



**REPORT OF THE EXECUTIVE COMMITTEE AND  
FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2020**

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REPORT OF THE EXECUTIVE COMMITTEE

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The Fisheries Transparency Initiative (FiTI) was incorporated on January 24, 2020 and started operating immediately. The Executive Committee has pleasure in presenting its first report together with the financial statements Fisheries Transparency Initiative ("FiTI Association") for the period ended December 31, 2020.

**BACKGROUND**

The Fisheries Transparency Initiative (FiTI) is a global multi-stakeholder partnership that transparency and participation for a more sustainable management of marine fisheries. It provides governments, the fishing industry (both large-scale and small-scale) and civil society with an internationally recognised framework to increase the credibility and quality of national fisheries information. By making fisheries management more transparent and inclusive, the FiTI promotes informed public debates on fisheries policies and supports the long-term contribution of the sector to national economies and the well-being of citizens and businesses that depend on a healthy marine environment.

**PRINCIPAL ACTIVITIES**

The FiTI Association is a non-profit organisation with its registered office situated at Highway Complex Building, Providence, Mahé, Seychelles.

The FiTI Association seeks to increase sustainable fisheries management through transparency and multi-stakeholder participation, by pursuing the following principle activities:

- internationally recognised framework (i.e. FiTI Standard) that defines what information on marine fisheries should be published online by public authorities;
- engaging with countries to implement this in order to achieve and maintain high levels of transparency on the management of the marine fisheries sector and the activities of fishers and fishing companies;
- promoting and institutionalising multi-stakeholder collaboration;
- stimulating public debates on how the fisheries sector is managed, enabling relevant stakeholders to support reforms towards better governance of their marine fisheries; and
- fostering the implementation of the United Nations Sustainable Development Goals, as well as other international treaties and covenants related to fisheries around the world.

From June 2015 until January 2020, the German-based non-profit organization HUMBOLDT-VIADRINA Governance Platform (short HUMBOLDT-VIADRINA) was acting as the fiscal host for the initiative. In this period, the FiTI was not legally incorporated, but was conducted as a project (under its own cost centres).

Recognizing the need to give the FiTI its own legal personality in order to ensure its long-term sustainability, the FiTI International Board approved the legal institutionalisation of the FiTI in form of an association under the laws of Seychelles.

The FiTI Association is a fully self-funded and independent organisation. Rental for offices FiTI and remuneration to the secondment administrative assistant is provided by the Government of Seychelles as institutional in-kind support.



REPORT OF THE EXECUTIVE COMMITTEE *Continued*

## RESULTS

SCR

Retained surplus

3,972,704

## EXECUTIVE COMMITTEE

The Executive Committee from the date of incorporation of the FiTI Association to the date of this report are:

Sven Biermann

Director and Treasurer

Veronica Bristol (resigned effective January 31, 2021)

Deputy Director

Christina Fondamiere

Secretary

## STATEMENT OF RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE

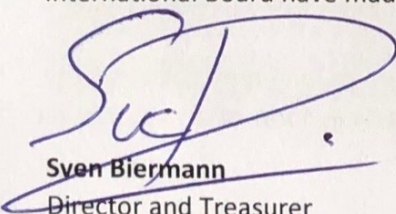
The Executive Committee of the FiTI Association is responsible for the overall management of the affairs of the Association including the operations of the FiTI Association and making investment decisions in accordance with the rules and procedures established by the FiTI International Board, to which the Executive Committee, as part of the FiTI International Secretariat, is accountable to.

The Executive Committee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the Constitution of the Association. 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 Executive Committee has the general responsibility of safeguarding the assets, both owned by the Association and those that are held in trust and used by the Association.

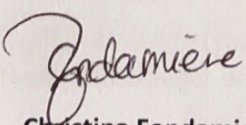
The Executive Committee confirms that the financial statements presented for audit are free from material misstatement and that they have met their aforesaid responsibilities.

## RELATED PARTY TRANSACTIONS

The Executive Committee has reviewed all related party transactions and ensured that those were in the normal course of business and neither the Executive Committee Members, nor the members of the FiTI International Board have made any profit from such transactions.

  
Sven Biermann

Director and Treasurer

  
Christina Fondamiere

Secretary

Dated: 26 August 2022

Mahé, Seychelles



**INDEPENDENT AUDITOR'S REPORT**

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**FISHERIES TRANSPARENCY INITIATIVE****Opinion**

We have audited the financial statements of Fisheries Transparency Initiative, on pages 5 to 24 which comprise the statement of financial position as at December 31, 2020, the statement of income, the statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Association are prepared, in all material respects, in accordance with the requirements of the Seychelles Association Act.

