



Fisheries
Transparency
Initiative

**REPORT OF THE EXECUTIVE COMMITTEE
AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

Fisheries Transparency Initiative (FiTI)

Highway Complex Building, PO Box 6079

Providence, Mahé, Seychelles

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REPORT OF THE EXECUTIVE COMMITTEE

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 (in the following referred to as 'FiTI'). The FiTI was incorporated on January 24, 2020 and started operating immediately.

The Executive Committee has pleasure in presenting its second report together with the financial statements of FiTI for the period ended December 31, 2022.

BACKGROUND

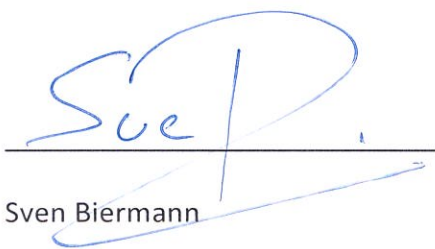
The FiTI is a global multi-stakeholder partnership that strengthens transparency and collaboration for a more sustainable management of marine fisheries.

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

In accordance with its constitution, the charitable objective of the FiTI is to increase transparency and multi-stakeholder participation in fisheries governance for the benefit of a more sustainable management of marine fisheries, and this is pursued by:

- maintaining its internationally recognised standard (i.e. FiTI Standard) that defines what information on marine fisheries should be published online by public authorities;
- engaging with countries to implement this standard 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.



Sven Biermann

Executive Director and Treasurer



Christina Fondamiere

Secretary

Dated: 10 October 2023

Mahé, Seychelles

INDEPENDENT AUDITOR'S REPORT

FISHERIES TRANSPARENCY INITIATIVE

Opinion

We have audited the financial statements of Fisheries Transparency Initiative, on pages 8 to 31 which comprise the statement of financial position as at December 31, 2022, 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 14 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.

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.

**INDEPENDENT AUDITOR'S REPORT (cont...)
FISHERIES TRANSPARENCY INITIATIVE****Auditor's responsibilities for the audit of the financial statements (cont...)**

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 Association'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 Association'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 Association to cease to continue as a going concern.

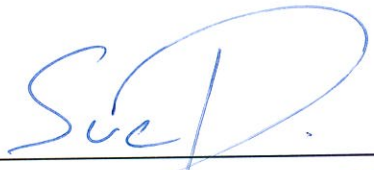
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

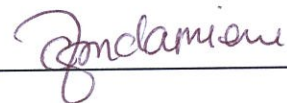


POOL & PATEL
CHARTERED ACCOUNTANTS
10 October 2023

STATEMENT OF FINANCIAL POSITION – PERIOD ENDED DECEMBER 31, 2022

	Notes	2022 SCR	2021 SCR
ASSETS			
Non-current assets:			
Equipment	[5]	32,139	43,189
Current assets:			
Accounts receivable	[6]	23,735	0
Prepayments	[6]	974	3,259
Cash and bank balances	[7]	4,642,447	2,088,397
		4,667,156	2,091,655
TOTAL ASSETS		4,699,295	2,134,844
EQUITY, DEFERRED GRANTS AND LIABILITIES			
Deferred grants:			
Non-current	[9]	2,246,856	0
Current	[9]	1,865,035	3,018,119
		4,111,891	3,018,119
Current liabilities:			
Accounts payable	[8]	23,938	167,267
Accrued expenses	[8]	80,044	103,622
Accrued liabilities	[8]	74,750	74,750
Other liabilities	[8]	52,555	56,628
		231,287	402,268
Equity:			
Retained earnings		-1,285,543	3,972,705
Net income	[13]	1,641,659	-5,258,248
		356,117	-1,285,543
TOTAL EQUITY, DEFERRED GRANTS AND LIABILITIES		4,699,295	2,134,844


 Sven Biermann
 Executive Director, Treasurer


 Christina Fondamiere
 Secretary

The notes on pages 12 to 28 as well as the annexes on pages 29 to 31 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME – PERIOD ENDED DECEMBER 31, 2022

