

SEYCHELLES FISHING AUTHORITY

Directors' Report & Audited Financial Statements
for the year ended December 31, 2022

SEYCHELLES FISHING AUTHORITY

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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CORPORATE INFORMATION

DIRECTORS	:	Radley Weber (Chairperson) Roy Clarisse Eugene Vidot (resigned effective December 15, 2022) Aubrey Harris Beatty Hoarau Marc Gonthier Joseph Tirant Audrina Dine (resigned effective July 14, 2022) Franky Laporte
CHIEF EXECUTIVE OFFICER	:	Philippe Michaud (effective November 1, 2022) Nichol John Elizabeth (September 1, 2020 to October 31, 2022)
SECRETARY	:	Ms. Nan Constant
REGISTERED OFFICE	:	P.O. Box 449, Fishing Port, Mahé, Seychelles
PRINCIPAL PLACE OF BUSINESS	:	Fishing Port, Mahé, Seychelles
AUDITOR	:	Baker Tilly Chartered Accountants Seychelles
BANKERS	:	Seychelles International Mercantile Banking Corporation Limited

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of Seychelles Fishing Authority ("the Authority") for the year ended December 31, 2022.

PRINCIPAL ACTIVITIES

The Authority is a parastatal organization which functions as the executive arm of the Government of Seychelles for fisheries and related matters. There has been no significant change in the nature of these activities during the financial year under review.

RESULTS

	<u>2022</u>	<u>2021</u>
	SR	SR
Surplus for the year	<u>85,165,276</u>	<u>121,748,581</u>

DIVIDENDS

An Interim dividend of SR. 75 million was declared and paid during the year 2022 (in 2021: SR. 75 million). The Directors did not propose any final dividend for 2022, the financial year under review (2021: SR. nil).

PROPERTY, PLANT AND EQUIPMENT

Additions of SR. 24,486,070 to property, plant and equipment during the year comprised buildings, office and research equipment, motor vehicles and ice plants (2021: SR. 27,338,859). There were no disposals during the year.

Property, plant and equipment are stated at cost less accumulated depreciation. Due to certain discrepancies inherited from the prior years, the Authority has purchased in 2023 the required software and hardware to assist in carrying out a physical count and recording of property, plant and equipment of the Authority. There has been a delay in carrying out the exercise due to receipt of the wrong tags from the supplier.

Once the registration exercise has been completed, an impairment exercise will also be done to enable the Authority to adjust the carrying amount of property, plant and equipment currently in the books to approximate its fair value. Until the completion of this assignment, current Directors are not in a position to confirm whether the carrying amount of property, plant and equipment at the balance sheet date approximates its fair value.

The said assignment is expected to be completed during the 2024 financial year.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Authority appointed by the President of Seychelles since the date of the last report and the date of this report are as stated in the corporate information.

DIRECTORS' REPORT *Continued*

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors is responsible for policy, control and the overall management of the affairs of the Authority including the operations of the Authority and making investment decisions.

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with requirements of the Seychelles Fishing Authority (Establishment) Act, 1984, Public Finance Management Act 2012 and the Public Enterprise Monitoring Commission ('PEMC') Act, 2013 and as amended to Public Enterprise Act, 2023.

The PEMC Act, 2013 requires the Authority to state whether its financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS'). The Board of Directors recognizes the lapses in the management and of the financial affairs of SFA during the year under review, attributed to changes in key personnel. Consequently, the financial statements have been prepared in accordance with Generally Accepted Accounting Standards in Seychelles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that fall within the accounting policies adopted by the Authority; and making accounting estimates that are reasonable in the circumstances. The Board of Directors has the general responsibility of safeguarding the assets, both owned by the Authority and those that are held in trust and used by the Authority.

The Board of Directors undertakes to explore appropriate structural improvement options within the Finance Department. This will also include recruitment and training for key financial personnel, to further improve the financial reporting standards of the Authority so as to meet the financial requirements of the PEMC Act 2013, now Public Enterprise Act 2023. The Board recognizes that these procedures will take time to achieve the required objectives. Initially a time scale of 2 years to completion was proposed but it has proven challenging to recruit qualified personnel within the country. SFA has in the meantime undertaken the training of its finance personnel to improve the functioning of that department and in due course to comply with the requirements of the law. In 2023 there are two staff members in finance undergoing training. A further two will also start training in 2024.

EVENTS AFTER REPORTING DATE

There have been no material events that occurred since the balance sheet date that require adjustment to the financial statements and or to the disclosure thereto.

INTERNAL AUDITOR

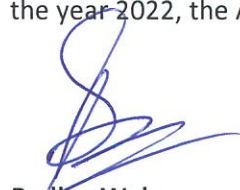
In accordance with the PEMC Act, 2013 now Public Enterprise Act 2023, SFA had an Internal Auditor. The internal audit function operates unimpeded and independently from operational management, appraises, evaluates and when necessary, recommends improvements to the systems of internal control. The Internal Auditor forms part of the Internal Audit Committee which is chaired by a Board member.

DIRECTORS' REPORT *Continued***WRITE OFFS**

The Authority has been carrying forward certain old balances for the last few years which were not fully reconciled. During the financial year under review and in the prior year reconciliations that were completed comprised: Trade and other receivables and accruals. The Board approved to write off these balances to the statement of profit or loss.

AUDITORS

The retiring auditor Messrs. Baker Tilly, Chartered Accountants, Seychelles, having completed five consecutive audits 2017-2021, cannot be re-appointed as section 31 of the Public Enterprise Monitoring Commission Act, 2013 prohibits the appointment of an external auditor beyond 5 consecutive years. For the year 2022, the Authority had taken a special dispensation to re-appoint Baker Tilly as auditors.



Radley Weber
Chairperson



Roy Clarisse
Director



Beatty Hoarau
Director



Aubrey Harris
Director



Marc Gonthier
Director



Joseph Tirant
Director



Franky Laporte
Director

Dated: November 22, 2023
Mahé, Seychelles

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INDEPENDENT AUDITOR'S REPORT SEYCHELLES FISHING AUTHORITY

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

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Seychelles Fishing Authority set out on pages 6 to 31, which comprise the statement of financial position as at December 31, 2022, the statements of profit or loss, cash flows and changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and express an independent opinion on these financial statements.