**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 Association 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.

**Emphasis of matter – Going concern**

We draw your attention to note 13 of the financial statements on going concern considerations and concur with the directors of the Association's ability to continue as a going concern.

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of the financial statements in accordance with the requirements of the Seychelles Association Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association'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 management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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.



## FISHERIES TRANSPARENCY INITIATIVE

## Auditor's responsibilities for the audit of the financial statements (cont...)

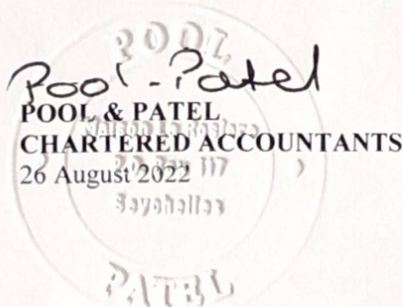
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 Company's internal control.
- 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 Company'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 Company to cease to continue as a going concern.

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.

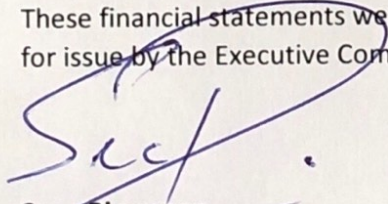


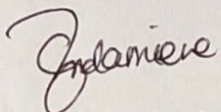


## Statement of Financial Position as at December 31, 2020

	Notes	2020 SCR
<b>ASSETS</b>		
<b>Non-current assets:</b>		
Equipment	5	43,989
<b>Current assets:</b>		
Prepayment		1,141
Cash and bank balances	6	13,803,650
		<u>13,804,791</u>
<b>Total assets</b>		<u><u>13,848,780</u></u>
<b>EQUITY, DEFERRED GRANT AND LIABILITIES</b>		
<b>Equity</b>		
Retained surplus	12	3,972,704
<b>Total equity</b>		<u>3,972,704</u>
<b>Deferred grants</b>		
Non-current	7	1,648,415
Current	7	7,009,491
		<u>8,657,906</u>
<b>Current liabilities:</b>		
Trade and other payables	8	1,218,170
<b>Total equity, deferred grants and Liabilities</b>		<u><u>13,848,780</u></u>

These financial statements were approved by the FiTI International Board on April 15, 2021 for issue by the Executive Committee.

  
**Sven Biermann**  
 Director and Treasurer

  
**Christina Fondamiere**  
 Secretary

The notes on pages 9 to 24 form an integral part of these financial statements.



## Statement of Profit or Loss &amp; Other Comprehensive Income - Period ended December 31, 2020

	Notes	2020 SCR
Grants received	9	14,407,877
Projects direct costs	11	<u>(3,700,969)</u>
<b>Gross profit</b>		<b>10,706,908</b>
Other income	10	<u>278,005</u>
<b>Operating profit</b>		<b>10,984,913</b>
Employee costs	11	(1,935,380)
Administrative expenses	11	(455,937)
Foreign exchange gain	11	<u>4,047,925</u>
		<b>12,641,521</b>
Depreciation	5 & 11	<u>(10,911)</u>
<b>Surplus for the period</b>		<b><u><u>12,630,610</u></u></b>

The notes on pages 9 to 24 form an integral part of these financial statements.



## Statement of Changes in Equity - Period ended December 31, 2020

	Moore grant SCR	Irish Aid grant SCR	Retained surplus SCR	Total SCR
At January 24, 2020	-	-	-	-
Surplus for the period	<u>4,388,292</u>	<u>4,269,614</u>	<u>3,972,704</u>	<u>12,630,610</u>
At December 31, 2020	<u>4,388,292</u>	<u>4,269,614</u>	<u>3,972,704</u>	<u>12,630,610</u>

Note 1: Moore grant refers to "Gordon and Betty Moore Foundation (# Grant ID: GBMF8722)"

Note 2: Irish Aid grant refers to "Irish Aid, Minister for Foreign Affairs (Contract No: IA-TAN/2020/102)"

The notes on pages 9 to 24 form an integral part of these financial statements.



