



## OFFICE OF THE AUDITOR GENERAL

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### OPINION OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE SEYCHELLES INTERNATIONAL BUSINESS AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2010

#### Scope

I have audited the financial statements of the Seychelles International Business Authority for the year ended 31 December 2010, as set on pages 1-8, prepared under the historical cost convention.

The Board is responsible for keeping proper books of accounts, preparation of the financial statements and the information they contain. In accordance with Section 11 of the Seychelles International Business Authority Act, 1994, it is my responsibility to form an independent opinion, based on my audit, on those statements and to report to the Board.

The audit was conducted in accordance with the International Organisation of the Supreme Audit Institutions (INTOSAI) auditing standards. The audit procedures included examination, on a test basis, of evidence supporting the amounts and disclosures in the Financial Statements as well as an assessment of accounting policies and significant estimates.

The audit was planned and conducted so as to obtain all information and explanations considered necessary to provide me with sufficient evidence to give a reasonable assurance that the Financial Statements are free of material misstatement, whether caused by fraud or other irregularity or error. The overall adequacy of the presentation of information in the financial statements was also evaluated in forming my opinion.

The audit opinion has been formed on the above basis.

#### Audit Opinion

In my opinion, the financial statements fairly present the financial position of the Authority as at 31 December 2010 and the results of its operations and cash flows for the year then ended.

Marc Benstrong  
Auditor General

02 July 2013  
Victoria

**Seychelles International Business Authority**

**Balance Sheet**  
**As at 31st December 2010**

			2010		2009
	Notes	SR	SR	SR	
<b>Assets</b>					
<b>Fixed Assets</b>					
Freehold Property	2		8,737,550		8,737,550
Buildings and Others	2		30,364,196		25,930,744
Work in Progress			<u>-</u>	39,101,746	<u>111,086</u> 34,779,380
<b>Current Assets</b>					
Cash on Hand		169,152			23,071
Cash at Bank	3	54,977,928			34,285,000
Accounts Receivable	4	5,886,805			9,572,212
Staff Loans		<u>2,898,421</u>	63,932,306	<u>1,306,506</u>	45,186,789
<b>Less:</b>					
<b>Current Liabilities</b>					
Accounts Payable	5	8,305,078		7,930,919	
Dividends Payable to GOS	6	<u>-</u>		<u>3,396,100</u>	
			8,305,078		11,327,019
<b>Net Current Assets</b>			<u>55,627,228</u>		<u>33,859,770</u>
<b>Total Assets</b>			<u><u>94,728,974</u></u>		<u><u>68,639,150</u></u>
<b>Represented By</b>					
GOS Capital Fund	7		11,102,820		11,956,883
Retained Earnings/(Loss)	8		<u>73,840,873</u>	84,943,693	<u>46,860,830</u> 58,817,713
Government Contributed Assets	9		<u>8,715,700</u>		<u>8,715,700</u>
			93,659,393		67,533,413
Gratuity & Compensation Reserve	10		<u>1,069,581</u>		<u>1,105,737</u>
			<u><u>94,728,974</u></u>		<u><u>68,639,150</u></u>

  
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**Managing Director**

Date:

25<sup>th</sup> June 2013

  
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**Finance Manager**

Date:

05<sup>th</sup> June 2013

Accompanying Notes 1 - 19 form part of these accounts

**Seychelles International Business Authority**

**Income and Expenditure Statement  
For the Year Ended 31st December 2010**

		<b>2010</b>		<b>2009</b>	
<b>Income</b>		(SR)	(SR)	(SR)	(SR)
Corporate and SITZ Fees	12	77,818,549		70,133,878	
Rental Income	13	5,774,978		6,802,304	
Other Income		241,894		129,849	
Profit on sale of assets		13,300		-	
Amortisation of Capital Grant		854,063		854,063	
Exchange gain		2,698,727		735,572	
Exceptional Item		-		5,489,455	
			<u><b>87,401,511</b></u>		<u><b>84,145,121</b></u>
<b>Operating Expenses</b>					
Personal Emoluments	14	9,128,568		7,738,790	
Office Running Costs	15	12,285,353		10,054,692	
Marketing and Promotion	16	5,184,923		5,098,922	
Finance Charges	17	56,513		75,717	
Consultancy	18	1,703,019		1,327,888	
Depreciation		2,546,107		2,288,289	
Provision for doubtful debts		2,913,054	<u><b>33,817,538</b></u>	-	<u><b>26,584,298</b></u>
<b>Profit/(Loss)</b>			<u><b>53,583,974</b></u>		<u><b>57,560,823</b></u>
Dividends			<u>(26,603,931)</u>		<u>(50,659,157)</u>
<b>Net Profit/ (Loss)</b>			<u><u><b>26,980,043</b></u></u>		<u><u><b>6,901,666</b></u></u>

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**Managing Director**

**Date:**

*25<sup>th</sup> June 2013*

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**Finance Manager**

**Date:**

*25<sup>th</sup> June 2013*

Accompanying Notes 1 - 19 form part of these accounts



**Seychelles International Business Authority**

**Statement of Cash Flows**

**For The Year Ended 31st December 2010**

	2010 SR	2009 SR
<b>Cash Flows from Operating Activities</b>		
Operating Profit/(Loss)	53,583,974	57,560,823
Depreciation Expenses	2,546,107	2,288,289
Amortisation of Capital Grant	(854,063)	(854,063)
Profit on sale of assets	(13,300)	-
(Increase) /Decrease in Accounts Receivable (including staff loans)	2,093,492	7,845,545
Increase/(Decrease) in Accounts Payable	374,159	(755,706)
Increase /(Decrease) in Gratuity and Compensation Reserve	(36,156)	385,011
Inventory	-	27,124
Prior Year Adjustment	-	(2,223,992)
Work - in progress written off	274,287	(1,060)
Revaluation Reserve	-	(27,769,312)
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>57,968,500</b>	<b>36,502,659</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Assets	(2,695,445)	(776,926)
Addition to Buildings	(4,356,913)	(5,251,615)
SITZ work In Progress	(163,202)	-
Software Development	-	(62,092)
Sale of vehicle	86,100	-
<b>Net Cash Used by Investing Activities</b>	<b>(7,129,460)</b>	<b>(6,090,633)</b>
<b>Cash Flows from Financing Activities</b>		
Cash Surplus transferred to GOS as dividends	(30,000,031)	(50,659,157)
<b>Net Cash Provided/(Used) by Financing Activities</b>	<b>(30,000,031)</b>	<b>(50,659,157)</b>
Net Increase/(Decrease) in Cash	20,839,009	(20,247,131)
<b>Cash as at 01<sup>st</sup> January 2010</b>	<b>34,308,071</b>	<b>54,555,202</b>
<b>Cash as at 31st December 2010</b>	<b>55,147,080</b>	<b>34,308,071</b>

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Managing Director

Date: 25<sup>th</sup> June 2013

.....  
Finance Manager

Date: 25<sup>th</sup> June 2013

**Seychelles International Business Authority**

**Fixed Assets and Depreciation Schedule - 2010**

Fixed Assets	Cost			Depreciation			Net book Value
	01.01.10	Additions	Disposal	01.01.10	For the Year	On Disposal	
Warehouses	31,726,673	4,356,913		10,200,356	1,366,284		24,516,946
Office Block	2,550,000			1,122,000	102,000		1,326,000
Utility Block	660,462			290,598	26,418		343,446
Fencing	637,788			592,438	7,279		38,071
Plant and Machinery	373,309			347,030	3,620		22,659
Office Equipment	2,195,751	1,078,028		1,642,078	196,939		1,434,762
Computers	1,617,049	642,598		1,161,724	258,979		838,944
Software	517,317			371,346	51,279		94,692
Furniture and Fittings	2,119,815	609,346		1,586,191	243,804		899,166
Vehicles	1,545,611	247,000	(168,000)	767,582	263,527	(95,200)	688,702
Other Assets	611,246	118,474		542,934	25,978		160,808
<b>Total</b>	<b>44,555,021</b>	<b>7,052,359</b>	<b>(168,000)</b>	<b>18,624,277</b>	<b>2,546,107</b>	<b>(95,200)</b>	<b>30,364,196</b>
						<b>21,075,184</b>	