In our opinion, except for the financial effect, if any, as might have been determined to be necessary in respect of matters (i) to (xiv) discussed under Basis for Qualified Opinion paragraph, the financial statements set out on pages 6 to 31 give a true and fair view of the financial position of the Company at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with requirements of the Seychelles Fishing Authority (Establishment) Act, 1984 and Generally Accepted Accounting Standards in Seychelles.

Basis for Qualified Opinion

- (i) **Property, Plant and Equipment**
 - (a) Cost and depreciation of Property, plant and equipment reported in the financial statements does not reconcile with records maintained by the Authority.
 - (b) Costs directly attributable for bringing an asset to its intended use are not included in the item of Property, plant and equipment resulting the actual cost being understated.
 - (c) No impairment exercise was carried out by the Authority during the financial year under review.
 - (d) Useful lives of assets acquired from Grants are not as per certification of project division in certain cases and depreciation on such assets is not matched with the amortisation credited to the Statement of Profit and loss to nullify the impact of the depreciation charge.
 - (e) An updated fixed assets register stating cost, depreciation, location and other details is still due to be prepared and completion of tagging of assets is also due to be carried out.

INDEPENDENT AUDITOR'S REPORT
SEYCHELLES FISHING AUTHORITY *Continued***Basis for Qualified Opinion** *Continued*(i) **Property, Plant and Equipment** *Continued*

Due to matters stated in paras (a) to (e), we could not conclude whether the balance of Property, Plant and Equipment stated in these financial statements is free from material misstatements.

(ii) **Capital work in progress**

Capital work in progress of SR. 4,131,117 incurred in the prior years continued to be carried forward although those projects seem to have been duly completed. We could not extend normal and alternate audit procedures due to non-availability of adequate information. Assets were capitalised in bulk at the end of financial year instead of capitalising individual assets generated separately.

(iii) **Trade and other receivables**

Delays in preparing invoices resulted in substantial overdue balances remaining uncollected at the reporting date. Substantial provisions for credit impairment were recognised in the prior two years instead of providing them as and when they are actually due to be made. The Authority does not have effective policies and procedures to fall in line with the requirement of IFRS 9 in future.

Other receivables of SR. 420,233 represents double payments to service providers and SR. 4,832,772 is an overpayment of Value added tax (VAT) due to errors in carrying forward credit balances from previous months and under claim of VAT input on certain expenses. Both these amounts are due to be claimed from the respective parties, but we noted delays in the process. The Management is of the opinion that they are fully recoverable.

(iv) **Cash and cash equivalents**

Undeposited funds of SR. 370,696 reported at the end of the financial year is on account of errors in recording of transactions and not due to timing difference of deposit of receipts in the Authority's bank account. We could not check the subsequent clearance of this amount as the Management was unable to provide us breakdown of this amount.

(v) **Deferred Grants**

Balance in Deferred grants should represent unamortised balance of depreciation due to be charged on assets acquired through various Grants and complete details of movements in such grants should be available for our verification. We found that breakdown of grants amounting to SR. 1,597,359 was not available for our verification and the records maintained by the Authority does not demonstrate the matching of depreciation charged on such assets with the credit of amortisation to the Statement of profit or loss to balance each grant.

INDEPENDENT AUDITOR'S REPORT
SEYCHELLES FISHING AUTHORITY *Continued***Basis for Qualified Opinion** *Continued***(vi) Fisheries facilities development - Fuel expenses**

In the absence of inventory movement records and adequate internal controls, we carried out alternate audit procedure comprising an analytical review of purchase, sale, claims paid considering the margin and opening and closing stock of fuel and found that there is no significant difference in recording sale and purchase of fuel.

(vii) Credit held for future projects and Grants utilised

As at December 31, 2022, balances held with banks with respect to grants pending utilisation in the future was short by SR. 808,103. The Authority could not reconcile this account during the year. This could have a negative impact on reporting balances of grants received, grants utilised and assets generated from grants.

(viii) Value Added Tax ('VAT')

The Authority did not prepare monthly VAT reconciliations before filing monthly VAT return as required by the regulations, resulting in the filing of incorrect returns. The Authority did not segregate VAT output at the time of revenue recording but calculated at the end of the financial year. Similarly, VAT input allowable is not separated from expenses at the time of recording individual transactions and net VAT payable was not transferred to VAT payable at the end of each month on a cash basis. This procedure could result in non-compliance of VAT regulations and their payment due dates that could be picked up during future SRC audits and could be subject to penalties. We could not determine the amount of non-compliance, if any, due to their recording in bulk at the end of the financial year to estimate possible penalties.

(ix) Other payables and accruals

We could not ascertain whether SR. 1,069,259 included in other payables brought forward from prior years is still payable. We relied on the representation of the Management and could not extend alternate audit procedures to confirm the same.

(x) Depreciation charge of SR. 27,135,245 and amortisation from deferred grants of SR. 12,485,389

Rates of depreciation applied to property, plant and equipment acquired from Grants does not match with the Amortisation of Grants to reverse the impact of depreciation charged. Since they are not consistently applied, this would create a mismatch between the net book value of property, plant and equipment and amortisation of Deferred Grants systematically.

INDEPENDENT AUDITOR'S REPORT
SEYCHELLES FISHING AUTHORITY *Continued***Basis for Qualified Opinion** *Continued*(xi) **Salaries**

We noted that the Authority did not deduct Income Tax on certain allowances paid during the year. Furthermore, all emoluments and allowances paid are not declared in the monthly payrolls filed with the Revenue Authorities and in certain instances paid separately. The actual amount of Income tax payable on total monthly emoluments could differ as compared to actual payments made due to the nature of progressive income tax regulations applicable. No provision is made for penalties, if any, that may be imposed by the Revenue Authorities at a later date for non-compliance.

(xii) **Estimations and provisions**

Estimations and provisions are normally made on a prudent basis from information and facts available with respect to such amounts. However, we have noted that certain estimations and provisions made in a financial year result in substantial reversal in subsequent years which distort the presentation of financial statements. A few instances of such reversal during the financial under review are (i) SR. 8,268,069 debited to Environmental fee under Revenue; (ii) SR. 6,608,217 debited to Seamen compensation in other income and (iii) SR. 14,319,353 credited to Seaman salary adjustment in Fisheries Facilities Development account. The Management has represented to us that adjustment at the instructions of relevant government authorities.

(xiii) **Policies and procedures**

The Authority formulated policies and procedures in certain areas in prior years but those were not approved by the Board up to the financial year under review. We test checked incomes, operating and other expenses and work in progress with their authorisations that were formulated in line with those policies and procedures. In the absence of approved policies and procedures, we had to rely on management authorisation of those transactions.

