SEYCHELLES POSTAL SERVICES LTD

Liberty House, Victoria, Seychelles

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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DIRECTORS	:	Mr. Norman Weber Mr. Ayub S Adam Mrs. Cindy Chang Leng Clair Ms. Judeth Dodin Ms. Tessa Henderson
SECRETARY	:	La Rosiere Maison La Rosiere P.O. Box 117, Victoria, Mahé Seychelles
REGISTERED OFFICE	:	Liberty House, Victoria Seychelles
PRINCIPAL PLACE OF BUSINESS	:	Liberty House, Victoria Seychelles
AUDITORS	:	BDO Associates Chartered Accountants Seychelles
BANKERS	:	The Mauritius Commercial Bank (Seychelles) Limited Seychelles International Mercantile Banking Corporation Limited (Nouvobanq) Crown Agents (UK) ABSA Bank (Seychelles) Limited

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the year ended December 31, 2021.

PRINCIPAL ACTIVITY

The Company is engaged in the operation of providing postal services in Seychelles. This remained unchanged during the year under review.

RESULTS

	SR
Loss for the year	(296,340)
Retained earnings brought forward	2,787,020
Retained earnings carried forward	**2,490,680**

DIVIDENDS

The Directors did not propose any dividend for the financial year under review (2020: Nil).

PROPERTY AND EQUIPMENT

The property and equipment of the Company and the movements therein are detailed in **note 5** to the financial statements.

Property and equipment are stated at cost less accumulated depreciation. The Directors have estimated that the carrying amount of property and equipment at the reporting date approximate their fair value.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Company and their interest since the date of the last report and at the date of this report are:

Mr. Norman Weber
Mr. Ayub S Adam
Mrs. Cindy Chang Leng Clair
Ms. Judeth Dodin
Ms. Tessa Henderson

None of the Directors had any interest in the shares of the Company during the year under review (2020: Nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Seychelles Companies Act, 1972 and Public Enterprise Monitoring Commission Act, 2013. 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 and making accounting estimates that are reasonable. The Directors have the general responsibility of safeguarding the assets, both owned by the Company and those that are held in trust and used by the Company.

The Directors consider they have met their aforesaid responsibilities.

AUDITORS

The auditors, BDO Associates, Seychelles retire and being eligible, offer themselves for re-appointment.

BOARD APPROVAL

Mr. Norman Weber
Director and Chairperson

Mr. Ayub S Adam
Director

Mrs. Cindy Chang Leng Clair
Director

Ms. Judeth Dodin
Director

Ms. Tessa Henderson
Director

Dated: 30 DEC 2022
Liberty House, Victoria

BDO

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The Créole Spirit
Quincy Street
Victoria, Mahe
Seychelles
P.O. Box 18

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of **SEYCHELLES POSTAL SERVICES LIMITED** (hereafter referred to as "the Company") set out on pages **4 to 32** which comprise the Statement of Financial Position as at December 31, 2021, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages **4 to 32** give a true and fair view of the financial position of the Company as at December 31, 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Seychelles Companies Act, 1972.

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 Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Seychelles, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the Seychelles Companies Act, 1972 and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are responsible for overseeing the Company's financial reporting process.

BDO Associates, a partnership registered in Seychelles, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

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 judgement and maintain professional skepticism throughout the audit. We also:

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

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

BDO

Report on Other and Regulatory Requirements

Seychelles Companies Act, 1972

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

We have obtained all information and explanations we have required.

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

Public Entreprise Monitoring Commission Act, 2013

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

We have obtained all the information necessary for the purpose of our audit and are satisfied with the information received.