# Seychelles International Business Authority

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER 2010

### 1. Accounting Policies

Seychelles International Business Authority was established as a Statutory Body under the Seychelles International Business Authority Act 1994 (Act 27 of 1994). Unless mentioned otherwise below, the Seychelles International Business Authority has been following the historical cost method of accounting.

### 2. Fixed Assets

#### 2.1 Freehold Property

No depreciation has been charged on the value of the freehold property.

#### 2.2 Other fixed Assets and Depreciation

The assets have been stated at cost less depreciation. The movement in fixed assets and depreciation are given in the SCHEDULE (P4/8) attached. Assets are depreciated on a straight-line basis with reference to the expected useful life of the assets concerned.

Depreciation is computed from the month after receipt of goods using the following principal annual rates. No depreciation is provided for in the month of disposal.

Building	4%
Office Structures / Improvement	10%
Plant and Machinery	10%
Fencing	10%
Office Equipment / Appliances	20%
Computers	25%
Furniture / Fixtures	20%
Vehicles	20%
Software	25%
Other Assets	25%

#### 2.3 Investment Property

Investment property has been included in the accounts at cost and apportioned on the basis of the total floor area leased out in proportion to the total floor area of all SIBA buildings. As at 31.12.2010, the net book value of Investment property is at SR21,587,880.25 which represents approximately 82% of the total net book value of cost of buildings.

### 3. Cash at Bank

	2010 (SR)	2009 (SR)
Seychelles Rupee Account Balance	2,515,444	10,203,969
US Dollar Account Balance	51,327,460	23,252,461
Euro Account Balance	1,135,024	828,570
<b>Total</b>	<b><u>54,977,928</u></b>	<b><u>34,285,000</u></b>



#### 4. Accounts Receivable

	2010 (SR)	2009 (SR)
Advance to Supplier	207,161	928,834
IBC & SITZ Fees Receivable	3,837,046	2,906,245
Other Receivables	4,755,652	5,737,133
Provision for Doubtful Debts	(2,913,054)	-
<b>Total</b>	<b><u>5,886,805</u></b>	<b><u>9,572,212</u></b>

#### 5. Accounts Payable

These represent liabilities incurred during the course of the year for purchases, services and other obligations which are payable within a year.

IBC & SITZ Fees paid in advance:		
Advance from Customers	4,209,187	2,973,071
ITZ Rent Deposit	825,317	651,320
Corporate Tax	1,152,907	1,355,678
Others	2,117,667	2,950,850
<b>Total</b>	<b><u>8,305,078</u></b>	<b><u>7,930,919</u></b>

#### 6. Dividends Paid to Government of Seychelles

In accordance with Section 9 (4) of the Seychelles International Business Authority Act, 1994, the Board approved for payment of **SR26,603,931** as dividend to the Government of Seychelles. In addition a sum of **SR3,396,100** outstanding for the year 2009 was paid in the current year.

#### 7. Capital Fund

Capital Funds received from Government was treated as capital grant and transferred to income over the expected useful life of the asset to which they relate. As at 31.12.2010, a sum of **SR854,063** was provided as amortisation of grant.

#### 8. Retained Earnings

The movement in Retained Earnings is shown below:

Retained earnings as at 1.1.2010	46,860,830	42,183,156
Profit for the year	53,583,974	57,560,823
Dividend Paid	(26,603,931)	(50,659,157)
Net (Loss)/Profit for the Year	26,980,043	6,901,666
Less/Add:		
Prior Period Adjustment	-	(2,223,992)
<b>Retained earnings as at 31.12.2010</b>	<b><u>73,840,873</u></b>	<b><u>46,860,830</u></b>

#### 9. Government Contributed Assets

This represents the value of the land transferred to the Seychelles International Business Authority by the Government of Seychelles.

