step, the Corporation calculated the historical default rate percentage and the loss rate for each bucket is the quotient of defaulted receivables at each bucket over the outstanding receivables for that period.

***Step 4- Consider forward looking macro-economic factors***

The historical loss rates calculated in Step 3 reflects the economic conditions in place during the period to which the historical data relate. IFRS 9 is an ECL model and therefore the Corporation considered to forward looking information to determine whether the historical loss rates incurred under economic conditions that are representative of those expected to exist during the exposure period for the portfolio at the reporting date. The Corporation considered information such as changes in the industry outlook, GDP and inflation rates and then concluded that these had no impact to short term nature of receivables. Therefore, no forward looking information was factored in.

***Step 5- Calculation of ECL***

In this step, the ECL for each sub-group determined under step 1 was calculated by multiplying the current gross receivable balance under each bucket by the adjusted loss rate under step 4. The tables of ECL for trade receivables are illustrated under *notes 8(d)(i), (ii) & (iii)*.

**(B) Financial Liabilities**

Classification of financial liabilities remained largely unchanged for the Corporation. Financial liabilities continues to be measured at amortised cost.

**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Adoption of new and revised standards (Cont'd)****(ii) IFRS 16 Leases**

IFRS 16 Leases results in the recognition of almost all leases on Statement of Financial Position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts.

*Transition*

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Corporation applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- (a) Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date;
- (c) Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and
- (d) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application or whether the lease is for low value assets.

*Leases for staff housing have either been considered to be of low value or short term per the exemption clause.*

***Standards, Amendments to published Standards and Interpretations effective in the reporting period******IFRIC 23 Uncertainty over Income Tax Treatments***

The standard explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. *The interpretation has no impact on the Corporation's financial statements.*

**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Adoption of new and revised standards (Cont'd)*****Prepayment features with negative compensation (Amendments to IFRS 9)***

This enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. *The amendments have no impact on the Corporation's financial statements.*

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

***Long- term Interests in Associates and Joint Ventures (Amendments to IAS 28)***

The amendment clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. *The amendments have no impact on the Corporation's financial statements*

***Annual Improvements to IFRSs 2015-2017 Cycle***

IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages;

IFRS 11 - clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation;

IAS 12 - clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised; and

IAS 23 - clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

*The amendments have no impact on the Corporation's financial statements.*

**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Adoption of new and revised standards (Cont'd)*****Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)***

The amendment clarify that entities must:

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Recognise any reduction in a surplus immediately in Statement of Profit or Loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in Statement of Profit or Loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and
- Separately recognise any changes in the asset ceiling through Other Comprehensive Income.

*The amendments have no impact on the Corporation's financial statements.*

***Standards, Amendments to published Standards and Interpretations issued but not yet effective***

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2020 or later periods, but which the Corporation has not early adopted.

***At the reporting date of these financial statements, the following were in issue but not yet effective:***

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28);
- IFRS 17 Insurance Contracts;
- Definition of a Business (Amendments to IFRS 3);
- Definition of Material (Amendments to IAS 1 and IAS 8); and

**(c) Property and equipment**

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

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

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

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

Properties in the course of construction for production or administrative purposes are carried at cost less any recognised impairment loss. Cost includes professional fees and borrowing costs capitalised for qualifying assets. Depreciation of these assets on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values over their expected useful lives as follows:

	%
Improvements to buildings on leasehold land	2 - 20
Furniture, fittings and equipment	10 - 50
Vehicles and engines	12.5 - 20

Land is not depreciated.

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

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

Gains and losses on disposal of property and equipment are determined by comparing proceeds with carrying amount and are included in the Statement of Profit or Loss.

**(d) Inventories**

Inventories are stated at the lower of cost and net realisable value. In general cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes the borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. Provisions are made for obsolete inventories based on Management's appraisal.

**2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Financial Instruments***Recognition and measurement*

Financial assets and liabilities are recognised on the Corporation's Statement of Financial Position when the Corporation has become a party to the contractual provisions of the instrument. The Corporation's accounting policies in respect of the main financial instruments are set out below.