## Statement of Cash Flows - Period ended December 31, 2020

	Notes	2020 SCR
<b>OPERATING ACTIVITIES</b>		
Surplus from operation for the period		12,630,610
Adjustments for:		
Depreciation of equipment	5	10,911
<b>Operating surplus before changes in working capital</b>		<b>12,641,521</b>
<i>Changes in working capital:</i>		
Prepayment		(1,141)
Trade and other payables		1,218,170
<b>Net cash inflow from operating activities</b>		<b>13,858,550</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of equipment		(54,900)
<b>Net cash outflow from investing activities</b>		<b>(54,900)</b>
<b>Net change in cash and cash equivalents</b>		<b>13,803,650</b>
<b>Movements in cash and cash equivalents:</b>		
At January 1,		-
Increase		13,803,650
<b>At December 31,</b>	6	<b>13,803,650</b>

The notes on pages 9 to 24 form an integral part of these financial statements.



## Notes to the Financial Statements - Period ended December 31, 2020

**1. GENERAL INFORMATION**

The Fisheries Transparency Initiative (FiTI) is a global multi-stakeholder partnership and is legally institutionalised as a non-profit, non-governmental association organised under the laws of the Republic of Seychelles. The registered office of the FiTI Association is located at the Highway Complex Building, Providence, Mahé, Seychelles. The principal activities of the Association are as stated on Page 1 of the Report of the Executive Committee. In accordance with the constitution of the FiTI Association, these financial statements will be submitted for consideration and approval to the FiTI International Board, which is the global oversight body of the FiTI.

**2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES**

A summary of the significant accounting policies, which have been applied consistently (subject to para 2.1 (c)), are set out below:

**2.1 Basis of preparation**

These are the first annual financial statements of the FiTI Association. The financial statements of the FiTI Association have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Standards ("IFRS") Interpretations Committee (the "Committee"), and comply with the Registration of Association Act, 1976 (as amended).

**(a) Accounting convention**

These financial statements have been prepared in accordance with the historical cost convention and the accruals basis.

**(b) Reporting and functional currency**

The reporting and functional currency of the FiTI Association is Seychelles Rupee ("SCR"), the currency of the primary economic environment in which the FiTI Association operates.

**(c) Changes in accounting policies and disclosure notes**

The accounting policies adopted are consistent with those applicable in the previous financial year, except for the following new standards and amendments to IFRS that are mandatorily effective for accounting periods beginning on or after January 1, 2020:

**(i) New standards, improvements, interpretations and amendments issued**

- Amendments to IFRS 3      Business Combinations
- Amendments to IFRS 7      Financial Instruments: disclosures
- Amendments to IFRS 9      Financial Instruments
- Amendments to IFRS 16      Leases
- Amendments to IAS 39      Financial Instruments: Recognition and Measurement
- Revisions to the Conceptual Framework: Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IAS 41, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.



Notes to the Financial Statements - Period ended December 31, 2020

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**2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES** *Continued***(i) New standards, improvements, interpretations and amendments issued** *Continued****Amendments to IFRS 3 : Business combination***

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated 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 output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. *These amendments had no impact on the financial statements of the FiTI Association, but may impact future periods should the FiTI Association enter into any business combinations.*

***Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform***

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. *These amendments had no impact on the financial statements of the FiTI Association as it does not have any interest rate hedge relationships.*

***Amendments to IAS 1 and IAS 8 Definition of Material***

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. *These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the FiTI Association.*

***Conceptual Framework for Financial Reporting issued on 29 March 2018***

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. *These amendments had no impact on the financial statements of the FiTI Association.*



## Notes to the Financial Statements - Period ended December 31, 2020

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*(c) Changes in accounting policies and disclosure notes *Continued****Amendments to IFRS 16 Covid-19 Related Rent Concessions***

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. *This amendment had no impact on the financial statements of the Association.*

(ii) **New standards, improvements, interpretations and amendments issued but not yet effective**

The following new accounting standards, improvements, interpretations and amendments have been issued, but are not mandatory until the dates shown, and hence have not been early adopted by the Association in preparing the financial statements for the year ended 31 December, 2020. *The FiTI Association intends to apply these standards from the application date as indicated below.*