(xiv) **Control environment**

In the absence of internal control documentation with respect to recording work in progress, capitalisation of work in progress, revenue recognition and authorisation of expenses, the Authority's system of internal control is dependent upon the close involvement of the Management who take financial, management and other decisions from time to time that do not necessarily provide us a complete audit trail. We therefore had to rely upon specific and general representations from Management where sufficient and appropriate audit evidence in respect of certain financial areas could not be reasonably obtained.

We conducted our audit in accordance with Generally Accepted Accounting Standards in Seychelles. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

INDEPENDENT AUDITOR'S REPORT
SEYCHELLES FISHING AUTHORITY *Continued*

Basis for Qualified Opinion *Continued*

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Seychelles, and we have fulfilled our other responsibilities in accordance with these requirements.

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

Responsibilities of the Directors and those charged with governance for the Financial Statements

The Board of Directors is responsible for keeping proper accounting records and for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Seychelles Fishing Authority (Establishment) Act, 1984, Public Finance Management Act 2012 and the Public Enterprise Monitoring Commission ('PEMC') Act, 2013 and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and ensure that the financial statements give a true and fair view of the Authority's affairs. In preparing the financial statements, the Board is also responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

Other information

Management is responsible for the other information.

The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

INDEPENDENT AUDITOR'S REPORT
SEYCHELLES FISHING AUTHORITY *Continued***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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Authority's internal controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's 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 Authority'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 Authority to cease to continue as a going concern; and
- 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 management, 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.

INDEPENDENT AUDITOR'S REPORT
SEYCHELLES FISHING AUTHORITY *Continued*

Report on Other Legal Regulatory Requirements

Public Enterprise Monitoring Commission Act, 2013

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

We have obtained all the information and explanations we have required.

Except for the matters discussed in the Basis for Qualified opinion set out on pages 5 to 5 (d) of this audit report, in our opinion, proper accounting records have been kept by the Authority as far as it appears from our examination of those records.



BAKER TILLY
Chartered Accountants




Dated: **22 NOV 2023**
Mahé, Seychelles

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

	Notes	2022 SR	2021 SR
ASSETS			
Non-current assets:			
Property, plant and equipment	5	266,011,995	268,661,170
Capital work in progress	6	25,982,852	13,818,511
Investments	7	54,986	54,986
Fisheries Development Fund	8	61,250,333	57,660,637
		<u>353,300,166</u>	<u>340,195,304</u>
Current assets:			
Inventories	9	850,157	1,056,331
Trade and other receivables	10	17,375,965	26,111,473
Cash and cash equivalents	11	250,861,194	240,324,364
		<u>269,087,316</u>	<u>267,492,168</u>
Total assets		<u>622,387,482</u>	<u>607,687,472</u>
EQUITY AND LIABILITIES			
Equity and reserves			
Assigned capital	12	1,122,800	1,122,800
Retained surplus		183,401,382	173,236,106
Total equity		<u>184,524,182</u>	<u>174,358,906</u>
Non-current liabilities:			
Deferred grants	13	239,732,686	240,529,474
Credits held for future projects	14	53,578,320	56,815,694
Funds held under Fisheries Development Fund	8	61,250,333	57,660,637
Employee benefit obligations provision	15	12,397,448	11,628,168
		<u>366,958,787</u>	<u>366,633,973</u>
Current liabilities:			
Other payables, accruals and provisions	16	70,904,513	65,418,509
Tax provision	17	-	1,276,084
		<u>70,904,513</u>	<u>66,694,593</u>
Total liabilities		<u>437,863,300</u>	<u>433,328,566</u>
Total equity and liabilities		<u>622,387,482</u>	<u>607,687,472</u>

These financial statements were approved for issue by the Board of Directors on November 22, 2023


Radley Weber
Chairperson


Roy Clarisse
Director


Beatty Hoarau
Director


Aubrey Harris
Director


Marc Gonthier
Director


Joseph Tirant
Director


Franky Laporte
Director

The notes on pages 10 to 31 form an integral part of these financial statements
Independent Auditor's report on pages 5 to 5 (f)

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2022

	Notes	2022 SR	2021 SR
Revenue	18	264,208,742	267,142,747
Other income	19	115,079	14,808,839
Grant utilised		37,055,541	38,876,262
		301,379,362	320,827,848
Employee costs	20	(75,601,781)	(68,928,951)
Operating and other expenses	21	(40,207,232)	(41,536,545)
Research and development costs	22	(5,056,039)	(5,146,066)
Monitoring control, surveillance, and enforcement costs	23	(4,228,114)	(9,465,376)
Fisheries facilities development	24	(69,600,873)	(67,649,320)
Foreign exchange loss		(7,817,235)	(16,876,416)
Surplus before depreciation and amortisation		98,868,088	111,225,174
Amortisation of deferred grants	13	12,485,389	11,365,784
Depreciation	5	(27,135,245)	(23,566,293)
Surplus before taxation		84,218,232	99,024,665
Reversal of excess tax provision made in prior years		947,044	22,723,916
Surplus for the year		85,165,276	121,748,581

The notes on pages 10 to 31 form an integral part of these financial statements
Independent Auditor's report on pages 5 to 5 (f)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

	Assigned capital	Retained surplus	Total
	SR	SR	SR
Balance at January 1, 2022	1,122,800	173,236,106	174,358,906
Surplus for the year	-	85,165,276	85,165,276
Dividends	-	(75,000,000)	(75,000,000)
Balance at December 31, 2022	<u>1,122,800</u>	<u>183,401,382</u>	<u>184,524,182</u>
Balance at January 1, 2021	1,122,800	126,487,525	127,610,325
Surplus for the year	-	121,748,581	121,748,581
Dividends	-	(75,000,000)	(75,000,000)
Balance at December 31, 2021	<u>1,122,800</u>	<u>173,236,106</u>	<u>174,358,906</u>

The notes on pages 10 to 31 form an integral part of these financial statements
Independent Auditor's report on pages 5 to 5 (f)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