	Notes	2022 SCR	2021 SCR
Income from grants	[13]	8,126,740	7,306,522
- Grants-related project costs	[9]	-7,569,175	-6,704,051
		557,564	602,471
Income from services	[13]	521,356	234,042
- Service-related project costs	[10]	-254,484	-151,115
		266,872	82,927
GROSS PROFIT		824,436	685,398
Other income	[11]	0	0
Non-project administration costs	[12]	-283,620	-272,824
OPERATING PROFIT		540,816	412,574
Depreciation	[5], [13]	-30,050	-21,800
Exchange gain or loss	[13]	1,120,009	-5,653,922
Unrealised gain or loss	[13]	10,884	4,901
SURPLUS FOR THE PERIOD		1,641,659	-5,258,247

The notes on pages 12 to 28 as well as the annexes on pages 29 to 31 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY – PERIOD ENDED DECEMBER 31, 2022

Notes	Total	
	2022 (SCR)	2021 (SCR)
	-1,285,543	3,972,705
[13]	1,641,659	-5,258,248
	<u>356,117</u>	<u>-1,285,543</u>

The notes on pages 12 to 28 as well as the annexes on pages 29 to 31 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS – PERIOD ENDED DECEMBER 31, 2022

	Notes	2022 SCR	2021 SCR
OPERATING ACTIVITIES			
Surplus from operation for the period		1,641,659	-5,258,248
Adjustments for non-cash income and expenses:			
Depreciation of equipment	[5]	30,050	21,800
Accounts receivable	[6]	-23,735	0
Prepayments	[6]	2,285	-2,118
Accounts payable	[8]	-143,330	-442,987
Accrued liabilities	[8]	0	-182,727
Accrued expenses	[8]	-23,579	0
Other liabilities	[8]	-4,073	-190,189
NET CASH FROM OPERATING ACTIVITIES		1,479,278	-6,054,469
INVESTING ACTIVITIES			
Acquisition of IT equipment	[5]	-19,000	-21,000
NET CASH FROM INVESTING ACTIVITIES		-19,000	-21,000
FINANCING ACTIVITIES			
Deferred grants: Non-current	[9]	2,246,856	-1,648,415
Deferred grants: Current	[9]	-1,153,083	-3,991,372
NET CASH FROM FINANCING ACTIVITIES		1,093,773	-5,639,787
NET CHANGE IN CASH AND CASH EQUIVALENTS		2,554,050	-11,715,256
Movements in cash and cash equivalents			
At January 1		2,088,397	
Increase/Decrease		2,554,050	
At December 31	[7]	4,642,447	

The notes on pages 12 to 28 as well as the annexes on pages 29 to 31 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS – PERIOD ENDED DECEMBER 31, 2022

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 (in the following referred to as 'FiTI'). The registered office of the FiTI is located at the Highway Complex Building, Providence, Mahé, Seychelles.

The principal activities of the FiTI are as stated on Page 1 of the Report of the Executive Committee. In accordance with the constitution of the FiTI, these financial statements will be submitted for consideration and approval to the FiTI International Board, which is the global oversight body of the FiTI.

The FiTI is a fully self-funded and independent organisation. Two offices for the International Secretariat of the FiTI as well as the secondment of an administrative assistant are provided by the Government of Seychelles as institutional in-kind support.

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 second annual financial statements of the FiTI. The financial statements of the FiTI 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 is Seychelles Rupee ('SCR'), the currency of the primary economic environment in which the FiTI 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, 2022:

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

- Amendments to IFRS 3 Reference to Conceptual Framework
- Amendments to IAS 37 Provision, Contingent Liabilities and Contingent Assets: Onerous Contracts
- Amendments to IFRS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Annual Improvements to IFRS standards 2018-2020 : Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

Amendments to IFRS 3: Reference to Conceptual Framework

The amendment to IFRS 3 Reference to Conceptual Framework replaces a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

Amendments to IAS 37: Provision, Contingent Liabilities and Contingent Assets – Onerous Contract: Cost of fulfilling a contract

IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* did not specify which costs to include in estimating the cost of fulfilling a contract for the purpose of assessing whether that contract is onerous.