## 10. Gratuity and Compensation

Gratuity and Compensation for past years service has been calculated in accordance with Ministry of Administration & Manpower, Circular 9A of 1993 and 15 % of gross salary in the case of PSC and internal contract employees. The provision as at 31.12.2010 in this respect amounted to **SCR.1,069,581**.

## 11. Foreign Currency Transactions

The foreign currency transactions are accounted for at the rates of exchange prevalent on the date of the transactions. End of period balances are recognised in the accounts at the CBS mid-rate of **R12.1443 to 1 US. Dollar** and **R16.1584 to 1 Euro**, as at end of 31<sup>st</sup> December 2010.

## 12. Income

Revenue from IBC Registration and Allied Services consists of the following:	2010 (SR)	2009 (SR)
IBC Registration Fees	17,658,970	16,427,090
IBC Annual Licence Fees	39,944,440	38,374,031
Other Licence Fees	4,923,350	3,784,900
Funds and Securities Fees	108,907	-
Other Services Fees	<u>15,182,882</u>	<u>11,547,857</u>
<b>Total</b>	<b><u>77,818,549</u></b>	<b><u>70,133,878</u></b>

## 13. Rental Income

Rental Income from Investment Property	5,221,603	6,099,194
Outdoor Space rental	<u>553,375</u>	<u>703,110</u>
<b>Total</b>	<b><u>5,774,978</u></b>	<b><u>6,802,304</u></b>

## 14. Personnel Emoluments

Payroll expenses	6,948,405	5,769,050
Employer Pension contribution	28,050	32,500
Honorarium-Board Members	252,873	269,900
- SITZ Employment Council	72,529	48,038
Employer Social Security Contribution	631,851	1,040,932
Income & Non-Monetary Benefits tax	651,492	-
Gratuity Payment/compensation	<u>543,368</u>	<u>578,370</u>
<b>Total</b>	<b><u>9,128,568</u></b>	<b><u>7,738,790</u></b>

## 15. Office Running Costs

Administration Costs	3,802,568	2,626,834
Communication Costs	1,312,560	1,256,394
Transport & Travelling Costs	815,002	843,660
Maintenance & Repairs	2,091,646	832,371
Staff Training	2,769,926	3,585,443
General Expenses	<u>1,493,651</u>	<u>909,990</u>
<b>Total</b>	<b><u>12,285,353</u></b>	<b><u>10,054,692</u></b>



## 16. Marketing and Promotion Costs

	2010 (SR)	2009 (SR)
Promotional Materials	31,006	259,695
Educational Promotion	3,075,577	3,078,153
Advertisement	1,646,522	1,476,438
DTA Negotiation Costs	<u>431,818</u>	<u>284,636</u>
<b>Total</b>	<b><u>5,184,923</u></b>	<b><u>5,098,922</u></b>

## 17. Finance Charges

Bank Charges	<u>56,513</u>	<u>75,717</u>
<b>Total</b>	<b><u>56,513</u></b>	<b><u>75,717</u></b>

## 18. Consultancy Cost

The consultancy cost comprises the following:

Local Legal Fee	112,315	50,000
Professional Fees	746,292	556,511
Others	<u>844,412</u>	<u>721,377</u>
<b>Total</b>	<b><u>1,703,019</u></b>	<b><u>1,327,888</u></b>

## 19. Members' Honorarium

The Members of the Board were paid honorarium amounting to a total of **SR252,873** during the year in accordance with Section 9(2) of the Seychelles International Business Authority Act, 1994. The Managing Director's salary of was **SR288,000** per annum. In addition, the gross sum of **SR43,200** was paid as Board Member's honorarium to the Managing Director.