	Notes	2022 SR	2021 SR
OPERATING ACTIVITIES			
Surplus for the year		84,218,232	99,024,665
Adjustments for:			
Depreciation of property, plant and equipment	5	27,135,245	23,566,293
Amortisation		(12,485,389)	(11,365,784)
Movement in credit impairment provision	10	668,964	8,338,219
Movement in employee benefit obligations provision	15	4,124,296	2,455,134
Operating profit before working capital changes		<u>103,661,348</u>	<u>122,018,527</u>
Changes in working capital:			
Inventories	9	206,174	(519,097)
Trade and other receivables	10	8,066,544	23,849,123
Other payables and accruals	16	5,486,004	8,342,082
		<u>117,420,070</u>	<u>153,690,635</u>
Taxation paid	17	(329,040)	-
Net cash inflow from operating activities		<u>117,091,030</u>	<u>153,690,635</u>
INVESTING ACTIVITIES			
Additions to property, plant and equipment	5	(24,486,070)	(27,338,859)
Movements in capital work in progress	6	(12,164,341)	(11,204,019)
Net cash outflow from investing activities		<u>(36,650,411)</u>	<u>(38,542,878)</u>
FINANCING ACTIVITIES			
Grants received	13	11,688,601	19,252,109
Movement in credits held for future projects	14	(3,237,374)	(11,693,484)
Employee benefits paid during the year	15	(3,355,016)	(2,715,005)
Dividends paid		(75,000,000)	(75,000,000)
Net cash outflow from financing activities		<u>(69,903,789)</u>	<u>(70,156,380)</u>
Net change in cash and cash equivalents		<u>10,536,830</u>	<u>44,991,377</u>
Movements in cash and cash equivalents:			
At January 1,		240,324,364	195,332,987
Increase		10,536,830	44,991,377
At December 31,	11	<u>250,861,194</u>	<u>240,324,364</u>

The notes on pages 10 to 31 form an integral part of these financial statements
Independent Auditor's report on pages 5 to 5 (f)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

1. GENERAL INFORMATION

Seychelles Fishing Authority is incorporated by statute (Seychelles Fishing Authority (Establishment) Act, 1984) with the aim of developing the industry to its fullest potential and to safeguard the resource base for sustainable development.

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

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

A summary of the significant accounting policies, which have been applied consistently, are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Authority have been prepared in accordance with requirements of the Seychelles Fishing Authority (Establishment) Act, 1984 and Generally Accepted Accounting Standards in Seychelles. Where necessary comparative figures have been amended to conform with change in presentation in current year. The financial statements are prepared under the historical cost convention.

(a) Accounting convention

The financial statements of the Authority have been prepared in accordance with Generally Accepted Accounting Standards in Seychelles and comply with the requirements of the Seychelles Fishing Authority (Establishment) Act, 1984, Public Financial Management Act, 2012 and Public Finance Management Regulations 2014. The PEMC Act 2013 requires that every public enterprise should prepare its financial statements in accordance with International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Standards Interpretations Committee (the "Committee"). The Board of Directors recognizes the lapses in the management of the financial affairs of SFA during the year under review, attributed to changes in key personnel. Consequently, the financial statements have been prepared in accordance with Generally Accepted Accounting Standards in Seychelles.

The Board of Directors undertakes to explore appropriate structural improvement options within the Finance Department. This will also include recruitment and training for key financial personnel, to further improve the financial reporting standards of the Authority so as to meet the financial requirements of the PEMC Act 2013. The Board recognizes that these procedures will take time to achieve the required objectives and proposes a time scale of 2 years to completion.

(b) Reporting and functional currency

The reporting and functional currency of the Authority is Seychelles Rupee ("SR"), as most of the transactions are incurred in Seychelles Rupees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***(c) Off balance sheet transactions and activities**

From time to time, transactions, which are not related to the operations of the Authority are undertaken as a proxy of the Seychelles Government. The management confirm no such transactions were undertaken during 2022 (2021: SR. nil).

2.2 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value recognised at the date of acquisition. Initial cost of property, plant and equipment comprises its purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Such cost also includes the cost of replacing components of the property, plant and equipment. 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 to the Authority and the cost can be reliably measured.

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

Costs incurred for major maintenance are recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are charged to the statement of profit or loss.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual values over their expected useful lives as follows:

Leasehold buildings	50 years
Furniture and office equipment	3 to 10 years
Motor vehicles	4 years
Computer equipment	5 years
Ice plant	10 years
Boats	10 years

An item of property, plant and equipment and any significant part that was initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or following disposal.

Gains or losses arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***2.3 Investments**

Investments classified as non-current are carried at cost, less amounts written off to recognize other than temporary declines in the values of the investments.

2.4 Inventories

Inventories comprising fuel and equipment, are stated at the lower of cost (determined on a first in first out basis) and net realisable value. Net realisable value is the estimated selling price in ordinary course of business and applicable variable selling expenses. Net realisable value is determined after review of individual items of inventories by management for any required impairment. Marine chandlery received as part of foreign aid are stated at values per the aid agreement.

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

2.5 Grants and credit for future projects

Grants are recognized at the fair value in statement of profit or loss where there is reasonable assurance that the grant will be received, and the Authority has complied with their attached conditions. Grants received where the authority has yet to comply with the attached conditions are recognized as deferred income and released to income when all attached conditions have been complied with.

Subventions and grants are recognized in the income statement as follows:

- Grant towards acquisition of a property, plant and equipment are amortized over estimated useful lives of assets.
- Grant for recurrent expenditure is credited to revenue on an accrual basis.
- Grants from donors for development and other expenditure is offset against approved costs.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, at banks and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, against which the bank overdrafts, if any, are deducted. Overdrafts are shown within borrowings under current liabilities on the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***2.7 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 Authority will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the statement of profit or loss. The carrying amount of trade and other receivables approximate their fair value.

2.8 Deferred Grants

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

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

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

2.9 Employee benefits obligations

Provision is made for the end of service benefits due to employees in accordance with current applicable Labour Laws for their periods of service up to the reporting date. The provision for the end of service benefits is calculated annually based on their current basic remuneration.

Defined benefit plans

A defined benefit plan is a post-employment benefit other than a defined contribution plan. The Corporation currently operates an unfunded scheme for employees' end of service benefits that follows relevant local regulations and is based on periods of cumulative service and levels of employees' final basic salaries. The liability for staff terminal benefits is determined as the liability that would arise if employment of all staff was to be terminated at reporting date. Provision for post-employment benefits with respect to long service compensation commences and recognized as soon as the employees meet the eligibility criteria specified under the Seychelles Employment Act with respect to completion of 5 years of continuous employment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***2.9 Employee benefits obligations** *Continued**Defined benefit plans* *Continued*

At the end of each reporting period, accumulated post-employment benefits are measured in line with the applicable regulations for completeness. Shortfall, if any, is provided by a charge to the statement of profit or loss. Further provision is required for past services in the year if there is an increase in basic salary since the effect of the increased salary would impact the existing provision. Provision is reversed to the statement of profit or loss when an employee defaults on the eligibility criteria at the time or before termination of his employment. The liability recognized in the statement of financial position is the present value of the defined obligation at the reporting date.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Authority pays fixed contributions to the Seychelles Pension Fund and the Authority has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit or loss in the periods during which services are rendered by employees.

