SEYCHELLES CONSERVATION AND CLIMATE ADAPTATION TRUST

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

SEYCHELLES CONSERVATION AND CLIMATE ADAPTATION TRUST

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TRUST INFORMATION

BOARD OF DIRECTORS	:	Minister Wallace Cosgrow - Chairman Minister Maurice Loustau-Lalanne - Vice Chairman & *Ex-Officio* Director Principal Secretary Jude Talma Mr. Robert Weary - Treasurer & *Ex-Officio* Director Mr. Michel Pierre - Secretary Mr. Oliver Bastienne Mr. Amit Wasserberg Mr. Glenny Savy Mr. Beatty Hoarau (Newly appointed on October 29, 2019)
SECRETARY	:	Mr. Michel Pierre Mahé, Seychelles
REGISTERED OFFICE	:	Room 109, Oceangate House Flamboyant Avenue Mahé, Seychelles
PRINCIPAL PLACE OF BUSINESS	:	Mahé, Seychelles
AUDITORS	:	SKS Chartered Accountants Providence, Oceanic Motors Building Second Floor, Room No. F2-1 Mahé, Seychelles

The Board of Directors is pleased to submit its report together with the audited financial statements of the Trust for the year ended December 31, 2019.

THE TRUST

The Seychelles Conservation and Climate Adaptation Trust was established by an enactment of the Conservation And Climate Adaptation Trust Of Seychelles Act, 2015, (SEYCCAT), which came into force effective November 16, 2015. The special purpose is to refinance the financial obligation of the Government of Seychelles to Paris Club creditors and to design and secure other innovative financial instruments to support conservation and climate adaptation in Seychelles.

PRINCIPAL ACTIVITIES

(a) Develop and administer the Endowment Fund, the Revolving Fund and the Additional Endowment Fund, and any other sources of funding;
(b) Administer the assets of the Trust, intended to provide a sustainable flow of funds which supplements existing and future funds from any sources to enable the Trust to support the long-term management and expansion of the Seychelles system of protected areas and other activities which contribute substantially to the conservation, protection and maintenance of biodiversity and the adaptation to the climate change as identified through consultations with stakeholders; and
(c) Perform exclusively for charitable, educational and scientific purposes for the benefit of the public in accordance with this SEYCCAT Act.

COMPOSITION OF THE BOARD

The Directors of the Trust since the date of last report and the date of this report are:

Ministry responsible for Environment - Minister Wallace Cosgrow - Chairman
Ministry responsible for Finance - Minister Maurice Loustau-Lalanne - Vice Chairman & *Ex-Officio* Director
Principal Secretary for Fisheries - Jude Talma
The Nature Conservancy - Mr. Robert Weary - Treasurer & *Ex-Officio* Director
Citizens Engagement Platform Seychelles - Mr. Michel Pierre - Secretary
Seychelles Chamber of Commerce and Industry - Mr. Oliver Bastienne
Seychelles Tourism and Hospitality Association - Mr. Amit Wasserberg
Islands Development Company - Mr. Glenny Savy
Fishing Boat Owners Association - Mr. Beatty Hoarau

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Directors are responsible for the overall management of the affairs of the Trust including the operations of the Trust and making investment decisions.

The Board of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with Conservation And Climate Adaptation Trust Of Seychelles Act, 2015 (SEYCCAT ACT). 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; and making accounting estimates that are reasonable in the circumstances. The Directors have the general responsibility of safeguarding the assets, both owned by the Trust and those that are held in trust and used by the Trust.

The Board of the Trust is of the opinion that the Trust does not need to capitalise fixed assets and the Board also assumes the responsibility for not maintaining a proper fixed asset register.

The Directors consider they have met their aforesaid responsibilities.

AUDITORS

The retiring auditors, Messrs. SKS Chartered Accountants, being eligible offer themselves for re-appointment.