The International Accounting Standards Board develop amendments to IAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Board issued the amendments in May 2020. The amendments are effective for contracts for which an entity has not yet fulfilled all its obligations on or after January 1, 2022.

Amendments to IFRS 16, Property, Plant and Equipment: Proceeds before Intended Use

The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the FiTI.

Annual Improvements to IFRS standards 2018 - 2020

Simplifies the application of IFRS 1 for a subsidiary that becomes a first time adopter of IFRS standards at a later date than its parent.

Clarifies that for the purpose of performing the '10 percent test' for derecognition of financial liabilities under IFRS 9.

Removes the illustration of payments from the lessor relating to leasehold improvements under IFRS 16.

Removes the requirement to exclude cash flows for taxation when measuring fair values pertaining to biological assets under IAS 41.

These amendments had no impact on the financial statements of the FiTI.

(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 FiTI in preparing the financial statements for the year ended 31 December, 2022. The FiTI intends to apply these standards from the application date as indicated below.

- | | |
|--------------------------------|--|
| ▪ Amendments to IAS 1 | Presentation of Financial Statements – Disclosure of Accounting policies (January 1, 2023) |
| ▪ Amendments to IAS 1 | Classification of liabilities as current or non-current (January 1, 2024) |
| ▪ Amendments to IAS 8 | Definition of Accounting Estimates (January 1, 2023) |
| ▪ Amendments to IAS 12 | Deferred tax related to assets and liabilities arising from a single transaction (January 1, 2023) |
| ▪ Amendments to IFRS 4 | Insurance Contracts (January 1, 2023) |
| ▪ IFRS 17 & amendments thereto | Insurance Contracts (January 1, 2023) |
| ▪ Amendments to IFRS 16 | Lease liability in a sale and leaseback (January 1, 2024) |

The Executive Committee anticipates that all of the above standards, improvements, interpretations and amendments will be adopted by the FiTI 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 in the year of their initial application.

2.2. Equipment and depreciation

Equipment is 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 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, monthly-prorated method to allocate their cost over their estimated useful lives as follows:

	Years
Computer equipment	<u>3</u>

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 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 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).

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's operating model for managing the financial asset, and
- (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'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 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.

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 has a legally enforceable right to set off the recognised amounts and the FiTI 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 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 FiTI 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 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.

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 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 FiTI uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

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

2.11. Deferred Grants

Grants from governments, 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 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.

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 dates of transactions. 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 %
	<u>2022</u>	<u>2021</u>	<u>2022 → 2021</u>
United States Dollar	14.31	14.41	-0.7%
Euro	14.83	16.24	-8.7%

2.15. Contingent liabilities

A contingent liability is disclosed when the FiTI 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; or when the FiTI 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 is mainly from grants, services or 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 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 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, e.g. based on contractual services, is recognized on the accrual basis.

2.17. Expenses

Expenses specifically related to their projects (e.g. grant-related, service-related) 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 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 expose it to different financial risks, market risks, credit and liquidity risk. The Executive Committee has the overall responsibility for the FiTI, which includes the designing, developing and monitoring the FiTI's risk management policies.

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

a) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates and can arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The FiTI is exposed to currency risk arising from future commercial transactions and liabilities that are denominated in currencies other than the functional currency. The FiTI 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 ('Euro') and United States Dollar ('USD'). The FiTI aims to aggregate a net position for each currency.

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

	Financial assets		Financial liabilities	
	2022 (SCR)	2021 (SCR)	2022 (SCR)	2021 (SCR)
Seychelles Rupees	730,676	519,250	0	0

US Dollar	2,697,805	186,016	19,044	46,531
Euro	1,213,966	1,383,131	4,894	120,736
	<u>4,642,247</u>	<u>2,088,397</u>	<u>23,938</u>	<u>167,267</u>

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

c) Credit risk

The FiTI is not exposed to credit risk as it typically receives grants, sponsorships and donations in advance.

d) Liquidity risk

Liquidity risk is the risk that the FiTI will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The FiTI, through its monthly budget controlling 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'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'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.