- |                                |   |
|--------------------------------|---|
| • Amendments to IAS 1          | Presentation of Financial Statements (January 1, 2023)                                      |
| • Amendments to IAS 16         | Property, Plant and Equipment (January 1, 2022)   |
| • Amendments to IAS 37         | Provisions, Contingent Liabilities and Contingent Assets (January 1, 2022)                  |
| • Amendments to IAS 39         | Financial Instruments: Recognition and Measurement (January 1, 2021)                        |
| • Amendments to IFRS 3         | Business Combinations (January 1, 2022)   |
| • Amendments to IFRS 4         | Insurance Contracts (January 1, 2021 and January 1, 2023)                                   |
| • Amendments to IFRS 7         | Financial Instruments: Disclosures (January 1, 2021)  |
| • Amendments to IFRS 9         | Financial Instruments (January 1, 2021)   |
| • Amendments to IFRS 16        | Leases (June 1, 2020 and January 1, 2021)   |
| • IFRS 17 & amendments thereto | Insurance Contracts (January 1, 2023)   |
| • Annual improvements          | IFRS Standards 2018-2020 Cycle (January 1, 2022)  |
|                                | IFRS 1 First-time Adoption of International Financial Reporting Standards (January 1, 2022) |
|                                | IFRS 9 Financial Instruments (January 1, 2022)  |
|                                | IFRS 16 Leases (January 1, 2022)  |
|                                | IAS 41 Agriculture (January 1, 2022)  |

The Executive Committee anticipates that all of the above standards, improvements, interpretations and amendments will be adopted by the FiTI Association to the extent applicable from their effective dates. The adoption of these standards, improvements, interpretations and amendments is not expected to have a material impact on the financial statements of the FiTI Association in the year of their initial application.



Notes to the Financial Statements - Period ended December 31, 2020

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued*

2.2 Equipment and depreciation

Equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition and bringing of the asset to its working condition. 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 FiTI Association and the cost of the item can be measured reliably. When a part is replaced, and the new part capitalised, the carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised in the statement of comprehensive income during the financial period in which they are incurred.

Depreciation of assets is calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

	Years
Computer equipment	3

Depreciation is charged from the date an asset is available for use up to the date the asset is disposed of.

2.3 Intangible assets

Intangible assets that are acquired by the FiTI Association and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss when incurred.

2.4 Financial instruments

Financial assets and financial liabilities are recognised when the FiTI Association becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).



Notes to the Financial Statements - Period ended December 31, 2020

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**2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES** *Continued***2.4 Financial instruments** *Continued*

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The above classification is determined by both:

- (i) the FiTI Association's business model for managing the financial asset
- (ii) the contractual cash flow characteristics of the financial asset.

Income and expenses relating to financial assets are recognised in profit or loss and included as finance costs or interest income, except for expected credit loss allowance against trade receivables which is presented within general and administrative expenses.

**Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. The FiTI Association's cash and cash equivalents, trade receivables, other current assets (excluding prepaid expenses and advances), and due from related parties are classified as financial assets at amortised cost.

**2.5 Impairment of financial assets**

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the expected credit loss (ECL) model. Instruments within the scope of the requirements include financial assets measured at amortised cost, such as trade receivables measured under IFRS 15.

The FiTI Association considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.



Notes to the Financial Statements - Period ended December 31, 2020

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**2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES** *Continued***2.5 Impairment of financial assets** *Continued*

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1");
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is now low ("Stage 2"); and
- financial assets that have objective evidence of impairment at the reporting date ("Stage 3").

"12-month expected credit losses" are recognised for the first category while "lifetime expected credit losses" are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

**2.6 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 FiTI Association has a legal enforceable right to set off the recognised amounts and the Association intends either to settle on a net basis, or to realise the asset and liability simultaneously.

**2.7 Impairment of non-financial assets**

The FiTI Association assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Association makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the cash-generating unit to which the asset belongs is used. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation method is used.

**2.8 Related parties**

The FiTI Association enters into transactions with companies and entities that fall within the definition of a related party as contained in IFRS. Related parties comprise Associations and entities under joint or common management or control, their partners and key management personnel, subsidiaries, joint ventures, parent, associates and other related parties.



Notes to the Financial Statements - Period ended December 31, 2020

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**2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES** *Continued***2.9 Trade and other receivables**

Trade receivables are stated at original invoice amount less provision as per the expected credit loss model. Bad debts are written off when there is no possibility of recovery.

The FiTI Association makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating the provision, the Association uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The FiTI Association assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and they have been grouped based on the days past due (refer to note 7 for a detailed analysis of how the impairment requirements of IFRS 9 are applied).

