

SEYCHELLES CIVIL AVIATION AUTHORITY

Audited
Financial
Statement
2017

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The Board of Directors present their report together with the Auditor's Report and the Audited Financial Statements of the Seychelles Civil Aviation Authority (hereafter called the "Authority") for the year ended 31st December 2017.

Principal Activities of the Authority

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

Results for the Year

	<i>31st December 2017</i>	<i>31st December 2016</i>
	SCR	SCR
Operating Income	457,869,861	391,534,868
Operating Expenses	(278,482,342)	(252,894,269)
Profit before taxation	179,387,519	138,640,599
Taxation	(53,766,256)	(41,524,180)
Profit for the Year	125,621,263	97,098,419
Dividends	(53,200,000)	(43,200,000)
Retained Profit at end of Period	72,421,263	53,898,419

Fixed Assets

Additions to property and equipment totalling to SCR20.65 million for the year under review comprise mainly Domestic Terminal Checking Desks and Baggage screening, New Airport seats, Fire Service Building improvement works and purchase of utility vehicles,

The Directors are of the opinion that the market or saleable value of the fixed assets at 31st December 2017 does not differ substantially from the amounts at which they are included in the accounts at that date.

Reserves

The current year's retained profit of SCR72,421,263 together with opening retained earnings totalling to SCR368,310,073 makes a total of SCR440,731,336 in the Authority's reserves.

Dividend

The Directors recommend the payment of dividend of SCR53,200,000.

Directors

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

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

Statement of Board of Director's Responsibilities

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

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

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

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

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

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

Auditors

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

Approved



Captain David Savy



Amelie Nourrice




Anne Lafortune



Nadine Potter



Vincent Amelie



Cindy Vidot

Date: 26/3/2018

Victoria, Seychelles



REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF SEYCHELLES CIVIL AVIATION AUTHORITY

Scope

I have audited the financial statements of the Seychelles Civil Aviation Authority for the year ended 31 December 2017 as set out on pages 5 – 15.

Responsibility of the Board of Directors of the Authority for the Financial Statements

The Board of Directors of the Authority is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in Seychelles and in compliance with the requirements of the Seychelles Civil Aviation Authority Act, 2005 and the Public Enterprise Monitoring Act, 2009 and for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Auditor General

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

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

Seychelles Civil Aviation Authority
AUDITORS REPORT
FOR THE YEAR ENDED 31st DECEMBER 2017



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Audit Opinion

In my opinion:

- the financial statements on pages 5 – 15 give a true and fair view of the financial position of the Authority as at 31 December 2017 and the results of its financial operations and cash flows for the year then ended;
- proper accounting records have been kept by the Authority as far as it appears from my examination of those records; and
- I have obtained the information necessary for the purpose of the audit and am satisfied with the information received.

Gamini Herath
AUDITOR GENERAL

29 March 2018
Victoria



Seychelles Civil Aviation Authority
STATEMENT OF FINANCIAL POSITION
AS AT 31st DECEMBER 2017



		2017	2016
	Notes	SCR	SCR
Assets			
Non-current Assets			
Property, Plant & Equipment	8	316,742,820	333,228,884
Capital Work in Progress	9	90,324,427	78,080,342
Long Term Deposit		<u>25,000,000</u>	<u>-</u>
		432,067,247	411,309,226
Current Assets			
Trade Debtors	10	100,464,375	94,459,320
Other Debtors & Prepayments	11	4,370,543	19,053,563
Staff Loans	12	7,971,087	5,728,938
Cash and Bank Balances	14	<u>149,628,621</u>	<u>89,656,257</u>
		262,434,626	208,898,078
Less:			
Current Liabilities			
Trade Creditors		20,168,940	24,403,610
Other Creditors & Accruals		6,461,344	7,271,180
Provision for Terminal Benefits		12,151,846	7,652,390
Provisional Tax	13	18,449,293	6,990,961
Loan Due within a year		<u>-</u>	<u>6,030,303</u>
		57,231,423	52,348,444
Net Current Assets		205,203,203	156,549,634
Total Assets		<u>637,270,450</u>	<u>567,858,860</u>
Long Term Liabilities			
Loan Accounts	18	11,631,151	14,640,824
Represented By			
Government Capital Reserve		184,907,963	184,907,963
Retained Earnings	15	<u>440,731,336</u>	<u>368,310,073</u>
		<u>637,270,450</u>	<u>567,858,860</u>