5. EQUIPMENT

	<u>2022 (SCR)</u>	<u>2021 (SCR)</u>
At Cost – Computer equipment	43,189	43,989
Additions during the year	19,000	21,000
Deprecation charge for the period	-30,050	-21,800
Net book value at December 31	<u>32,139</u>	<u>43,189</u>

6. ACCOUNTS RECEIVABLES AND PREPAYMENTS

	<u>2022 (SCR)</u>	<u>2021 (SCR)</u>
Accounts Receivables	23,735	0
Prepaid expenses	0	0
Prepaid Security Bond	973	3,259
	<u>24,708</u>	<u>3,259</u>

‘Accounts Receivables and Prepayments’ are denominated in the following currencies:

	<u>2022 (SCR)</u>	<u>2021 (SCR)</u>
Seychelles Rupees	973	3,259
US Dollar	0	0
Euro	23,735	0
	<u>24,708</u>	<u>3,259</u>

7. CASH AND BANK BALANCES

<i>Bank balance dominated in:</i>	<u>2022 (SCR)</u>	<u>2021 (SCR)</u>
Seychelles Rupees	730,676	519,250

US Dollar	2,697,805	186,016
Euro	1,213,966	1,383,131
	<u>4,642,447</u>	<u>2,088,397</u>

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

8. ACCOUNTS PAYABLE TRADE AND OTHER PAYABLES

	<u>2022 (SCR)</u>	<u>2021 (SCR)</u>
Accounts payables	23,938	167,267
Accrued liabilities	80,044	103,622
Accrued expenses	74,750	74,750
Other liabilities	52,555	56,628
	<u>231,287</u>	<u>402,268</u>

- a) 'Accounts payables' are denominated in the following currencies:

	<u>2022 (SCR)</u>	<u>2021 (SCR)</u>
Seychelles Rupees	0	0
US Dollar	19,044	46,531
Euro	4,894	120,736
	<u>23,938</u>	<u>167,267</u>

- b) The carrying amounts of 'Accrued liabilities', 'Accrued expenses' and 'Other liabilities' approximate their amortized cost.

9. GRANTS

The FiTI was able to pursue its charitable objectives, as stated in the FiTI Constitution (Article 3), under the following grants during the financial year 2022:

- a) The grant "Improving Fisheries Transparency in Latin America and Africa (GBMF8722.01)" from the *Gordon and Betty Moore Foundation* [Grant: GBMF 2]¹ has

¹ 'Grant: GBMF_2' refers to "'Gordon and Betty Moore Foundation (# Grant ID: GBMF8722.01)".

the purpose to increase public availability of fisheries management information and to promote enabling conditions that demand, utilize and incentivize online government transparency. The grant has a term of 36 months (15 January 2022 – 14 January 2025) and a grant volume of USD 1,315,875. During 2022, the FiTI started to implement grant-related activities, which will continue during calendar years 2023 and 2024.

- b) The grant “Increasing transparency and multi-stakeholder collaboration in fisheries management in four Small Island Developing States (SIDS)” from *Irish Aid* [Grant: *Irish Aid 1*]² has the purpose of increasing transparency and multi-stakeholder collaboration in fisheries management in Cabo Verde, Comoros, Mauritius, and Sao Tomé and Príncipe. The grant has a term of 27 months (1 October 2020 – 31 December 2022) and a grant volume of EUR 205,734. All grant-related activities were completed during 2022 and the project was closed on 31 December 2022 .

In addition, Irish Aid granted the FiTI a second, one-year grant [Grant: *Irish Aid 2*] to increase the public availability and appreciation of fisheries management information in African Small Island Developing States (SIDS). This grant (HQ-CU/2022/FiTI) has a total volume of EUR 100,000 and an implementation timeframe from 1 January to 31 December 2023. Given that the entire grant volume was disbursed to the FiTI at the end of 2022, the full grant value has been classified as a deferred grant, see below.