Financial assets and financial liabilities of the Corporation are initially measured at fair value and subsequently at amortised cost.

**(i) Financial assets***Amortised cost and effective interest method*

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

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

*Impairment of financial assets*

The Corporation recognises a loss allowance for expected credit losses on investments in financial instruments that are measured at amortised cost, i.e., investment in financial assets at amortised cost, trade and other receivables and cash and cash equivalents. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Corporation always recognises lifetime ECL for its financial assets which are estimated using a provision matrix based on the Corporation's historical credit loss experience, adjusted for factors that are specific to the general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The Corporation recognises an impairment loss in the Statement of Profit or Loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.



**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Financial instruments (Cont'd)****(i) Financial assets (Cont'd)***Definition of default*

The Corporation considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Corporation, in full (without taking into account any collateral held by the Corporation); and
- Irrespective of the above analysis, the Corporation considers that default has occurred when a financial asset is more than 90 days past due unless the Corporation has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Write off policy*

The Corporation writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Corporation's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit or Loss.

The Corporation's financial assets include:

*(a) Financial asset at amortised cost*

This include financial assets where the objective is to hold the asset in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

*(b) Trade and other receivables*

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of receivables.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Financial instruments (Cont'd)****(i) Financial assets (Cont'd)***(b) Trade and other receivables (Cont'd)**Derecognition of a financial asset*

The Corporation derecognises a financial asset where the contractual rights to cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

*(c) Cash and cash equivalents*

Cash and cash equivalents include cash in hand and cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**(ii) Financial Liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest method which has remained unchanged since previous period. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The main financial liabilities of the Corporation comprise borrowings and trade and other payables.

*(a) Borrowings*

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 unless the Corporation has an unconditional right to defer settlement of the liability for at least twelve months after the date of the reporting period.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Financial instruments (Cont'd)****(ii) Financial Liabilities (Cont'd)***(b) Trade and other payables*

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

The carrying amount of trade and other payables approximates its amortised costs.

*Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

**(iii) Offsetting financial instruments**

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

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

The Corporation provides for a payment of gratuity to permanent employees. Gratuities are paid every five years (except in the case of early retirement) as from January 2007, for continuous service. The amount provisioned every year is based on the number of years the employee has worked after the last payment date. This type of employee benefits has the characteristics of a defined benefit plan. The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined obligation at the reporting date less fair value of plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(f) Retirement benefit obligations (Cont'd)***Defined benefit plans (Cont'd)*

The Corporation does not carry out any actuarial valuation since the Directors have based themselves on the method as prescribed by the Seychelles Employment Act and they have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

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

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

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss.

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

**(h) Grants****(i) Capital grant**

Grants related to assets from the Government of Seychelles for acquisition of property and equipment received in form of donations is treated as deferred income by crediting capital grant, classified under equity in the Statement of Financial Position.

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(h) Grants (Cont'd)****(ii) Revenue grant**

Grants related to income also received from the Government of Seychelles are presented as part of other income in the Statement of Profit or Loss.

**(i) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Corporation and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of consideration received.

Sale of services are recognised in the year in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

**(j) Business tax**

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

**(l) Provisions**

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

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

The Corporation's activity exposes it to a variety of financial risks, including: credit risk, liquidity risk, currency risk and interest rate risk.

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

**(a) Credit risk**

The Corporation's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables, estimated by the Corporation's Management based on experience and the current economic environment.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

**3. FINANCIAL RISK MANAGEMENT (CONT'D)****3.1 Financial risk factors (Cont'd)****(a) Credit risk (Cont'd)**

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

**(b) Liquidity risk**

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

**(c) Currency risk**

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

At December 31, 2019, if the Seychelles Rupee had weakened/strengthened by 5% against US Dollar with all variables held constant, profit for the year would have been SR 117,627 (2018: SR 57,998) higher/lower, mainly as a result of foreign exchange losses/gains on translation of foreign currency monetary assets and liabilities as depicted in the table below:

	SR	
	2019	2018
	SR	SR
Investment in financial assets	91,092	91,040
Trade and other payables	(208,719)	(149,038)
	<u>(117,627)</u>	<u>(57,998)</u>

**(d) Interest rate risk**

The Corporation have significant interest-bearing assets and income and operating cash flows from these assets are dependent of changes in market interest rates. Had interest rates weakened/strengthened by 5% during the year, loss for the year of the Corporation would have been higher/lower by SR 14,660 (2018: SR 8,721).