The notes set out on pages 8-15 form an integral part of these Financial Statements

Chief Executive Officer
28/03/2017

Financial Controller

Seychelles Civil Aviation Authority
INCOME STATEMENT
FOR THE YEAR ENDED 31st DECEMBER 2017



	Notes	2017 SCR	2016 SCR
Income			
Aeronautical Revenue	4(a)	407,345,013	352,859,154
Non-Aeronautical Revenue	4(b)	41,403,231	34,408,080
Other Operating Income	4(c)	4,809,044	3,865,953
Exchange Gain/(Loss)		4,044,210	351,431
Profit on Disposal		<u>268,363</u>	<u>50,250</u>
Net Income		457,869,861	391,534,868
Operating Expenses			
Staff Costs	5	149,515,419	119,766,706
Repairs and Maintenance		22,735,360	24,079,306
Other Operating Expenses	7	66,557,161	74,953,082
Bad & Doubtful Debts		1,228,479	6,783
Finance Costs		59,286	1,490,434
Prior Adjustments		1,252,712	-
Depreciation	8	<u>37,133,925</u>	<u>32,597,958</u>
		278,482,342	252,894,269
Profit before Tax		179,387,519	138,640,599
Business Tax	13	<u>(53,766,256)</u>	<u>(41,542,180)</u>
Net Profit After Tax		125,621,263	97,098,419
Distribution to Government	16	<u>(53,200,000)</u>	<u>(43,200,000)</u>
Retained Profit for the year		72,421,263	53,898,419

The notes set out on pages 8-15 form an integral part of these Financial Statement

Seychelles Civil Aviation Authority
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st DECEMBER 2017



	2017		2016
	SCR		SCR
Cash Flows from Operating Activities			
Profit Before Tax	179,387,519		138,640,599
Depreciation Expenses	37,133,925		32,597,958
Interest Receivable/Payable	(1,672,601)		394,948
Loss/(Profit) on Disposal	(268,363)		(50,250)
Bad & Doubtful Debts	2,905		6,783
Exchange Losses/(Gains) on Year End Transactions	(1,997,788)	212,585,597	1,023,064
			172,613,102
Provisional Tax Paid	(42,307,924)		(34,544,719)
Refund of Business tax		(42,307,924)	8,679,496
			(25,865,223)
Movements in Working Capital			
(Increase) /Decrease in Accounts Receivable (including Staff Loans)	8,169,545		(14,648,429)
Increase/(Decrease) in Accounts Payable	(5,044,506)		18,486,150
Increase/(Decrease) in Terminal Benefits	4,499,456	7,624,495	(1,723,578)
			2,114,143
Cash Flows from Investing Activities			
Purchase of Assets & WIP	(29,991,500)		(83,798,330)
Sale of Assets	270,950	(29,720,550)	55,000
			(83,743,330)
Cash Flows from Financing Activities			
Long Term Deposit	(25,000,000)		
Loan Receipt	9,084,296		14,969,328
Loan Repayment	(19,093,550)		(18,356,562)
Dividend Paid	(53,200,000)	(88,209,254)	(43,200,000)
			(46,587,234)
Net Increase/(Decrease) in Cash		59,972,364	18,531,458
Cash as at 1 st January 2017		89,656,257	71,124,799
Cash as at 31st December 2017		149,628,621	89,656,257

The notes set out on pages 8 -15 form an integral part of these Financial Statements

1 CORPORATE INFORMATION

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

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

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

2 BASIS OF PREPARATION

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Property, Plant and Equipment and Depreciation

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

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

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

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

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

The annual rates of depreciation are as follows:

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

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

(b) Foreign Currency

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

(c) Taxation

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

(d) Cash and Bank Balances

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

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

(e) Provisions

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

(f) Going Concern

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

	2017	2016
	SCR	SCR
4 INCOME		
(a) Aeronautical Revenue		
Landing fees (International/Domestic)	32,353,133	27,989,586
Licences and Registration	843,800	804,711
Passenger Service Fees (International /Domestic)	254,091,238	214,939,846
Air Navigation Charges	125,590,591	113,979,324
IATA Charges	<u>(5,533,749)</u>	<u>(4,854,313)</u>
	<u>407,345,013</u>	<u>352,859,154</u>
(b) Non Aeronautical Revenue		
Other Airport Charges	1,643,314	927,352
Concession Fees	24,189,478	18,700,620
Fuel Throughput Charges	4,560,334	3,637,613
Rent Airport Buildings	<u>11,010,105</u>	<u>11,142,495</u>
	<u>41,403,231</u>	<u>34,408,080</u>
(c) Other Income		
Interest Received	3,736,044	3,740,684
Miscellaneous	<u>1,073,000</u>	<u>125,269</u>
	<u>4,809,044</u>	<u>3,865,953</u>
5 STAFF COSTS		
Payroll Expenses	104,336,794	82,322,835
Pension Contribution	2,137,967	1,923,393
Income Taxes	13,162,725	12,323,341
Compensation & Gratuity	19,567,544	22,387,182
Other Staff Benefits	9,964,549	464,115
Directors & Secretary's Fees (see Note 6)	<u>345,840</u>	<u>345,840</u>
	<u>149,515,419</u>	<u>111,766,706</u>

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

	2017	2016
	SCR	SCR
6 DIRECTORS FEES & EXECUTIVE EMOLUMENTS		
Directors		
D. Savy (appointed September '11)	77,640	77,640
W. Agricole (appointed November 2010)	16,468	49,404
M. Murray (appointed September '11)	49,404	49,404
A. Lafortune (appointed Feb'14)	49,404	49,404
D. Thesee (appointed Feb'14)	16,468	49,404
A. Nourice (appointed Nov'15)	49,404	49,404
V. Amelie (appointed May'17)	32,936	-
N. Potter (appointed May'17)	32,936	-
Secretary fees	<u>21,180</u>	<u>21,180</u>
	<u>345,840</u>	<u>345,840</u>
Senior Executive Emoluments		
Chief Executive Officer	923,520	859,740
Other Senior Management	4,902,177	5,491,926
7 OTHER OPERATING EXPENSES		
Administration Costs	30,006,306	32,660,284
Communication Costs	7,243,223	8,323,211
Transportation Costs	3,085,915	4,413,612
Staff Training	11,283,158	8,563,076
Other General Expenses	<u>14,938,559</u>	<u>20,992,899</u>
	<u>66,557,161</u>	<u>74,953,082</u>
After charging:		
Audit Fees	100,000	100,000

8 PROPERTY, PLANT AND EQUIPMENT

	Land SCR	Building & Infrastructure SCR	Plant & Machinery SCR	Furniture, Fittings & SCR	Motor Vehicles SCR	Computer – Hardware & SCR	Other Assets SCR	Total SCR
Costs								
As at 1 January 2016	1,558,050	360,025,913	70,719,161	16,289,598	44,882,634	68,105,722	26,153,187	587,734,265
Additions during the year		28,781,414	2,546,491	1,789,293	12,415,006	1,535,901	301,523	47,369,628
Disposals during the year			(38,000)		(100,095)			(138,095)
As at 31 December 2016	1,558,050	388,807,327	73,227,652	18,078,891	57,197,545	69,641,623	26,454,710	634,965,798
Additions during the year		4,969,140	6,494,775	3,182,795	2,673,703	2,981,900	348,135	20,650,448
Disposals during the year					(2,030,921)	-15521.76		(2,046,443)
As at 31 December 2017	1,558,050	393,776,467	79,722,427	21,261,686	57,840,327	72,608,001	26,802,845	653,569,803
Accumulated Depreciation								
As at 1 January 2016		108,734,958	36,884,396	13,556,835	28,551,824	57,930,446	23,613,842	269,272,301
Depreciation for the year		14,401,037	5,951,970	1,150,863	4,806,889	5,878,840	408,359	32,597,958
Disposals Depreciation			-33,250		(100,095)			(133,345)
As at 31 December 2016		123,135,995	42,803,116	14,707,698	33,258,618	63,809,286	24,022,201	301,736,914
Depreciation for the year		15,552,293	6,505,145	1,355,600	7,915,865	4,171,371	1,633,651	37,133,925
Disposals Depreciation					(2,030,921)	(12,935)		(2,043,856)
As at 31 December 2017		138,688,288	49,308,261	16,063,298	39,143,562	67,967,722	25,655,852	336,826,983
Net Book Value								
As at 31 December 2016	1,558,050	265,671,332	30,424,536	3,371,193	23,938,927	5,832,337	2,432,509	333,228,884
As at 31 December 2017	1,558,050	255,088,179	30,414,166	5,198,388	18,696,765	4,640,279	1,146,993	316,742,820