2.10 Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether claimed by the supplier or not.

Monies received in advance for goods or services to be provided subsequent to the year-end are recognised as advances from customers in current liabilities.

The carrying amounts of trade and other payables approximate their amortised cost.

2.11 Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Authority expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***2.12 Current and deferred taxation**

Business tax expense comprises current and deferred tax. Current tax is recognised in profit or loss. Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax is the amount of tax payable on certain specific incomes (net of related expenses) derived by the Authority during a financial year and certain incomes and expenses being exempt for tax purposes. Tax charge is computed based on the guidelines provided by the Revenue Authorities since the Business Tax Act, 2009 does not clearly set out regulations relating to certain activities carried out by the Authority. No provision is made in these financial statements for deferred tax.

2.13 Offsetting of financial assets and liabilities

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

2.14 Foreign currencies

Transactions in foreign currencies are translated to Seychelles Rupees at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Seychelles Rupees at the exchange rate at that date. Foreign currency gains or losses on monetary items are the differences between the amortised cost in Seychelles Rupees at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on the translation are recognised in the statement of profit or loss.

As at year end, the main exchange rates against the Seychelles Rupees were as follows:

Currencies	Exchange rates		Changes in % ge	
	2022	2021	2022	2021
United States Dollar	14.32	14.70	2.55%	31.89%
Euro	14.95	16.60	9.94%	37.20%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***2.15 Contingent liabilities**

A contingent liability is disclosed when the Authority has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Authority; or when the Authority has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

2.16 Revenue recognition

Revenue is recognised when the performance obligation is being satisfied. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(i) Subvention

Subvention is recognized as it accrued on monthly basis.

(ii) Rental income

Rental income is recognized on accrual basis unless collectability is in doubt.

(iii) Other income

Other income is recognized on the accrual basis. Net gains and losses on the disposal of property, plant & equipment, after deducting from proceeds on disposals, the carrying amount of the assets and related selling expenses.

(iv) Government grants

Grants that are received for compensation of expenses or losses already incurred, or for the purpose of giving immediate financial support to the Authority with no future related costs, are recognised in the statement of profit or loss in the period in which reasonable assurance is established that the entity will comply with the conditions attached to the Grant and that the Grant will be received.

Grants that compensate the Authority for expenses to be incurred are initially recognised in the statement of financial position as a deferred income. Subsequent to initial recognition, such grants are recognised in the statement of profit or loss as Grants Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***2.17 Assigned Capital**

The Authority received contributions from the Government of Seychelles for certain assets on inception, there have been no further subsequent movements in this balance and have been classified as Assigned Capital representing contribution other than cash from the owner of the Authority.

3. RISK MANAGEMENT**3.1 Financial risk management objectives and policies**

The activities of the Authority expose it to different financial risks, market risks (including currency and fair value interest risk), credit and liquidity risk. The Board of Directors have the overall responsibility for the establishment, overseeing and monitoring of the Authority's risk management framework and are assisted by the senior management. Senior management is responsible for designing, developing, and monitoring the Authority's risk management policies, which are approved by the Board of Directors.

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

The following are the Authority's exposures to each of the above risks, the Authority's objectives, policies, and processes for measuring and managing risk, and the Authority's management of capital. Further quantitative disclosures are included throughout these financial statements.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates and can arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Authority is exposed to currency risk arising from future commercial transactions and liabilities that are denominated in currencies other than the functional currency. The currencies in which these transactions are primarily denominated are Euro ("EUR") and United States Dollar ("USD"). The Authority aims to aggregate a net position for each currency. Foreign currency risk is not hedged.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

3. RISK MANAGEMENT *Continued***(b) Credit risk**

The Authority's credit risk arises when a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Authority's receivables from trade and other receivables.

The Authority establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets and the current economic environment.

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Authority's financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Authority's accounting policies, management has made the following estimates and judgments, which have the most significant effect on the amounts recognised in the financial statements:

4.1 Impairment of assets

Decline in the value of property, plant and equipment could have a significant effect on the amounts recognised in the financial statements. Management assesses the possible impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include:

- (i) Significant change in the useful life which would be expected from the passage of time or normal use.
- (ii) Evidence that the performance of the plant and equipment could have a negative impact on the operating results, hence the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS *Continued***4.2 Government Grants**

The Authority receives contributions from the Government of Seychelles towards investments in capital projects for improvements of infrastructure and ameliorating services being offered. Significant judgment is required to determine whether these contributions are in the nature of government grants, in which case they are recognized in the statement of profit or loss systematically in accordance with the related liability or expense, or in the form of equity, in which case they are recognized in the statement of financial position as capital contributions.

4.3 Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Authority would currently obtain from its disposal, if the asset was already of the age, and in condition expected at the end of its useful life. The Board of Directors therefore make estimates based on historical experience and use their best judgment to assess the useful lives of assets and to forecast their expected values at the end of their expected useful lives.

4.4 Estimated useful lives of property, plant and equipment

Estimated useful lives and residual values of property, plant and equipment are assigned based on the intended use of the respective assets and their economic lives. Subsequently, if there are changes in circumstances, such as technological advances or prospective utilisation of the assets concerned that could result in the actual useful lives or residual values differing from initial estimates, the estimated useful lives and residual values need to be adjusted in line with the current circumstances. The Board of Directors review the residual values and useful lives of major items of property, plant and equipment and determine necessary adjustments.