**3.2 Fair value estimation**

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

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

##### 4.1 Critical accounting estimates and assumptions

The Corporation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, in the financial statements, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed overleaf.

###### (a) *Business model assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Corporation determines the business model at a level that reflects how Corporations of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Corporation monitors financial assets measured at amortised cost prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Corporation's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

###### (b) *Calculation of Loss allowance*

When measuring ECL the Corporation uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

###### (c) *Useful lives and residual values*

Property and equipment are depreciated over their useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

###### (d) *Impairment of other non financial assets*

At the end of each reporting period, Management reviews and assesses the carrying amounts of other assets and where relevant writes them down to their recoverable amounts based on best estimates.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****4.1 Critical accounting estimates and assumptions (Cont'd)****(e) *Retirement benefit obligations***

The cost of defined benefit pension plans has been determined using the method as per the Seychelles Employment Act, 1995 and the Directors have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

**(f) *Functional currency***

The Board of Directors have determined the Seychelles Rupees to be the functional currency of the Corporation.

**(g) *Limitation of sensitivity analysis***

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

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



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

## 5. PROPERTY AND EQUIPMENT

## (a) COST

	Freehold land	Buildings on leasehold land	Vehicles and engines	Furniture, fittings and equipment	Capital work in progress	Total
	SR	SR	SR	SR	SR	SR
At January 1, 2018	75,000	48,966,846	146,006,484	35,586,096	6,533,121	237,167,547
Additions	-	611,934	51,691,230	4,703,642	4,990,360	61,997,166
Reclassification	-	4,744,105	5,363,542	(5,257,664)	(4,744,105)	105,878
Assets written off due to fire	-	(4,801,186)	-	(1,991,374)	-	(6,792,560)
Other write offs	-	-	(17,014,261)	-	(429,250)	(17,443,511)
At December 31, 2018	75,000	49,521,699	186,046,995	33,040,700	6,350,126	275,034,520
Additions	-	-	253,000	4,357,326	3,281,225	7,891,551
Reclassification	-	2,365,705	-	3,857,122	(6,222,827)	-
Disposals	-	-	(212,799)	-	-	(212,799)
At December 31, 2019	75,000	51,887,404	186,087,196	41,255,148	3,408,524	282,713,272

## DEPRECIATION

At January 1, 2018	-	25,240,477	119,796,323	20,359,061	-	165,395,861
Charge for the year	-	1,362,884	12,362,439	3,154,464	-	16,879,787
Reclassification	-	8,028	5,721,507	(5,623,657)	-	105,878
Assets written off due to fire adjustment	-	(4,471,799)	-	(757,965)	-	(5,229,764)
Other write offs adjustments	-	-	(17,014,261)	-	-	(17,014,261)
At December 31, 2018	-	22,139,590	120,866,008	17,131,903	-	160,137,501
Charge for the year	-	1,515,452	11,540,837	3,999,838	-	17,056,127
Disposals adjustment	-	-	(3,546)	-	-	(3,546)
At December 31, 2019	-	23,655,042	132,403,299	21,131,741	-	177,190,082

## NET BOOK VALUE

At December 31, 2019	75,000	28,232,362	53,683,897	20,123,407	3,408,524	105,523,190
At December 31, 2018	75,000	27,382,109	65,180,987	15,908,797	6,350,126	114,897,019

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

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

- (b) Out of total additions of SR 7.9m for the year 2019, an amount of SR 7m was funded through Government Grant, (2018: SR 59.3m) (note 10). Therefore additions through the Corporation's funds were SR 888k for 2019 (2018: SR 1.7m).
- (c) Depreciation has been charged to operating expenses (note 14).