**2.10 Cash and cash equivalents**

Cash and cash equivalents comprises 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.

**2.11 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 Income Statement as Grants Income.

**2.12 Provisions**

Provisions are recognised when the FiTI Association has a present legal or constructive obligation as a result of past events, 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. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.



## Notes to the Financial Statements - Period ended December 31, 2020

**2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES** *Continued***2.13 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.

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

**2.14 Foreign currencies**

Foreign currency transactions are translated into Seychelles Rupees ('SCR') using the exchange rate prevailing on the date of transaction. Monetary assets and liabilities, denominated in foreign currencies, are translated into Seychelles Rupees using the exchange rate prevailing on the reporting date. Gains and losses from foreign exchange transactions are taken to the statement of comprehensive income.

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

Currencies	Exchange rates		Changes in % ge	
	2020	2019	2020	2019
United States Dollar	<b>21.58</b>	14.04	-53.70%	0.43%
Euro	<b>26.43</b>	16.62	-59.03%	0.24%

**2.15 Contingent liabilities**

A contingent liability is disclosed when the FiTI Association 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 FiTI Association; or when the FiTI Association 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 of the FiTI Association is mainly from grants and sponsorships. Revenues that are received for compensation of expenses or losses already incurred, or for the purpose of giving immediate financial support to the FiTI Association with no future related costs, are recognised in the Income Statement 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 FiTI Association 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 Income Statement as Grants Income.

Other income is recognized on the accrual basis.



Notes to the Financial Statements - Period ended December 31, 2020

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**2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES** *Continued***2.17 Expenses**

Expenses specifically related to the projects are classified based on their technical nature. All other expenses are classified as either general and administrative expenses, or finance costs, as appropriate.

**2.18 Current and deferred taxation**

Income tax expense normally 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.

As per the current tax regime, income of the FiTI Association is not liable to tax. Hence no provision is considered for current tax as on the reporting date and consequently no provision is required for deferred tax.

**2.19 Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place.

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

The activities of the FiTI Association expose it to different financial risks, market risks, credit and liquidity risk. The Executive Committee has the overall responsibility for the FiTI Association, overseeing and monitoring of the Association's risk management framework and are assisted by the senior management. Senior management is responsible for designing, developing and monitoring the FiTI Association's risk management policies, which are approved by the Executive Committee.

The FiTI Association's risk management policies are established to identify and analyse the risks faced by the FiTI Association, 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 Association's activities and its role in the Republic of Seychelles. The FiTI Association, 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 FiTI Association's exposures to each of the above risks, the FiTI Association's objectives, policies and processes for measuring and managing risk, and the FiTI Association's management of capital. Further quantitative disclosures are included throughout these financial statements.



## Notes to the Financial Statements - Period ended December 31, 2020

## 3. RISK MANAGEMENT

3.1 Financial risk management objectives and policies *Continued*

## (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 FiTI Association is exposed to currency risk arising from future commercial transactions and liabilities that are denominated in currencies other than the functional currency. The FiTI Association incurs expenditure for services from consultants from foreign countries and is exposed to foreign exchange risk arising from various currency exposures. The currencies in which these transactions are primarily denominated are Euro ("EUR") and United States Dollar ("USD"). The FiTI Association aims to aggregate a net position for each currency.

If the Seychelles Rupee had weakened/strengthened against the above currencies by 5% with all other variables remaining constant, the impact (increase/(decrease)) on the results for the year would have been as depicted in the table hereunder mainly as a result of foreign exchange gains/(losses).

	U S Dollar 2020 SCR +/-	Euro 2020 SCR +/-
<i>Impact on results:</i>		
- Cash and cash equivalents	52,530	547,255
- Trade and other payables	21,475	8,823

The currency portfolio of financial assets and liabilities is summarised as follows:

	Financial assets 2020 SCR	Financial liabilities 2020 SCR
USD	1,050,594	429,501
Euro	10,945,097	176,467
Seychelles Rupees	1,807,959	4,285
	<u>13,803,650</u>	<u>610,253</u>



Notes to the Financial Statements - Period ended December 31, 2020

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**3. FINANCIAL RISK MANAGEMENT** *Continued***3.1 Financial risk management objectives and policies** *Continued***(b) Cash flow and fair value interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The FiTI Association does not have any borrowings which exposes the FiTI Association to fair value interest rate risk.

**(c) Credit risk**

The FiTI Association is not exposed to credit risk as it receives Grants, Sponsorships and Donations in advance.