- c) The grant “Strengthening fisheries transparency in Madagascar” from the *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)* [Grant: *GIZ 1*]³ has the purpose to enable Madagascar’s FiTI National Multi-Stakeholder Group to submit the country’s FiTI Candidate application and empower key stakeholders from Madagascar’s parliament, media and small-scale fisheries sector to demand, understand, utilize and incentivize government transparency in fisheries management. The grant has a term of 9 months (1 January to 30 September 2022) and a grant volume of EUR 113,792.80. All grant-related activities were completed during 2022 and the project was closed on 30 September 2022 .
- d) The grant “Assessing government transparency of fisheries management information in Ghana” from the Bloomberg Philanthropies Ocean Initiative [Grant: *Bloomberg 1*]⁴ has the purpose to establish a credible baseline of what information on fisheries management is already in the public domain and what is missing in Ghana, as well as to spark interest among national and international stakeholders to enhance fisheries transparency policies and practices in Ghana. The grant has a term of 6 months (1 November 2022 – 30 April 2023) and a grant volume of USD 37,994. During 2022, the

² ‘Grant: Irish Aid’ refers to “Irish Aid, Minister for Foreign Affairs (Contract No: IA-TAN/2020/102)”.

³ ‘Grant: GIZ_1’ refers to “Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Sector project Sustainable Fisheries and Aquaculture, Country: Madagascar; Agreement number: 81280360”.

⁴ ‘Grant: Bloomberg_1’ refers to “Rockefeller Philanthropy Advisors (“RPA”) on behalf of its sponsored project, Oceans 5 and its Vibrant Oceans Initiative (the “Project”), Grant agreement G-22-2129374360”.

FiTI started to implement grant-related activities, which will continue during calendar year 2023.

- e) As outlined above, several grants span an implementation timeframe of multiple years and therefore, deferred grant values have been determined:

	<u>Grant:</u> <u>GBMF 2</u> (SCR)	<u>Grant:</u> <u>Bloomberg 1</u> (SCR)	<u>Grant:</u> <u>Irish Aid 2</u> (SCR)
Income received for the year	6,764,097	504,422	1,452,960
- Costs incurred during the year	-4,517,241	-92,347	-0
= <u>Deferred grant value</u>	<u>2,246,856</u>	<u>412,075</u>	<u>1,452,960</u>
<i>Analysed as:</i>	Non-current	Current	Current

- f) In accordance with donor demands and good transparency practices, the costs incurred during the financial year are clearly accounted and recorded for each grant, as outlined in Annex I of these Annual Financial Statements.

10. SERVICES

During 2021, the FiTI developed the new complementary programme 'TAKING STOCK: Online Transparency of Fisheries Management Information'. This programme seeks to support countries in establishing a credible baseline of its transparency efforts, and deepen public understanding of how different governments around the world approach transparency in fisheries management. Upon request, the FiTI is offering such transparency assessments as a fee-based, contractual service.

Furthermore, staff of the International Secretariat occasionally receive remunerations for their contributions as speakers, panellists or experts in workshops or conference.

In accordance with good transparency practices, the costs incurred during the financial year are clearly accounted and recorded for services, as outlined in Annex II of these Annual Financial Statements.

11. OTHER INCOME

No other income was materialised by the FiTI in 2022.

12. ADMINISTRATION EXPENSES

The FiTI International Secretariat is responsible for the day-to-day running of the FiTI. It provides the technical and administrative support to the FiTI International Board, to which it is also accountable. Furthermore, in order to pursue the FiTI's charitable objective to increase transparency and multi-stakeholder participation in fisheries governance, the FiTI International Secretariat is conducting activities, which are typically covered by grant agreements or service contracts.

In addition, the operation of the FiTI incurs administrative costs, which are not covered by specific grant agreements or service contract, such as accounting and auditing, insurances, rent, or office supplies.