## 6. INVENTORIES

	<u>2019</u>	<u>2018</u>
	SR	SR
Vehicle spares	13,986,476	10,680,588
Consumables, loose tools and operating supplies	4,915,601	4,624,345
	<u>18,902,077</u>	<u>15,304,933</u>

- (a) The cost of inventories recognised as expense and included in cost of sales amounted to SR 32,830,197 (2018: SR 36,494,152) (note 14).
- (b) The Directors have estimated that no impairment is required in respect of inventories and no spares are required to be recognised as equipment as per the requirements of IAS 16.

## 7. INVESTMENT IN FINANCIAL ASSETS AT AMORTISED COSTS

	<u>2019</u>	<u>2018</u>
	SR	SR
<b>Current</b>		
Seychelles Commercial bank - Fixed deposits at cost	11,694,025	4,523,815
Absa Bank (Seychelles) Limited - Fixed deposits at cost	14,000,596	2,334,173
<b>At December 31,</b>	<u>25,694,621</u>	<u>6,857,988</u>

- (a) The movements in financial assets at amortised costs are as follows:

	<u>2019</u>	<u>2018</u>
	SR	SR
At January 1,	6,857,988	5,183,186
Additions during the year	23,013,152	1,820,800
Redemptions during the year	(4,336,366)	(146,050)
Exchange movement	1,037	52
Interest accrued	158,810	-
<b>At December 31,</b>	<u>25,694,621</u>	<u>6,857,988</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

## 7. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

(b) Interest on financial assets at amortised costs are as follows:

	<u>Maturity Date</u>	<u>Amount</u>	<u>2019</u>	<u>2018</u>
		SR	%	%
Seychelles Commercial bank	12.05.20	5,753,288	5.5	Nil
Seychelles Commercial bank	12.05.20	5,753,288	5.5	Nil
Seychelles Commercial bank	02.02.19	3,000,000	Nil	5.25
Seychelles Commercial bank	29.04.19	1,000,000	Nil	4.75
Seychelles Commercial bank *	N/A	163,634	N/A	N/A
Absa Bank (Seychelles) Limited	17.12.19	513,373	0.91	0.91
Absa Bank (Seychelles) Limited	21.11.20	7,506,576	6.25	Nil
Absa Bank (Seychelles) Limited	21.05.20	4,000,000	6.00	Nil
Absa Bank (Seychelles) Limited *	N/A	1,820,800	N/A	N/A

\* These amounts are held by the banks as guarantees.

(c) Financial assets at amortised costs are denominated in the following currencies:

	<u>2019</u>	<u>2018</u>
	SR	SR
Seychelles Rupee	23,872,784	5,037,188
US Dollar	1,821,837	1,820,800
	<u>25,694,621</u>	<u>6,857,988</u>

## 8. TRADE AND OTHER RECEIVABLES

	<u>2019</u>	<u>2018</u>
	SR	SR
Trade receivables	8,130,862	9,922,240
less: provision for impairment (notes 8(d), 8(e) & 8(f))	(314,858)	(235,123)
	<u>7,816,004</u>	<u>9,687,117</u>
Prepayments	535,223	5,589,363
Receivables in respect of cash defalcation	19,954	57,173
Deposits and advances	736,552	743,256
Other receivables	183,157	149,950
	<u>9,290,890</u>	<u>16,226,859</u>

(a) Reconciliation of trade and other receivables

	<u>At December 31</u>	<u>At January 1</u>
	2018	2018
	SR	SR
As previously reported	16,461,982	10,576,925
- Bad debts written off (note 8(f))	-	(2,607,012)
- Effect of adopting IFRS 9 (notes 8(d) & 8(f) and 22(b))	(235,123)	(227,693)
As re-stated	<u>16,226,859</u>	<u>7,742,220</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

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- (b) The carrying value of trade and other receivables measured at amortised cost approximates fair value.
- (c) The carrying amount of the Corporation's trade and other receivables are denominated in Seychelles Rupees.
- (d) Credit Loss Allowances

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

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

The Corporation writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. The average credit period on trade receivables is 30 days. No interest is charged on outstanding trade receivables.