BOARD APPROVAL

Wallace Cosgrow
Chairman

Maurice Loustau-Lalanne
Vice Chairman

Jude Talma
Director

Robert Weary

Robert Weary
Director

Michel Pierre
Director

Oliver Bastienne
Director

Amit Wasserberg
Director

Glenny Savy
Director

Beatty Hoarau
Director

Date: 30-06-20

Victoria, Mahé, Seychelles

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CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of Seychelles Conservation and Climate Adaptation Trust (hereafter referred to as the "Trust"), 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 Trust's members those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust or the Trust's 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

We have audited the financial statements of Seychelles Conservation and Climate Adaptation Trust set out on pages 4 to 24 which comprise the Statement of Financial Position as at December 31, 2019, the Statement of Surplus or Deficit and Other Comprehensive Income and the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the financial statements on pages 4 to 24 give a true and fair view of the financial position of the Trust as at December 31, 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Conservation And Climate Adaptation Trust Of Seychelles Act, 2015.

Basis for Opinion

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

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SEYCHELLES CONSERVATION AND CLIMATE ADAPTATION TRUST

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

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

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the Conservation And Climate Adaptation Trust Of Seychelles Act, 2015, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust'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 Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

CHARTERED ACCOUNTANTS

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Report on Other Legal Regulatory Requirements

Conservation and Climate Adaptation Trust Of Seychelles Act, 2015.

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

We have obtained all information and explanations we have required.

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

SKS
Chartered Accountants

SKS CHARTERED ACCOUNTANTS REGISTERED AUDITORS

SKS CHARTERED ACCOUNTS

Dated: 30-06-20

Mahé, Seychelles

SEYCHELLES CONSERVATION AND CLIMATE ADAPTATION TRUST

STATEMENT OF FINANCIAL POSITION - AS AT DECEMBER 31, 2019

	Notes	2019 USD	2018 USD
ASSETS			
Non-current asset			
Loans receivable	5	14,214,274	15,948,383
Investments at amortised cost	6	21,651	21,722
		14,235,925	15,970,105
Current assets			
Loans receivable	5	1,734,108	1,683,232
Cash and cash equivalents	7	1,973,502	834,115
Other receivables		1,756	7,514
Interest receivable		166,128	183,661
		3,875,494	2,708,522
Total assets		18,111,419	18,678,627
MEMBERS' FUND AND LIABILITIES			
Members' fund			
Accumulated fund	8	2,047,135	918,655
Non-current liabilities			
Borrowing	9	8,908,296	10,376,937
Deferred grants	10	5,305,978	5,571,387
		14,214,274	15,948,324
Current liabilities			
Borrowing	9	1,468,701	1,425,672
Deferred grants	10	265,407	257,620
Other payables	11	115,902	128,356
		1,850,010	1,811,648
Total liabilities		16,064,284	17,759,972
Total member' fund and liabilities		18,111,419	18,678,627

These financial statements have been approved for issue by the Board of Directors on 30-06-20

The notes on pages 7 to 24 form an integral part of these financial statements
Auditors' report on page 3 and 3(c).

STATEMENT OF FINANCIAL POSITION - AS AT DECEMBER 31, 2019

Wallace Cosgrow **Chairman**	Maurice Loustau-Lalanne **Vice Chairman**	Jude Talma **Director**
Robert Weary Robert Weary **Director**	Michel Pierre **Director**	Oliver Bastienne **Director**
Amit Wasserberg **Director**	Glenny Savy **Director**	Beatty Hoarau **Director**

Date: 30-06-20

Victoria, Mahé, Seychelles

The notes on pages 7 to 24 form an integral part of these financial statements
Auditors' report on page 3 and 3(c).

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

	Notes	2019	2018
		USD	USD
Interest income	2.1(d)(i) & 12	**501,689**	553,866
Interest expense		**(328,616)**	(370,877)
Net interest income		**173,073**	182,989
Other income - grant released	2.1(b) & 10(b)	**257,622**	250,061
Blue bonds		**1,000,000**	-
Grants and donations	2.1(d)(ii) & 13	**353,622**	264,226
Miscellaneous income		**25,020**	1,336
Operating expenses	14	**(685,820)**	(459,772)
Surplus before effect of foreign exchange		**1,123,517**	238,840
Foreign exchange (loss)/gain		**4,963**	(9,148)
Surplus and total comprehensive income for the year	15	**1,128,480**	229,692

The notes on pages 7 to 24 form an integral part of these financial statements
Auditors' report on page 3 and 3(c).