In accordance with good transparency practices, administrative costs incurred during the financial year are clearly accounted and recorded for, as outlined in Annex III of these Annual Financial Statements.

13. RESULTS FROM TOTAL OPERATIONS

Balances for the period were allocated as follows:

	<i>Grants</i>	<i>Services</i>	<i>Administration</i>	Total	Total
	<i>SCR</i>	<i>SCR</i>	<i>SCR</i>	<i>SCR</i>	<i>SCR</i>
	<i>2022</i>	<i>2022</i>	<i>2022</i>	<i>2022</i>	<i>2021</i>
Operating income (Sales)	8,126,740	521,356		8,648,095	7,540,564
Other income				0	0
GROSS PROFIT	8,126,740	521,356	0	8,648,095	7,540,564
Operating costs	-7,569,175	-254,484	-283,620	-8,107,279	-7,127,990
OPERATING PROFIT	557,564	266,872	-283,620	540,816	412,574
Depreciation			-30,050	-30,050	-21,800
Exchange Gain or Loss		458	1,119,551	1,120,009	-5,653,923
Unrealised Gain or Loss			10,884	10,884	4,901
NET INCOME	557,564	267,330	816,765	1,641,659	-5,258,248

14. SUBSEQUENT EVENTS

The Global 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 is from tourism and fisheries sector 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.

15. CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2022.

16. CAPITAL COMMITMENTS

There were no capital commitments as at December 31, 2022 other than the project schedules.

ANNEXES TO THE FINANCIAL STATEMENTS – PERIOD ENDED DECEMBER 31, 2022

1. BREAKDOWN OF GRANT-RELATED COSTS

	Grant: GBMF_2	Grant: Irish Aid_1	Grant: GIZ_1	Grant: Bloomberg_1	Total	Total
	2022	2022	2022	2022	2022	2021
	SCR	SCR	SCR	SCR	SCR	SCR
Communication and Outreach						
Design	148,439	201,896	151,007	0	501,342	313,060
Editorial	3,897	7,182	2,784	0	13,863	26,766
Media placement	0	0	5,632	0	5,632	3,995
Printing	10,507	0	26,565	0	37,072	0
Promotional material/accessories	1,209	0	0	0	1,209	0
Translation	0	64,757	10,040	0	74,797	36,996
	<u>164,053</u>	<u>273,836</u>	<u>196,027</u>	<u>0</u>	<u>633,916</u>	<u>380,817</u>
Coordinators, Advisors, FiTI Chair						
Regional Coordinators	1,048,613	368,024	0	11,370	1,428,007	1,739,959
Other Officers	315,944	0	0	0	315,944	0
Advisors	307,121	126,985	137,398	43,080	614,583	335,125
FiTI Chair	548,176	135,958	0	0	684,133	776,540
	<u>2,219,854</u>	<u>630,967</u>	<u>137,398</u>	<u>54,450</u>	<u>3,042,668</u>	<u>2,851,623</u>
Implementation partners, Experts						
Implementation partners	216,881	195,204	0	0	412,085	730,441
Sub-Contractors	42,656	640	223,269	0	266,565	-19,145
	<u>259,537</u>	<u>195,844</u>	<u>223,269</u>	<u>0</u>	<u>678,650</u>	<u>711,296</u>
Travel, meetings & workshops						
Travel	358,452	174,024	78,853	0	611,329	231,714
Meetings & workshops	17,370	4,141	38,475	0	59,986	78,707
Meals and entertainment	3,201	0	0	0	3,201	1,808
	<u>379,023</u>	<u>178,164</u>	<u>117,329</u>	<u>0</u>	<u>674,516</u>	<u>312,229</u>
DIRECT COSTS	<u>3,022,466</u>	<u>1,278,811</u>	<u>674,022</u>	<u>54,450</u>	<u>5,029,750</u>	<u>4,255,965</u>
Employee costs						
Salaries and allowances	1,102,472	610,200	787,692	21,440	2,521,804	2,407,931
Pension contributions - Employer	4,640	12,982	0	0	17,622	7,810
Other staff costs	0	0	0	0	0	0
	<u>1,107,112</u>	<u>623,182</u>	<u>787,692</u>	<u>21,440</u>	<u>2,539,426</u>	<u>2,415,741</u>
Administrative costs						
IT & Communication	0	0	0	0	0	32,344
Bank charges	0	0	0	0	0	0
Legal and professional services	0	0	0	0	0	0
Accounting and audit services	0	0	0	0	0	0
Office expenses	0	0	0	0	0	0
Other general expenses	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,344</u>
TOTAL COSTS	<u>4,129,578</u>	<u>1,901,993</u>	<u>1,461,714</u>	<u>75,890</u>	<u>7,569,175</u>	<u>6,704,051</u>
Unrealised Gain or Loss						
Depreciation						
Exchange Gain or Loss	0	0	0	0	0	0
TOTAL OTHER COSTS	<u>4,129,578</u>	<u>1,901,993</u>	<u>1,461,714</u>	<u>75,890</u>	<u>7,569,175</u>	<u>6,704,051</u>