4.5 Limitation of sensitivity analysis

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Office and research equipment	Ice plants	Boats and Motor vehicles	Total
	SR	SR	SR	SR	SR
COST					
At January 1, 2021	246,472,329	68,289,912	64,229,534	21,934,497	400,926,272
Additions	7,868,965	12,765,396	4,620,323	2,084,175	27,338,859
Disposals	-	-	-	(335,642)	(335,642)
At December 31, 2021	254,341,294	81,055,308	68,849,857	23,683,030	427,929,489
Additions	11,296,562	8,846,297	1,699,618	2,643,593	24,486,070
Disposals	-	-	-	-	-
At December 31, 2022	265,637,856	89,901,605	70,549,475	26,326,623	452,415,559
ACCUMULATED DEPRECIATION					
At January 1, 2021	38,219,962	33,998,067	44,798,287	19,021,352	136,037,668
Charge for the year	5,244,475	9,934,130	7,250,551	1,137,137	23,566,293
Disposals	-	-	-	(335,642)	(335,642)
At December 31, 2021	43,464,437	43,932,197	52,048,838	19,822,847	159,268,319
Charge for the year	5,399,926	12,545,072	7,847,700	1,342,547	27,135,245
Disposals	-	-	-	-	-
At December 31, 2022	48,864,363	56,477,269	59,896,538	21,165,394	186,403,564
NET BOOK VALUE					
At December 31, 2022	216,773,493	33,424,336	10,652,937	5,161,229	266,011,995
At December 31, 2021	210,876,857	37,123,111	16,801,019	3,860,183	268,661,170

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

6. CAPITAL WORK IN PROGRESS

	<u>2022</u>	<u>2021</u>
	SR	SR
(a) Movements during the year:		
At January 1,	13,818,511	2,614,492
Expenditure during the period	23,419,224	22,996,841
Capitalised during the year	(11,254,883)	(11,792,822)
At December 31,	<u>25,982,852</u>	<u>13,818,511</u>
(b) Analysed as per project:		
Aquaculture facilities	-	179,088
Dredging work at Glacis	-	587,266
Fisheries projects on Mahé and Praslin	20,090,813	8,341,131
Fuel depot and security kiosk	2,199,233	812,161
SFA Headquarters	2,652,448	-
Other projects	1,040,358	3,898,865
	<u>25,982,852</u>	<u>13,818,511</u>

7. INVESTMENTS

	<u>2022</u>	<u>2021</u>
	SR	SR
Financial assets at amortised cost:		
<i>Ordinary shares (unquoted) in:</i>		
<i>Indian Ocean Marine Limited</i>	29,986	29,986
<i>Praslin Ocean Farm Limited</i>	25,000	25,000
	<u>54,986</u>	<u>54,986</u>

8. FISHERIES DEVELOPMENT FUND

The Fisheries Development Fund is a revolving fund, and its purpose is to finance the development of the economy of local fishing industry in Seychelles. The loan portfolio is funded by the Seychelles Fishing Authority and the loan portfolio is administered by the Development Bank of Seychelles. These loans are granted over 1 to 10 years and bear interest at rate of 3% per annum.

The Fund was audited by BDO Associates, Chartered Accountants for the financial year 2022 and the audit opinion signed on March 30, 2023, was obtained by the Fund Administrator Development Bank of Seychelles. Based on the audited financial statements of the Fund, the Authority's financial statements were adjusted to align with the draft audited financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

8. FISHERIES DEVELOPMENT FUND *Continued*

	2022	2021
	SR	SR
<i>Movements in the Fund reported under non-current assets:</i>		
Balance held with Development Bank of Seychelles	18,227,302	19,824,781
Loans and receivables (note (a))	42,887,525	37,724,897
Receivable from Development Bank of Seychelles	419,314	321,998
Payables and accruals	(243,008)	(210,039)
EU retention fee payable	(40,800)	(1,000)
	<u>61,250,333</u>	<u>57,660,637</u>
<i>Analysed as under:</i>		
Funds under management	66,213,891	66,213,891
Revenue deficit (note (c))	(4,963,558)	(8,553,254)
	<u>61,250,333</u>	<u>57,660,637</u>
(a) Loans and receivables		
Gross loans and receivables	57,850,561	55,365,965
Less: interest in suspense	(4,057,841)	(3,401,842)
Less: provision for credit impairment (note (b))	(10,905,195)	(14,239,226)
	<u>42,887,525</u>	<u>37,724,897</u>
(b) Provision for credit impairment		
At January 1,	(14,239,226)	(14,511,452)
Reversal of credit impairment	3,334,031	272,226
At December 31,	<u>(10,905,195)</u>	<u>(14,239,226)</u>
(c) Movements in fund		
Income		
Interest income	894,812	1,962,230
Application fees received	-	11,500
	<u>894,812</u>	<u>1,973,730</u>
Expenses		
Management fees	(610,263)	(592,098)
Audit fees	(28,750)	(28,750)
Bank charges	(134)	(135)
Reversal of credit impairment (note (b))	3,334,031	272,226
	<u>2,694,884</u>	<u>(348,757)</u>
Profit of the year	3,589,696	1,624,973
Revenue deficit brought forward	(8,553,254)	(10,178,227)
Revenue deficit carried forward	<u>(4,963,558)</u>	<u>(8,553,254)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

9. INVENTORIES

	<u>2022</u>	<u>2021</u>
	SR	SR
<i>At cost:</i>		
Fuel	482,331	467,613
Stationery	367,826	588,718
	<u>850,157</u>	<u>1,056,331</u>

10. TRADE AND OTHER RECEIVABLES

	<u>2022</u>	<u>2021</u>
	SR	SR
Gross trade receivables	20,583,875	26,143,397
Less: provision for credit impairment (note (a))	<u>(9,873,171)</u>	<u>(9,204,207)</u>
Net trade receivables	10,710,704	16,939,190
Prepayments	-	2,048,562
Due from Government of Seychelles	-	1,944,387
Other receivables	6,665,261	5,179,334
	<u>17,375,965</u>	<u>26,111,473</u>

(a) As at December 31, 2022, trade receivables other than those for which provision for credit impairment was made in these financial statements were not fully impaired.

(b) The aged analysis of these trade receivables is as follows:

	<u>2022</u>	<u>2021</u>
	SR	SR
Due within one year	13,948,480	19,407,971
Due beyond one year but less than 2 years	1,474,579	2,422,416
Due beyond two years but less than 5 years	5,160,816	3,494,318
Due beyond 5 years	-	818,692
	<u>20,583,875</u>	<u>26,143,397</u>

Movements in provision for credit impairment:

At January 1,	(9,204,207)	(865,988)
Increase in provision for credit impairment	(668,964)	(8,338,219)
At December 31,	<u>(9,873,171)</u>	<u>(9,204,207)</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

11. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
	SR	SR
Cash on hand	728,922	65,350
Bank balances	199,130,533	183,630,328
Bank balances with CBS	51,001,739	56,628,686
	<u>250,861,194</u>	<u>240,324,364</u>

12. ASSIGNED CAPITAL

	<u>2022</u>	<u>2021</u>
	SR	SR
Assets from government on inception	<u>1,122,800</u>	<u>1,122,800</u>

The Authority received contributions from the Government of Seychelles for certain assets at its inception to which there were no further movements to this which was classified as Assigned Capital representing contribution other than cash from the owner of the Authority.