	2017 SCR	2016 SCR
9 CAPITAL WORK IN PROGRESS		
Work in Progress brought forward	78,080,342	41,651,640
Expenditure incurred during the year	20,562,321	66,459,489
Transferred to Fixed Assets	(8,318,236)	(28,781,414)
Transferred to Expenditure	<u>-</u>	<u>(1,249,373)</u>
	<u>90,324,427</u>	<u>78,080,342</u>
10 TRADE DEBTORS		
Trade Debtors	99,697,023	93,753,096
Debtors' Exchange Rate Revaluation	853,742	789,710
Bad Debts Provisions	<u>(86,390)</u>	<u>(83,486)</u>
	<u>100,464,375</u>	<u>94,459,320</u>
11 OTHER DEBTORS AND PREPAYMENTS		
Prepayment	1,095,559	1,248,304
Treasury Account	526,866	104,980
Interest Receivables	1,672,601	1,165,547
VAT Liability	77,170	16,334,985
Other Debtors	<u>998,347</u>	<u>199,747</u>
	<u>4,370,543</u>	<u>19,053,563</u>
12 STAFF LOANS		
Vehicle Loans	7,654,697	5,525,511
General Purpose Loans	34,716	35,373
Other Loans	<u>281,674</u>	<u>168,054</u>
	<u>7,971,087</u>	<u>5,728,938</u>
13 TAXATION		
Tax Liability/Credit brought forward	6,990,961	(8,685,996)
Late Lodgement Penalty	-	6,500
Payment of Business Tax	(7,000,000)	-
Refund of business tax	<u>-</u>	<u>8,679,496</u>
Tax Credit carried forward	(9,039)	-
<i>Charge for current year:</i>		
Provision for business tax based on profit for the period	53,766,256	41,542,180
Provisional Tax Paid	<u>(35,307,924)</u>	<u>(34,551,219)</u>
	<u>18,449,293</u>	<u>6,990,961</u>

	2017 SCR	2016 SCR
14 CASH AND BANK BALANCES		
Cash on hand	159,098	140,656
Seychelles Rupee A/c Balance	14,971,616	14,507,513
Euro A/c Balance	2,272,304	690,129
US\$ Dollar A/c Balance	77,009,407	21,648,963
Short-Term Security Deposit	<u>55,216,196</u>	<u>52,668,996</u>
	<u>149,628,621</u>	<u>89,656,257</u>

15 RETAINED EARNINGS

Balance brought forward as at 1st Jan	368,310,073	314,411,654
Profit during the year	125,621,263	97,098,419
Less: Distribution to Government (Note 16)	<u>(53,200,000)</u>	<u>(43,200,000)</u>
Retained earnings for the year	<u>440,731,336</u>	<u>368,310,073</u>

16 DISTRIBUTION TO GOVERNMENT

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

17 FINANCIAL RISK MANAGEMENT

(a) Currency risk

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

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

	Asset SCR	Liabilities SCR
US Dollar	150,361,938	11,833,427
Euro	5,893,597	26,112
Pound Sterling	64,470	-
Seychelles Rupees	<u>106,114,619</u>	<u>56,945,580</u>
Total	<u>262,434,624</u>	<u>68,805,119</u>

(b) Liquidity Risk

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

(c) Credit Risk

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

(d) Fair Value

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

18 NOUVOBANQ LOAN

	2017 SCR	2016 SCR
Balance as at 1st January	20,671,127	22,517,799
Amounts drawn down	9,084,296	14,969,328
Repayments	(19,093,550)	(18,356,562)
Exchange rate adjustment at year end	<u>969,278</u>	<u>1,540,562</u>
Balance as at 31st December	<u>11,631,151</u>	<u>20,671,127</u>

US\$6.5 million loan to fund the construction of the Domestic Terminal and purchase of essential airport equipment has been taken from Nouvobanq. The loan is being serviced by the Seychelles Civil Aviation Authority. As at 31st December 2017 the loan balance is US\$837,412 and US\$2.24 million remained to be withdrawn.