2. BREAKDOWN OF SERVICES-RELATED COSTS

	TOTAL 2022 SCR	TOTAL 2021 SCR
Communication and Outreach		
Design	44,680	0
Editorial	0	0
Media placement	0	0
Printing	0	0
Promotional material/accessories	0	0
Translation	0	0
	44,680	0
Coordinators, Advisors, FiTI Chair		
Regional Coordinators	0	0
Other Officers	0	0
Advisors	7,180	0
FiTI Chair	0	0
	7,180	0
Implementation partners, Experts		
Implementation partners	0	0
Sub-Contractors	75,980	0
	75,980	0
Travel, meetings & workshops		
Travel	6,280	0
Meetings & workshops	0	0
Meals and entertainment	0	0
	6,280	0
DIRECT COSTS	134,120	0
Employee costs		
Salaries and allowances	112,391	128,031
Pension contributions - Employer	0	0
Other staff costs	0	0
	112,391	128,031
Administrative costs		
IT & Communication	0	0
Bank charges	0	0
Legal and professional services	0	0
Accounting and audit services	0	0
Office expenses	0	0
Other general expenses	0	0
	0	0
TOTAL COSTS	246,511	128,031
Unrealised Gain or Loss		
Depreciation	0	0
Exchange Gain or Loss	-458	0
	-458	0
TOTAL OTHER COSTS	246,054	128,031

3. BREAKDOWN OF ADMINISTRATION-RELATED COSTS

	General administration 2022 SCR	General administration 2021 SCR
Communication and Outreach		
Design		
Editorial		
Media placement	1,435	
Printing	355	3,665
Promotional material/accessories	6,033	3,000
Translation	790	
	8,613	6,665
Coordinators, Advisors, FiTI Chair		
Regional Coordinators		
Other Officers		
Advisors	2,607	
FiTI Chair		
	2,607	0
Implementation partners, Experts		
Implementation partners		
Sub-Contractors	1,547	
	1,547	0
Travel, meetings & workshops		
Travel	81,522	39,592
Meetings & workshops	3,493	
Meals and entertainment	18,941	45,218
	103,957	84,810
DIRECT COSTS	116,724	91,475
Employee costs		
Salaries and allowances	290	
Pension contributions - Employer		
Other staff costs	4,245	1,523
	4,535	1,523
Administrative costs		
IT & Communication	79,426	73,637
Bank charges	1,489	1,168
Legal and professional services		
Accounting and audit services	62,256	78,894
Office expenses	5,571	3,238
Other general expenses	13,620	22,890
	162,361	179,827
TOTAL COSTS	283,620	272,825
Unrealised Gain or Loss	-10,884	-4,901
Depreciation	30,050	21,800
Exchange Gain or Loss	-1,119,551	5,637,475
	-1,100,386	5,654,374
TOTAL OTHER COSTS	-816,766	5,927,199