13. DEFERRED GRANTS

	<u>2022</u>	<u>2021</u>
	SR	SR
<i>Deferred Grants for Property, plant and equipment</i>		
At the beginning of the year	240,529,474	232,643,149
Received from other projects	-	-
Received from European Union	11,688,601	19,252,109
	<u>252,218,075</u>	<u>251,895,258</u>
Less: Amortisation for the year	(12,485,389)	(11,365,784)
	<u>239,732,686</u>	<u>240,529,474</u>

Analysed as:

European Union	145,348,593	140,530,801
Japanese Corporation	90,425,422	94,727,517
African Development Bank	1,525,174	1,619,259
Government and other projects	2,433,497	3,651,897
	<u>239,732,686</u>	<u>240,529,474</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

14. CREDITS HELD FOR FUTURE PROJECTS

	2022	2021
	SR	SR
<i>Movements in balances during the year:</i>		
At January 1,	56,815,694	68,509,178
Received during the year	44,721,095	46,247,880
Available for utilisation	101,536,789	114,757,058
<i>Utilised during the year:</i>		
Fisheries facilities development	(26,224,884)	(22,551,163)
Research and development costs	(5,056,039)	(5,146,066)
Monitoring control, surveillance, and enforcement costs	(4,228,114)	(9,465,376)
Transfer to deferred grants for capital assets	(12,045,321)	(19,252,109)
Exchange rate fluctuation	(404,111)	(1,526,650)
	53,578,320	56,815,694
<i>Source of funding for the above projects:</i>		
European Union	46,776,426	54,462,769
ALDFG project	54,944	-
TNC - TUNA fisheries project	59,171	-
Far Fish project	447,429	-
Future Oceans 5 project	814,938	-
Seyccat Octopus project	392,497	-
Other projects	5,032,915	2,352,925
	53,578,320	56,815,694

European Union

The Authority is responsible for managing the fishing licenses agreement between the European Union and the Government of Seychelles and overseeing the compliance of conditions stipulated in the agreement. Funds received were utilized to support the development of sustainable fisheries policy and fisheries infrastructure. The European Union is also the main source of finance for major projects such Onshore facilities which were completed during the year.

Japanese Corporation

The Japanese Government awarded a grant to the Government of Seychelles consisting mainly of main Providence fishing quay, equipment, and fishing gear. The Authority is responsible for managing the equipment, and disposal of the fishing gear and for the management of the proceeds in accordance with the conditions of the grant. At the end of 2014, the unutilized credits were still being held by the Ministry of Finance.

Other projects

Multiple minor grants were received in the year. Funds received were utilized for consultancy services and other miscellaneous expenditure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

15. EMPLOYEE BENEFIT OBLIGATION PROVISION

	<u>2022</u>	<u>2021</u>
	SR	SR
<i>Movements during the year:</i>		
At January 1,	11,628,168	11,888,039
Provision made for the year (note 20)	4,124,296	2,455,134
Paid during the year	(3,355,016)	(2,715,005)
At December 31,	<u>12,397,448</u>	<u>11,628,168</u>

This represents provision for employee benefit obligations arising on account of gratuity based on the regulations applicable to parastatal organisations and length of service severance compensation based on the applicable regulations of Seychelles Employment Act, 1999 (as amended).

16. OTHER PAYABLES, ACCRUALS AND PROVISIONS

	<u>2022</u>	<u>2021</u>
	SR	SR
License fees received in advance	52,683,642	47,126,818
Annual leave provision	3,902,993	4,437,128
Accrued expenses and other payables	13,077,466	8,305,351
Provision for movement to Headquarters	1,000,000	-
VAT payable	240,412	5,549,212
	<u>70,904,513</u>	<u>65,418,509</u>

17. TAX PROVISION

	<u>2022</u>	<u>2021</u>
	SR	SR
(a) Tax Liability		
At January 1,	1,276,084	24,000,000
Prior year taxes paid	(329,040)	-
Reversal of excess provision made in prior years	(947,044)	(22,813,135)
Tax expense (note (b))	-	89,219
At December 31,	<u>-</u>	<u>1,276,084</u>
(b) Tax Charge		
Current tax based on the profit for the year (Note c, d and e)	-	-
Corporate social responsibility tax (note (e))	-	(89,219)
Reversal of excess provision made in prior year	947,044	22,813,135
	<u>947,044</u>	<u>22,723,916</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

17. TAX PROVISION *Continued*

(c) Tax rates

	2022	2021
<i>Based on taxable income:</i>		
On first SR. 1 million of taxable income	15%	25%
On excess of SR. 1 million of taxable income	25%	30%
<i>Based on gross turnover:</i>		
Corporate social responsibility tax	0%	0.50%
Corporate Social Responsibility Tax Act was repealed on April 20, 2021		

(d) Basis and application of tax

Based on the applicable regulations of Business Tax Act, 2009 (as amended), not all revenues of the Authority are taxable. The Authority obtained specific guidelines from the Revenue Authorities who confirmed that the following revenue streams are taxable and other revenue streams are exempt from Business Tax:

- (i) Taxable revenue streams comprised sale of ice, fuel, lubricants, and other related activities, net repairs, income from leasing properties and rental income derived from container and gears storage.
- (ii) Expenses incurred by the Authority directly to earn the above specific incomes are allowable to be set off against those specific incomes to arrive at the taxable profits.
- (ii) Depreciation is allowable on assets that have a useful life exceeding one year and are used, available for use or held wholly or partly to derive taxable business income.
- (iv) Incomes of the Authority that are taxable and included in turnover are subject to Value Added Tax (VAT). Input VAT is also allowed on the expenses attributable specific to those expenses subject to applicability of VAT on the category of such expenses, as applicable.

Applicable rates of tax are applied on the taxable income without considering exempt incomes and expenses in the tax computation.