STATEMENT OF CASH FLOWS - AS AT DECEMBER 31, 2019

	Notes	2019	2018
		USD	USD
OPERATING ACTIVITIES			
Surplus and total comprehensive income for the year		**1,128,480**	229,692
Adjustments for			
- Shortfall in refund of loan		**-**	-
- Foreign exchange loss/(gain) on cash balances		**(5,981)**	7,303
- Foreign exchange loss/(gain) on investment	6	**71**	494
- Grant income released	10(b)	**(257,622)**	(250,061)
- Interest income		**(501,689)**	(553,866)
- Interest expense		**328,616**	370,877
		691,875	(195,561)
Changes in working capital:			
- Decrease/(Increase) in other receivables		**5,758**	(5,330)
- Decrease in other payables and accruals		**(12,454)**	(18,150)
- Increase in restricted bank balance	7(b)	**(150,700)**	(154,608)
Net cash outflow from operating activities		**(157,396)**	(178,088)
INVESTING ACTIVITY			
Investments in bonds and **net cash outflow from investing activity**	6	**-**	-
FINANCING ACTIVITIES			
Refund of loan granted	5(a)	**1,683,233**	1,633,849
Loan shortfall refunded	5(a)	**-**	6,022
Interest received		**517,703**	570,886
Repayment of borrowings	9(b)	**(1,425,612)**	(1,383,787)
Interest paid		**(328,616)**	(370,877)
Net cash inflow from financing activities		**446,708**	456,093
Net change in cash and cash equivalents		**981,187**	82,444
Movement in cash and cash equivalents			
At the beginning of the year		**475,237**	400,096
Change during the year		**981,187**	82,444
Effect of foreign exchange		**5,981**	(7,303)
At December 31,	7	**1,462,405**	475,237

The notes on pages 7 to 24 form an integral part of these financial statements
Auditors' report on page 3 and 3(c).

1. GENERAL

The Seychelles Conservation And Climate Adaptation Trust is a Trust established by Government under the Conservation And Climate Adaptation Trust Of Seychelles Act, 2015. It is domiciled in the Republic of Seychelles with its registered office located at Room 109, Oceangate house, Flamboyant Avenue, Victoria, Mahe P.O. Box 310, Victoria, Mahe, Seychelles.

The principal activities of the Trust are detailed on page 2.

These financial statements will be submitted for consideration and approval at the forthcoming Board Meeting of the Trust.

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

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the Conservation and Climate Adaptation Trust Of Seychelles Act, 2015.

The Financial statements of the Trust have been prepared on a historical cost basis, except as disclosed in the accounting policies:

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Trust’s management to exercise judgment in applying the Trust’s accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in Note 4.

2. BASIS OF PREPARATION (CONT'D)

(a) Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 16 Leases
IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. *This has no impact on the Trust's financial statements.*

IFRIC 23 Uncertainty over Income Tax Treatments
The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:
- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

This has no impact on the Trust's financial statements.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)
Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. *This has no impact on the Trust's financial statements.*

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
Clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. *This has no impact on the Trust's financial statements.*

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
The amendments in Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) are:
- If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
- In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

This has no impact on the Trust's financial statements.

2. BASIS OF PREPARATION (CONT'D)

(b) Annual Improvements to IFRS Standards 2015–2017 Cycle

IFRS 3 Business Combinations *- Previously held Interests in a joint operation*
- The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value.
- In doing so, the acquirer remeasures its entire previously held interest in the joint operation.
- An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted. *This has no impact on the Trust's financial statements.*

IFRS 11 Joint Arrangements *- Previously held Interests in a joint operation*
- A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.
- An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted. *This has no impact on the Trust's financial statements.*

IAS 12 Income Taxes *- Income tax consequences of payments on financial instruments classified as equity*
- The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.
- An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. *This has no impact on the Trust's financial statements.*

IAS 23 Borrowing Costs *- Borrowing costs eligible for capitalisation*
- The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.
- An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments.
- An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. *This has no impact on the Trust's financial statements.*