The following table details the risk profile of trade receivables based on the Corporation's provision matrix. The customers of the Corporation have been classified into only one group based on similar credit risk, characteristics and as detailed below:

SEYCHELLES PUBLIC TRANSPORT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

8. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) Credit Loss Allowances (Cont'd)

(i) At January 1, 2018

Trade receivables - days past due				
< 30 days	31-60 days	61-90 days	Above 90 days	Total
2,058	2,505,400	1,784,895	846,014	5,138,367
0.08%	0.12%	0.54%	25.43%	
2	2,982	9,586	215,123	227,693

Estimated gross carrying amount at default (SR)

Expected credit loss rate (%)

Lifetime expected credit losses (SR)

(ii) At December 31, 2018

Trade receivables - days past due				
< 30 days	31-60 days	61-90 days	Above 90 days	Total
1,261,069	1,558,425	4,147,478	2,955,269	9,922,240
0.08%	0.12%	0.39%	7.31%	
981	1,895	16,278	215,969	235,123

Estimated gross carrying amount at default (SR)

Expected credit loss rate (%)

Lifetime expected credit losses (SR)

(iii) At December 31, 2019

Trade receivables - days past due				
< 30 days	31-60 days	61-90 days	Above 90 days	Total
2,062,435	3,157,869	1,298,306	1,612,251	8,130,862
0.48%	0.76%	1.42%	16.28%	
9,844	24,119	18,463	262,432	314,858

Estimated gross carrying amount at default (SR)

Expected credit loss rate (%)

Lifetime expected credit losses (SR)

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

## 8. TRADE AND OTHER RECEIVABLES (CONT'D)

(e) *Sensitivity analysis*

If the ECL rates on trade receivables above 90 days past due had been 5% higher / (lower) as of December 2019, the loss allowance would have been SR 18,054 higher (2018: SR 12,964).

## (f) Movement in allowance for credit loss

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	Total SR
Balance at January 1, 2018	102,706
- As previously reported under IAS 39	2,709,718
- Bad debts written off	(2,607,012)
- Effect upon application of IFRS 9	124,987
- As restated (note 8(d)(i))	227,693
Charge during the year - 2018 (pages 5 & 7)	7,430
Balance at December 31, 2018 (note 8(d)(ii))	235,123
Charge during the year - 2019 (page 5 & 7)	79,735
<b>Balance at December 31, 2019 (note 8(d)(iii))</b>	<b>314,858</b>

(g) Short term staff loans are offset against their monthly salaries and risk of default has been estimated by the Directors as nil.

(h) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Corporation does not hold any collaterals as securities.

## 9. CASH AND CASH EQUIVALENTS

	2019 SR	2018 SR
Cash in hand	18,000	18,000
Cash at bank	8,118,311	2,161,353
	<b>8,136,311</b>	<b>2,179,353</b>

(a) For the purpose of Statement of Cash Flows, cash and cash equivalents comprise of the following at the end of the reporting period:

	2019 SR	2018 SR
Cash and bank balances	8,136,311	2,179,353
Bank overdraft (note 12)	(564,583)	(4,714,641)
	<b>7,571,728</b>	<b>(2,535,288)</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

## 10. CAPITAL GRANTS

	<u>2019</u>	<u>2018</u>
	SR	SR
<u>Grants related to assets:</u>		
At January 1,	108,547,583	56,791,687
Grant received during the year		
- Money received for future usage	1,513,271	3,181,405
- assets purchased in 2019 (note 5(a) and 20)	7,003,460	-
- assets purchased in 2018 (note 5(a) and 20)	-	59,302,231
Release to Statement of Profit or Loss		
- Depreciation charge (note 14)	(16,503,701)	(10,727,740)
At December 31,	<u>100,560,613</u>	<u>108,547,583</u>