**(d) Liquidity risk**

Liquidity risk is the risk that the FiTI Association will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The FiTI Association, through its regular budgets and forecasts, manages liquidity to ensure that it will always have sufficient liquidity to meet its liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the FiTI Association's reputation.

**(e) Fair value estimation**

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

**4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the FiTI Association's accounting policies. Estimates and judgments are continually evaluated and are based on expectations of future events that are believed to be reasonable under the circumstances.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to causing a material adjustment to the carrying amounts of assets and liabilities subsequent to the balance sheet date.



## Notes to the Financial Statements - Period ended December 31, 2020

## 5. EQUIPMENT

	2020
	SCR
At Cost - Computer equipment	54,900
Depreciation charge for the period	(10,911)
Net book value at December 31,	<u>43,989</u>

## 6. CASH AND BANK BALANCES

	2020
	SCR
Bank balance denominated in:	
	1,807,959
U S Dollar	1,050,594
Euro	10,945,097
	<u>13,803,650</u>

There were no liens on the bank balances held by the FiTI Association.

## 7. DEFERRED GRANTS

	Moore grant SCR	Irish Aid grant SCR	Total SCR
Grants received during the year	10,012,103	4,395,774	14,407,877
Incurred during the year	(5,623,811)	(126,160)	(5,749,971)
	<u>4,388,292</u>	<u>4,269,614</u>	<u>8,657,906</u>
Analysed as:			
Non-current	-	1,648,415	1,648,415
Current	4,388,292	2,621,199	7,009,491
	<u>4,388,292</u>	<u>4,269,614</u>	<u>8,657,906</u>

## 8. TRADE AND OTHER PAYABLES

	2020
	SCR
Trade payables	610,254
Other payables and accrued expenses	607,916
	<u>1,218,170</u>



## Notes to the Financial Statements - Period ended December 31, 2020

**8. TRADE AND OTHER PAYABLES** *Continued*

- (a) Trade and other payables are denominated in the following currencies:

	<u>2020</u>
	SCR
Seychelles Rupees	4,285
Euro	176,467
U S Dollar	429,502
	<u>610,254</u>

- (b) The carrying amounts of 'trade and other payables' approximate their amortized cost.

**9. GRANTS INCOME**

The FiTI Association received the following two grants during the financial year under review:

- (i) The FiTI's main source of income for 2020 came from a grant by the Gordon and Betty Moore Foundation. This grant ("Increasing Transparency in Fisheries Management in Africa and Latin America Grant ID: GBMF8722") was awarded to the HUMBOLDT-VIADRINA in 2019. Despite the subsequent legal institutionalization of the FiTI, the ultimate responsibility for the Grant's overall management and responsible use of funds remains with the original grant recipient, the HUMBOLDT-VIADRINA Governance Platform GmbH in Germany. However, the association of the FiTI, and in particular its executive body, the FiTI International Secretariat, has assumed the financial management of the grant funds since March 2020. This was approved by the Moore Foundation. The FiTI and the HUMBOLDT-VIADRINA work closely to administer the funds and fulfil the reporting obligations towards the Moore Foundation.

The total grant of USD 779,000 was fully received by the HUMBOLDT-VIADRINA in two instalments from the Moore Foundation, totalling EUR 695,687.28 during the years 2019 and 2020. HUMBOLDT-VIADRINA utilised Euro 110,760.44 for grant related activities during the years 2019. The balance Euro 584,926.84 was transferred to FiTI Association at Euro 350,000 in March 2020 and Euro 234,926.84 in October 2020. The total amount received was recognised under grants.

- (ii) The support from Irish Aid, Minister for Foreign Affairs of Euro 205,734 is secured by a grant agreement with the FiTI Association for the project "Support for Increasing Transparency and multi-stakeholder collaboration in fisheries management amount four Small Island Developing States (SIDS)", Contract Number : IA-TAN/2020/102. The project started in October 2020 and is scheduled to be completed in September 2022. The grant was fully disbursed to the FiTI Association in October 2020. This amount was recognised under grants.

**10. OTHER INCOME**

In addition to the above shown grants, the HUMBOLDT-VIADRINA transferred an opening balance of EUR 10,441.64 and SCR 16,900 (resulting from its 2019 FiTI-related operations) to the FiTI Association. These amounts were received during the year and are recognised in Other Income and treated as opening balance equity.