2. BASIS OF PREPARATION (CONT'D)

(c) Standards, Amendments to published Standards and Interpretations issued but not yet effective

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

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

Definition of a Business – Amendments to IFRS 3
The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7
The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

Definition of Material – Amendments to IAS 1 and IAS 8
The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

2. BASIS OF PREPARATION (CONT'D)

(c) Standards, Amendments to published Standards and Interpretations issued but not yet effective (Cont'd)

The Conceptual Framework for Financial Reporting

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

Where relevant, the Trust is still evaluating the effect of these Standards, Amendments to Published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

2.1 SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Surplus or Deficit.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) *Classification of financial assets*

Financial instruments held by the Trust that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These includes long term loans receivables, cash and bank balance and other receivables.

(ii) *Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial instrument, or, where appropriate, a shorter period, to the gross carrying amount of the financial instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the financial instrument on initial recognition.

2.1 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial instruments (Cont'd)

(ii) *Amortised cost and effective interest method (Cont'd)*

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

Interest income is recognised using the effective interest method for financial instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired. For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in the Statement of Surplus or Deficit.

(iii) *Impairment of financial assets*

The Trust recognises a loss allowance for Expected Credit Losses (ECL) on investments in financial instruments that are measured at amortised cost as well as on financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all material financial instruments, the Trust recognises lifetime ECL when there has been a significant in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Trust measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

ECL upon implementation of IFRS 9 in 2018 and for the current year was deemed immaterial.

2.1 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial instruments (Cont'd)

(iv) ***Cash and cash equivalents***

Cash comprises cash in hand, at bank 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 changes in value, against which the bank overdrafts, if any are deducted.

(v) ***Borrowings***

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least twelve months after the date of the reporting period.

(vi) ***Other Payables***

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

(vii) ***Offsetting***

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

(b) Grant

Deferred grants related to amount received from the Nature Conservancy to part finance loan repayment by the Government of Seychelles. The grant is recognised only when there is reasonable assurance that the Trust will comply with any conditions attached to the grant and the grant is receivable.

The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

2.1 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currencies

(i) ***Functional and presentation currency***

Items included In the financial statements are measured using USD, the currency of the primary economic environment in which the Trust operates (“functional currency”). The financial statements are presented in USD which is the Trust’s functional and presentation currency.

(ii) ***Transactions and balances***

Foreign currency transactions are translated in the functional currency using the exchange rates approximating those ruling on the transaction dates (average rate used by the Trust). Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in a currency other than the presentation currency, are recognised in Statement of Surplus or Deficit. Such monetary assets and liabilities are translated into presentation currency using the exchange rates ruling on the date of the Statement of Financial Position.

Non-monetary assets which are denominated in a currency other than the presentation currency are translated at exchange rates prevailing at the date these assets were recognised in the Financial Statements.

(d) Revenue recognition

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

(i) ***Interest income and expenses***

Interest income and expense are recognised in the Statement of Surplus or Deficit for all interest-bearing instruments on an accrual basis using the effective yield method based. (Refer to 2.1a(ii))

(ii) ***Grants and donations***

Grants and donations are recognised on a receipt basis.

2.1 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation 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.

(f) Business tax

According to Conservation And Climate Adaption Trust Of Seychelles Act, 2015, paragraph 28(1) the Trust shall, notwithstanding any other written law, be exempt from the payment of the business tax.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Trust's activity exposes it to a variety of financial risks, Including: credit risk, currency risk, liquidity risk and interest rate risk. The Trust's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effect of the Trust's financial performance.

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

(a) Credit risk

Credit risk refers to the risk that a borrower may not repay a loan and that the lender may lose the principal of the loan or the interest associated with it.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Trust compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Trust considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The main credit risk arises from its loan's receivables from the Government of Seychelles but this risk is considered low since these are from a financially sound institute where risk of default is remote.

3 FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (Cont'd)

(b) Currency risk

The Trust is exposed to foreign exchange risk since some of cash balances are denominated in Seychelles rupee. Foreign exchange risk is not hedged.

As at December 31, 2019, cash balance denominated in Seychelles Rupee amounted to USD 1,396,776 (2018: 312,976).