## 11. RETIREMENT BENEFIT OBLIGATIONS

## (a) Other post retirement benefits

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

	<u>2019</u>	<u>2018</u>
	SR	SR
At January 1,	23,829,723	24,162,527
Charge for the year (note 14(a))	7,463,566	3,448,852
Paid during the year	(4,042,197)	(3,781,656)
At December 31,	<u>27,251,092</u>	<u>23,829,723</u>

## 12. BORROWING

	<u>2019</u>	<u>2018</u>
	SR	SR
Bank overdraft (note 12(a))	<u>564,583</u>	<u>4,714,641</u>

- (a) The overdraft facility from Seychelles Commercial Bank Limited is unsecured. The facility granted amount of SR 4,000,000 accrued interest at 10%. A penalty rate of 22% is charged on all amounts in excess of the approved limit.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

## 13. TRADE AND OTHER PAYABLES

	2019	2018
	SR	SR
Trade payables	7,825,261	14,809,922
Amount received in advance	744,400	357,647
Other payables and accruals	6,747,309	6,998,307
	<u>15,316,970</u>	<u>22,165,876</u>

- (a) The carrying amounts of 'trade and other payables' approximate their amortised costs.
- (b) The carrying amounts of trade and other payables are denominated in the following currencies:

	2019	2018
	SR	SR
Seychelles Rupee	9,558,497	18,979,716
US Dollar	4,174,377	2,980,760
Others	1,584,096	205,400
	<u>15,316,970</u>	<u>22,165,876</u>

## 14. EXPENSES BY NATURE

	2019	2018
	SR	SR
Assets scrapped	209,253	28,028,595
Cost of inventories recognised as expense (note 6(a))	32,830,197	36,494,152
Depreciation (note 5)	17,056,127	16,879,787
- Depreciation of assets acquired through Grants (note 10)	16,503,701	10,727,740
- Depreciation charge on other assets (note 5)	552,426	6,152,047
Electricity and water expenses	3,738,700	3,360,098
Employee benefit expenses (note 15)	118,831,856	109,799,303
Insurance and licence costs	4,813,453	3,892,379
Other expenses	2,272,217	1,990,019
Premises and equipment maintenance	5,443,250	6,360,894
Directors' remuneration	342,000	207,680
Professional fees	905,604	1,096,225
Provision for credit impairment (note 8(f))	79,735	7,430
Security expenses	4,084,041	3,574,999
Telephone charges	2,307,559	1,890,309
Loss from sale of motor vehicle	209,253	
	<u>192,913,992</u>	<u>213,581,870</u>



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

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

(a) *Analysed as:*

	2019	2018
	SR	SR
- Operating expenses	49,886,324	53,373,939
- Administrative expenses	143,027,668	132,069,206
- Write off due to fire and other costs (note 14(b))	-	28,138,725
	<u>192,913,992</u>	<u>213,581,870</u>

## (b) Write off due to fire

The Corporations' New Port Depot was destroyed by fire on August 8, 2018. Major items damaged included buildings a leasehold land of SR 1.6m and inventories amounting to SR 26m. Consequently to the fire the Government of Seychelles and Government of India granted donations to the Corporation. Refer to note 16.

## 15. EMPLOYEE BENEFIT EXPENSES

	2019	2018
	SR	SR
Wages and salaries	102,052,077	98,357,276
Provision for retirement benefit obligations (note 11)	7,463,566	3,448,852
Pension costs	5,135,446	4,368,581
Other staff costs	4,180,767	3,624,594
	<u>118,831,856</u>	<u>109,799,303</u>

## 16. OTHER INCOME

	2019	2018
	SR	SR
Advertising income	562,397	208,605
Rental income	645,969	456,000
Income from repairs	440,036	470,822
Grant received from Government of Seychelles (note 20)	53,200,000	22,639,000
Insurance claims	23,013,152	-
Sundry income	737,815	786,180
Total before donations	<u>78,599,369</u>	<u>24,560,607</u>
Donations with respect to fire damages (note 16(a))		
- Government of Seychelles	-	11,171,912
- Government of India	-	7,828,834
Total donations	<u>-</u>	<u>19,000,746</u>
Total	<u>78,599,369</u>	<u>43,561,353</u>