## Notes to the Financial Statements - Period ended December 31, 2020

## 11. EXPENSES BY NATURE AND PROJECT

	Moore grant SCR	Irish Aid grant SCR	General administration SCR	Total SCR
<b>Communication and outreach</b>				
Design	176,229	-	-	176,229
Editorial	13,159	-	-	13,159
Media placement	4,793	-	-	4,793
Printing	5,247	-	728	5,975
Promotional material/accessories	-	-	8,050	8,050
Translation	71,789	-	-	71,789
	<b>271,217</b>	<b>-</b>	<b>8,778</b>	<b>279,995</b>
<b>FiTI Chair, coordinators and advisors</b>				
Advisor(s)	380,812	-	-	380,812
FiTI Chair	878,757	-	-	878,757
Regional Coordinators	1,388,561	117,508	-	1,506,069
	<b>2,648,130</b>	<b>117,508</b>	<b>-</b>	<b>2,765,638</b>
<b>Partners and experts</b>				
Other Sub-contractors	223,549	-	-	223,549
National Partners	431,787	-	-	431,787
	<b>655,336</b>	<b>-</b>	<b>-</b>	<b>655,336</b>
<i>Direct costs</i>	<i>3,574,683</i>	<i>117,508</i>	<i>8,778</i>	<i>3,700,969</i>
<b>Employee costs</b>				
Salaries and allowances	1,897,372	8,400	-	1,905,772
Pension contributions - Employer	9,996	252	-	10,248
Other staff costs	-	-	19,360	19,360
	<b>1,907,368</b>	<b>8,652</b>	<b>19,360</b>	<b>1,935,380</b>
<b>Administrative expenses</b>				
Internet Services	-	-	21,017	21,017
IT equipment	-	-	14,490	14,490
Postal Services	-	-	3,272	3,272
Software	32,324	-	31,050	63,374
Bank charges	29,578	-	1,169	30,747
Legal and professional fees	-	-	10,417	10,417
Accounting and audit services	-	-	125,052	125,052
Meals and entertainment	1,056	-	3,452	4,508
Office expenses	-	-	13,891	13,891
Other general expenses	-	-	89,017	89,017
Travelling expenses	78,802	-	1,350	80,152
	<b>141,760</b>	<b>-</b>	<b>314,177</b>	<b>455,937</b>
Depreciation	-	-	10,911	10,911
<b>Total costs</b>	<b>5,623,811</b>	<b>126,160</b>	<b>353,226</b>	<b>6,103,196</b>



## Notes to the Financial Statements - Period ended December 31, 2020

**11. EXPENSES BY NATURE AND PROJECT** *Continued*

	2020
	SCR
Projects direct costs	3,700,969
Employee costs	1,935,380
Administrative expenses	455,937
Depreciation	10,911
	<u>6,103,197</u>

**12. RESULTS FROM TOTAL OPERATIONS**

Balances for the period were allocated as follows:

	Moore grant SCR	Irish Aid grant SCR	Retained surplus SCR	Total SCR
Income				
Grants income	10,012,103	4,395,774	-	14,407,877
Other income	-	-	278,005	278,005
Realised exchange gain	-	-	2,554	2,554
Unrealised exchange gain	-	-	4,045,371	4,045,371
	<u>10,012,103</u>	<u>4,395,774</u>	<u>4,325,930</u>	<u>18,733,807</u>
Grants utilised and other expenses	(5,623,811)	(126,160)	(353,226)	(6,103,196)
<b>Balances carried forward</b>	<u>4,388,292</u>	<u>4,269,614</u>	<u>3,972,704</u>	<u>12,630,610</u>

**13. SUBSEQUENT EVENTS**

The pandemic COVID-19 has started to affect Seychelles from March, 2020 onwards before issuing these financial statements. The main sources of income of the country are from tourism and fisheries sectors and the source of the country's consumption of food, beverage and consumables are imported.

The FiTI Association was affected due to slow down and delayed project implementation.

The Government has taken measures to relieve and assist the private sector and civil society with some of its immediate financial burden.

The Executive Committee has considered the impact of the COVID-19 pandemic and are fully aware of its severity.



Notes to the Financial Statements - Period ended December 31, 2020

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**14. CONTINGENT LIABILITIES**

There were no contingent liabilities as at December 31, 2020.

**15. CAPITAL COMMITMENTS**

There were no capital commitments as at December 31, 2020 other than the project schedules.