If the US Dollar had weakened/strengthened by 10% against foreign currencies as at December 31, 2019, the impact on the Trust's results would have been USD 140k (2018: 31.3k)

(c) Liquidity risk

The Trust practices prudent liquidity risk management by maintaining adequate line of credits to meet its funding needs. The table below analyses the Trust's financial exposure at the date of the statement of financial position:

	Less than 1 year	Between 2 and 5 years	Above 5 years	Total
	USD	USD	USD	USD
At December 31, 2019				
Borrowings	**1,468,701**	**4,677,860**	**4,230,436**	**10,376,997**
Other payables	**115,902**	**-**	**-**	**115,902**
	1,584,603	**4,677,860**	**4,230,436**	**10,492,899**
At December 31, 2018				
Borrowings	1,425,672	5,791,193	4,585,744	11,802,609
Other payables	128,356			128,356
	1,554,028	5,791,193	4,585,744	11,930,965

(d) Interest rate risk

The Trust finances its operations through operating cash flows which are principally denominated in US Dollar. The Trust's income and operating cash flows are not exposed to interest rate risk as the loans and receivables and borrowings bears fixed interest rates.

Had the interest rate varied by plus or minus 10 basis points with all other variables held constant the impact would have been USD 278 (2018: USD 182).

3 FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair Value Estimation

The estimated fair values of the financial assets and liabilities as at the reporting date approximate their carrying amounts as shown in the Statement of Financial Position.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of certain critical estimates and judgements that effect the application of Trust's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgement of complexity or areas where assumptions and estimates are significant to the financial statements and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities subsequent to the reporting date are discussed below:

(a) Functional currency

The Board of Directors have determined the US Dollar to be the functional currency on the Trust.

(b) Impairment losses on loans receivable and investments at amortised cost

The measurement of impairment losses both under IFRS 9 and IAS 39 across all categories of financial assets requires Judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Trust's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Trust's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment;

- Development of ECL models, including the various formulas and the choice of inputs;

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Impairment losses on loans receivable and investments at amortised cost (Cont'd)

- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effects on PDs, EADs and LGDs; and

- Loan receivable and investment at amortised cost been assessed to have low credit risk on each reporting date based on their credit ratings. Since these are receivable from Republic of Seychelles; the Directors have estimated that no impairment is required due to existence of sovereign guarantee.

(c) Impairment losses on cash and bank balances and other receivable

All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions. Directors have estimated impairment to be immaterial.

The Directors have concluded that it would require undue cost and effort to determine the credit risk for other receivable. Therefore no assessment has been done as the balance is immaterial.

(d) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Trust determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Trust monitors financial assets measured at amortised cost prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Trust’s continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(e) Increase in credit risk

IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Trust considers qualitative and quantitative reasonable and supportable forward-looking information.

5. LOANS RECEIVABLE

	Full Loan Facilities Agreed	Repayment Date	Actual Disbursements
	USD		USD
Facility A1	20,875,976	Feb 2026	15,186,330
Facility A2	6,467,046	Feb 2036	6,440,473
	27,343,022		**21,626,803**

(a) The movement in loan receivable during the period under review was as follows:

	2019	2018
	USD	USD
At January 1,	**17,631,615**	19,271,486
Refund of loans granted	**(1,683,233)**	(1,633,849)
Shortfall on instalment	**-**	(6,022)
At December 31,	**15,948,382**	17,631,615
Analysed as:		
Non-current	**14,214,274**	15,948,383
Current	**1,734,108**	1,683,232
	15,948,382	17,631,615

(b) The maturity of the non-current portion is as follows:

	2019	2018
	USD	USD
After one year and before two years	**1,786,521**	1,734,108
After two years and before five years	**5,690,128**	5,379,166
Above five years	**6,737,625**	8,835,109
	14,214,274	15,948,383

(c) The loans receivable from the Republic of Seychelles are denominated in US Dollar and bear interest at 3% p.a. (2018: 3%). These are secured by permitted security interest of public debt.

(d) Currency and interest rates risks are disclosed under Note 3.

(e) The carrying amount of the loans receivable approximate its amortised cost.