- (a) Consequently to the event noted on note 14(a), the Government of Seychelles and Government of India granted donations of SR 11m and SR 7.8m for purchase of consumables and spares inventories respectively. This income has been disclosed separately on the Statement of Profit or Loss.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

**17. PROFIT/(LOSS) FOR THE YEAR**

Profit/(Loss) for the year is arrived at after crediting and charging the following:

	<u>2019</u>	<u>2018</u>
	SR	SR
<i>crediting:</i>		
Interest income	293,207	174,426
Rental income	645,969	456,000
	<u>645,969</u>	<u>456,000</u>
<i>and charging:</i>		
Depreciation on property and equipment (note 5)	17,056,127	19,574,076
Directors' remuneration (note 17(a))	342,000	207,680
Auditors' remuneration	224,250	224,250
Rentals	1,134,496	915,500
	<u>1,134,496</u>	<u>915,500</u>

**(a) Directors' remuneration:**

	<u>2019</u>	<u>2018</u>
	SR	SR
Andy Moncherry	96,000	56,640
Alone Edmond	72,000	37,760
Noemi Woodcock	30,000	37,760
Marilyn Reginald	72,000	37,760
Cecily Derjacques	72,000	37,760
	<u>342,000</u>	<u>207,680</u>

**18. COMMITMENTS****(a) Capital commitments**

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

	<u>2019</u>	<u>2018</u>
	SR'000	SR'000
Property development	2,932	28,000
Equipment	1,355	3,021
Buses and vehicles	-	21,440
	<u>4,287</u>	<u>52,461</u>

**19. CONTINGENT LIABILITIES**

There were no contingent liabilities as at December 31, 2019 (2018: Nil).

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

## 20. RELATED PARTY TRANSACTIONS

	2019	2018
	SR	SR
Directors' remuneration	342,000	207,680
Grant received from the Government of Seychelles		
- Capital grant (note 10)	8,516,731	62,483,636
- Revenue grant (note 16)	53,200,000	22,639,000
- Donations with respect to fire damages (note 16)	-	11,171,912

The above transactions have been made at arm's length, on normal commercial terms and in the ordinary course of business.

(a) Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. There has been no guarantees provided for any related party payables.

(b) Key management personnel compensation

	2019	2018
	SR	SR
Salaries and short term benefits	927,129	857,523
End of contract payment	-	247,958
	927,129	1,105,480

## 21. EVENT AFTER REPORTING DATE

Following the outbreak of COVID-19 pandemic, the general economic outlook of Seychelles and the world at large appears morose. Several countries have closed their borders, grounded flights and discouraged people from travelling abroad. Locally, companies have since decreased whilst some have significantly curtailed operations as they are already in 'dire straits'. As a result, demand for the Corporation's services has decreased, which may lead to decrease in revenue and profits.

In spite of Government assistance, there exists significant uncertainties about the going concern of the Corporation. The Directors together with Management are confident that they will continue to have the financial and otherwise support of their Shareholder and are therefore of the opinion that the going concern basis of preparation of these financial statements remain appropriate.

## 22. EFFECT OF IMPLEMENTATION OF IFRS 9


	January 1, 2018
	SR
(a) Impact on the Statement of Financial Position	
<i>Retained earnings at January 1, 2018</i>	16,584,523
Allowance for credit impairment from incurred loss method per IAS 39 to expected credit loss method per IFRS 9	
- Trade and other receivables (notes 8(f))	(124,987)
As restated	16,459,536
(b) Effect of implementation of IFRS	December 31, 2018
	SR
<i>Retained earnings at December 31, 2018</i>	(3,556,548)
Allowance for credit impairment from incurred loss method per IAS 39 to expected credit loss method per IFRS 9	
- Trade and other receivables (notes 8(f))	(235,123)
As restated	(3,791,671)



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 English River | PO Box 610 | Victoria, Mahé Seychelles

 +248 428 0280 | Hotline: +248 432 5252

 [inquiry@sptc.sc](mailto:inquiry@sptc.sc)



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