The Authority needs to obtain guidance from Seychelles Revenue Commission whenever there is a new source of revenue received to ensure complete compliance of the applicable regulations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

18. REVENUE

	<u>2022</u>	<u>2021</u>
	SR	SR
Income for ice operations	5,977,543	3,882,122
Income from sea cucumber fishery	1,211,733	1,463,568
Net and container fees	5,083,999	4,707,717
Fees from non-embarking of seamen	(28,507)	2,919,415
Registration & license fee (local)	270,867	533,500
Registration & license fee (foreign)	128,476,341	108,014,118
Sectoral support program	39,345,250	63,328,322
VMS management and communication fee	127,256	2,412,453
Rental	9,007,532	6,115,391
Sale of fuel	36,257,411	22,542,849
Fuel incentive received	20,002,026	16,556,467
Excess catch surcharge	19,143,882	25,852,914
Environmental Fee	(3,928,261)	4,377,652
Observer income	1,288,355	927,602
IPD income	954,941	3,257,115
IRD income	720,874	46,342
Compliance fee	215,000	70,200
Aquaculture License fees	22,500	-
Aquaculture production levy fee	-	50,000
Aquaculture concession	60,000	85,000
	<u>264,208,742</u>	<u>267,142,747</u>

19. OTHER INCOME

	<u>2022</u>	<u>2021</u>
	SR	SR
Sundry income	1,143,992	249,431
Dividend income	308,571	308,614
Interest income	991,666	3,340,140
Divers, farmers and fishermen registration fee	60,850	4,450
Sales of oil and lubricants	170,885	189,440
Profit on disposal of assets	104,348	695,652
Auction sale income	3,150	2,253,531
(Reversal)/Receipt of Seaman compensation	(6,608,217)	6,443,204
Sale of coral fills	1,021,324	-
Penalty fee for illegal fishing	42,343	905,421
EEZ application fees	2,876,167	418,956
	<u>115,079</u>	<u>14,808,839</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

20. EMPLOYEE COSTS

	<u>2022</u>	<u>2021</u>
	SR	SR
Salaries and wages	71,052,370	66,075,914
Committee allowance	12,000	-
Members' emoluments (note (a))	413,115	397,903
Provision for employee benefit obligation (note 15)	4,124,296	2,455,134
	<u>75,601,781</u>	<u>68,928,951</u>

(a) *Board Members' emoluments:*

Radley Weber	Chairperson (Current)	54,876	50,303
Eugene Vidot	Board member	43,639	41,800
Roy Clarisse	Board member	45,600	41,800
Nan Constant	Board secretary	14,400	13,200
Aubrey Harris	Board member	45,600	41,800
Beatty Hoarau	Board member	45,600	41,800
Marc Gonthier	Board member	45,600	41,800
Joseph Tirant	Board member	45,600	41,800
Audrina Dine	Board member	26,600	41,800
Franky Laporte	Board member	45,600	41,800
		<u>413,115</u>	<u>397,903</u>

- (b) Salaries and wages comprise of gross salaries, wages, allowances, leave salary, employer pension contribution, staff insurance and other staff welfare.
- (c) The Authority is required to deduct personal income tax from all emoluments paid to the employees at applicable rates and comply with the provisions of Income and Non-Monetary Benefit Act, 2010 (as amended).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

21. OPERATING AND OTHER EXPENSES

	2022	2021
	SR	SR
Auditor's remuneration	271,599	287,248
Advertising and sales promotion	849,454	2,292,893
Provision for credit impairment	668,964	8,338,219
Bad debts written off	850,841	-
Contracted services	2,246,357	2,331,157
Electricity and water charges	1,693,985	2,072,710
Fuel and local conveyance	993,511	792,126
Indian ocean tuna commission expenses	3,311,772	1,419,565
Insurance	277,838	192,793
IUU Vessel costs	284,998	181,978
Printing, stationery and postage	1,373,606	878,768
Provision for reallocation to Headquarters	1,000,000	-
Rental expenses	8,647,161	6,234,904
Repairs and maintenance	1,974,873	2,392,486
Security expenses	7,650,730	6,293,318
Training expenses	2,432,586	2,253,336
Travelling expenses	22,308	558,498
Telephone and internet	2,233,128	2,539,208
Vehicle expenses	592,381	969,347
Bank charges	193,946	246,283
Office cleaning expenses	179,520	1,046,674
Conferences, seminars and workshops	1,723,209	136,757
Official entertainment	47,500	61,746
Fines and Penalties	668,942	-
Other expenses	18,023	16,531
	40,207,232	41,536,545

22. RESEARCH AND DEVELOPMENT COSTS

	2022	2021
	SR	SR
Aquaculture Master Plan project	1,219,761	1,714,243
Research boat expenses - repairs and maintenance	1,339,862	750,061
Utilities	917,375	791,791
Sundry research projects	1,579,041	1,889,971
	5,056,039	5,146,066

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

23. MONITORING CONTROL, SURVEILLANCE AND ENFORCEMENT COSTS

	<u>2022</u>	<u>2021</u>
	SR	SR
Satellite communication costs	3,515,037	6,226,741
Patrol expense	713,077	3,238,635
	<u>4,228,114</u>	<u>9,465,376</u>

24. FISHERIES FACILITIES DEVELOPMENT

	<u>2022</u>	<u>2021</u>
	SR	SR
Fuel expenses (note (a))	55,267,263	40,175,341
Fishing boat owner association - coastal fishery development	238,103	222,967
Publication and awareness	7,400	263,267
Workshop and conferences	85,285	60,665
Seamen expenses	-	97,510
Seamen salary adjustment	(10,301,467)	12,735,186
Renovation and maintenance of fishing facilities	9,209,486	3,734,069
Utilities	12,625,770	9,725,417
Other fisheries support expense	1,469,033	634,898
Other support expense - Industrial Estates Authority	1,000,000	-
	<u>69,600,873</u>	<u>67,649,320</u>

- (a) As part of promoting artisanal fishing, the Government of Seychelles, through the Authority, subsidizes this activity through refund of tax component from the cost of fuel utilized by the fisherman.

25. CAPITAL COMMITMENTS

	<u>2022</u>	<u>2021</u>
	SR	SR
Capital Commitments		
Approved and contracted regarding work in progress	15,719,085	20,279,817
Approved but not contracted	-	-

26. CONTINGENT LIABILITIES

There were contingent liabilities of SR 612,394 as at December 31, 2022 (2021: SR. nil).

27. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustment to, or disclosure in, the financial statements.