6. INVESTMENTS AT AMORTISED COSTS

	Maturity	2019	2018
		USD	USD
At January 1,		21,722	22,216
Investments during the year		-	-
- Interest accrued		1,519	3,908
- Transferred to restricted funds (Note 7)		(1,519)	(3,908)
- Exchange movement		(71)	(494)
At December 31,	**07-Aug-24**	**21,651**	21,722

(a) Investment represents SR 300k in treasury bonds issued by the Government of Seychelles, bears fixed interest at 7% p.a. and payable half yearly.

(b) Directors have estimated that no impairment is required due to the existence of Sovereign guarantee and risk of default is assumed to be Nil.

7. CASH AND BANK BALANCES

	2019	2018
	USD	USD
Balance as per bank	**1,973,502**	834,115

(a) For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following as at the end of the reporting period:

	2019	2018
	USD	USD
Cash and bank balances	**1,973,502**	834,115
Less: cash committed for endowment fund	**(511,097)**	(358,878)
	1,462,405	475,237

(b) Cash committed for endowment fund movements:

	2019	2018
	USD	USD
At January 1,	**358,878**	204,270
Additions during the year	**150,700**	150,700
Investments during the year (Note 6)	**-**	-
Interest accrued capitalised (Note 6)	**1,519**	3,908
At December 31,	**511,097**	358,878

The compulsory transfer to the endowment fund represents 35% of the grants released and interest received thereon.

8. MEMBERS' FUNDS

	2019	2018
	USD	USD
At January 1,	918,655	688,963
Surplus and total comprehensive income for the year	1,128,480	229,692
At December 31,	**2,047,135**	918,655

9. BORROWINGS

	2019	2018
	USD	USD
Borrowings from The Nature Conservancy	**10,376,997**	11,802,609

Analysed as:

	2019	2018
	USD	USD
Non-current	**8,908,296**	10,376,937
Current	**1,468,701**	1,425,672
	10,376,997	11,802,609

(a) The borrowings payable to The Nature Conservancy is denominated in US Dollars, bearing interest at 3% and secured by security assignment of receivable from the Government of Seychelles (Note 5).

(b) The movement in borrowings is as follows:

	2019	2018
	USD	USD
At January 1,	**11,802,609**	13,186,396
Refund of loans granted	**(1,425,612)**	(1,383,787)
At December 31,	**10,376,997**	11,802,609

(c) The maturity profile of non-current borrowings is shown in Note 3.

(d) The carrying amount of borrowings approximate its amortised cost.

10. DEFERRED GRANTS

(a) The Nature Conservancy (the "Conservancy") availed a grant of USD 5 million pursuant to which the Trust provided the Government of Seychelles (GOS) with the funding necessary for the GOS to engage in a partial buyback of its debt from its bilateral creditors.

The Conservancy negotiated debt of USD 21,626,803 (Note 5) owed by GOS to its bilateral creditors for USD 20,186,330 (Note 5) resulting in a discount of USD 1,440,472 which has been granted to the Trust to assist its marine and conservation activities.

(b) The movement in deferred grant is as follows:

	2019	2018
	USD	USD
At January 1,	**5,829,007**	6,079,068
Release to Statement of Surplus or Deficit	**(257,622)**	(250,061)
At December 31,	**5,571,385**	5,829,007

Analysed as:

	2019	2018
	USD	USD
Non-current	**5,305,978**	5,571,387
Current	**265,407**	257,620
	5,571,385	5,829,007

11. OTHER PAYABLES

	2019	2018
	USD	USD
Interest accrued	**108,094**	122,944
Accruals	**7,808**	5,412
	115,902	128,356

12. INTEREST INCOME

	2019	2018
	USD	USD
Interest income from Government of Seychelles		
- For facilities	**325,933**	368,271
- For deferred grant	**172,950**	180,511
Interest from investments	**1,519**	3,908
Interest from banks	**1,287**	1,176
	501,689	553,866

13. GRANTS AND DONATIONS

	2019	2018
	USD	USD
Grants from The Nature Conservancy	72,422	172,226
Grant from GOS-UNDP-GEF Protected Area Finance Project	-	67,000
Grant - Western Indian Ocean Marine Science Association (WIOMSA)	7,050	-
Pure Charitable Trust	204,150	-
Nekton Foundation	45,000	-
Management & Admin Fee	25,000	25,000
	353,622	264,226

14. OPERATING EXPENSES

	2019	2018
	USD	USD
Personnel costs	133,136	190,360
Utilities and maintenance costs	20,452	24,388
Furniture and capital equipment costs	3,953	3,101
Blue grant fund disbursement	476,105	198,092
Other operating expenses	52,174	43,831
	685,820	459,772

15. SURPLUS FOR THE YEAR

This is arrived after charging:

	2019	2018
	USD	USD
Auditors' Fees	6,544	5,413
Directors' Emoluments	-	-

16. TAX

The Trust is exempt from Business Tax.

17. CAPITAL COMMITMENTS

There are no capital commitments as at December 31, 2019. (2018: Nil).

18. CONTINGENT LIABILITIES

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

SEYCHELLES CONSERVATION AND CLIMATE ADAPTATION TRUST

ANNEX 1 TO AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

DEBT SWAP

BGF # 1

Applicants	Type of Grant	Grant	Total Disbursed	Balances
Karine Rassool	Debt Swap	100,000.00	100,000.00	-
Alphonse Foundation	Debt Swap	1,000,000.00	1,000,000.00	-
Marine Conservation Society Seychelles	Debt Swap	950,290.00	950,290.00	-
John Nevill	Debt Swap	341,500.00	341,500.00	-
Praslin Fisheries Association	Debt Swap	877,200.00	606,800.00	270,400.00
Green Island Foundation	Debt Swap	599,500.00	563,000.00	36,500.00
	SCR	**3,868,490.00**	**3,561,590.00**	**306,900.00**
	USD	**286,554.81**	**263,821.48**	**22,733.33**

BGF # 2

Applicants	Type of Grant	Grant	Total Disbursed	Balances
Seychelles Islands Foundation	Debt Swap	1,000,000.00	971,000.00	29,000.00
Global Vision International (GVI) Seychelles	Debt Swap	550,000.00	455,000.00	95,000.00
Islands Conservation Society	Debt Swap	1,000,000.00	500,000.00	500,000.00
	SCR	**2,550,000.00**	**1,926,000.00**	**624,000.00**
	USD	**188,888.89**	**142,666.67**	**46,222.22**

Potential BGF # 3

Applicants	Type of Grant	Grant	Total Disbursed	Balances
Sustainability for Seychelles	Debt Swap	100,000.00	80,000.00	20,000.00
MEECC	Debt Swap	100,000.00	50,000.00	7,500.00
	SCR	**200,000.00**	**130,000.00**	**27,500.00**
	USD	**14,814.81**	**9,629.63**	**2,037.04**

SEYCHELLES CONSERVATION AND CLIMATE ADAPTATION TRUST

ANNEX 2 TO AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Blue Bond

BGF # 2

Applicants	Type of Grant	Grant	Total Disbursed	Balances
Rachel Bristol	Blue Bond	903,600.00	603,300.00	300,300.00
Eco-Sol Consulting Pty Ltd (Seychelles)	Blue Bond	596,838.30	552,962.05	43,876.25
John Nevill	Blue Bond	498,000.00	257,000.00	241,000.00
Green Islands Foundation	Blue Bond	405,000.00	162,000.00	243,000.00
	SCR	**2,403,438.30**	**1,575,262.05**	**828,176.25**
	USD	**178,032.47**	**116,686.08**	**61,346.39**

Potential BGF # 3

Applicants	Type of Grant	Grant	Total Disbursed	Balances
SYAH	Blue Bond	99,967.55	49,983.78	49,983.77
Allen Faddy Boniface	Blue Bond	99,720.00	40,000.00	59,720.00
Nathalie Duval	Blue Bond	100,000.00	50,000.00	50,000.00
Shahiid Melanie	Blue Bond	98,300.00	39,320.00	58,980.00
	SCR	**397,987.55**	**179,303.78**	**218,683.77**
	USD	**29,480.56**	**13,281.76**	**16,198.80**