Other matter

This report is made solely to the members of **SEYCHELLES POSTAL SERVICES LIMITED**, as a body, in terms of our engagement to conduct the audit on their behalf. Our audit work has been undertaken so that we might state to the Company's members those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company or the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO Associates

BDO ASSOCIATES
Chartered Accountants

Dated: 30 DEC 2022
Victoria, Seychelles

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	Notes	2021	2020
		SR	SR
ASSETS			
Non-current assets			
Property and equipment	5	**7,799,846**	8,593,122
Intangible asset	6	**34,267**	41,120
Right of use assets	7(b)	-	1,669,623
Deferred tax asset	8	**1,155,966**	692,077
		8,990,079	10,995,942
Current assets			
Inventories	9	**5,837,844**	5,796,614
Trade and other receivables	10	**6,297,317**	13,026,714
Cash and cash equivalents	11	**19,009,620**	13,049,644
		31,144,781	31,872,972
Total assets		**40,134,860**	42,868,914
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**100,000**	100,000
Capital and other reserves	13	**28,598,705**	28,598,705
Retained earnings		**2,490,680**	2,787,020
		31,189,385	31,485,725
Liabilities			
Non-current liabilities			
Lease liabilities	7(c)	-	871,745
Length of service compensation	14	**2,629,391**	1,240,538
		2,629,391	2,112,283
Current liabilities			
Lease liabilities	7(c)	-	716,435
Trade and other payables	15	**6,316,084**	8,554,471
		6,316,084	9,270,906
Total equity and liabilities		**40,134,860**	42,868,914

These financial statements were approved for issue by the Board of Directors on: 30 DEC 2022

Mr. Norman Weber
Director and Chairperson

Mr. Ayub S Adam
Director

Mrs. Cindy Chang Leng Clair
Director

Ms. Judeth Dodin
Director

Ms. Tessa Henderson
Director

The notes on pages 8 to 32 form an integral part of these financial statements.
Auditor's Report on pages 3 to 3(b).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2021

	Notes	2021	2020
		SR	SR
Revenue	16	**15,250,262**	29,863,510
Direct operating expenses	17	**(5,390,061)**	(7,321,424)
Gross profit		**9,860,201**	22,542,086
Other income - Profit on sale of assets		-	75,400
Employee expenses	18	**(2,473,962)**	(7,124,054)
General and administrative expenses	19	**(3,750,890)**	(3,991,453)
Depreciation of property and equipment	5	**(1,214,330)**	(1,137,526)
Amortisation of intangible asset	6	**(6,853)**	(6,853)
Amortisation of right of use asset	7(b)	**(724,295)**	(510,749)
Expected credit losses	10(c)	**(734,316)**	(801,535)
Finance income	20	**123,064**	12,486
Finance costs	7(c)	**(135,253)**	(146,597)
Exchange (loss)/gain	21	**(1,703,595)**	5,305,684
(Loss)/Profit before taxation		**(760,229)**	14,216,889
Taxation credit	8(b)(ii)	**463,889**	247,446
(Loss)/Profit and other comprehensive (expense)/income for the year		**(296,340)**	14,464,335

The notes on pages 8 to 32 form an integral part of these financial statements.
Auditor's Report on pages 3 to 3(b).

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2021

	Share capital	Capital reserve	Retained earnings	Total
	SR	SR	SR	SR
At January 1, 2021	**100,000**	**28,598,705**	**2,787,020**	**31,485,725**
Total comprehensive expense for the year	**-**	**-**	**(296,340)**	**(296,340)**
At December 31, 2021	**100,000**	**28,598,705**	**2,490,680**	**31,189,385**
At January 1, 2020	100,000	28,598,705	(11,677,315)	17,021,390
Total comprehensive income for the year	-	-	14,464,335	14,464,335
At December 31, 2020	100,000	28,598,705	2,787,020	31,485,725

The notes on pages 8 to 32 form an integral part of these financial statements.
Auditor's Report on pages 3 to 3(b).

STATEMENTS OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2021

	Notes	2021	2020
		SR	SR
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss)/Profit for the year		**(760,229)**	14,216,889
Adjustments for:			
Depreciation of property and equipment	5	**1,214,330**	1,137,526
Profit on disposal of assets		**-**	(75,400)
Amortisation charge of intangible asset	6	**6,853**	6,853
Amortisation of right-of-use assets	7(b)	**724,295**	510,749
Derecognition of right-of-use assets and lease liability	19	**73,582**	-
Expected credit losses	10(c)	**734,316**	801,535
Length of service charge	14	**1,494,092**	1,082,806
Foreign exchange movement	21	**1,255,965**	(2,074,445)
		4,743,204	15,606,513
Changes in working capital:-			
- Increase in inventories		**(41,230)**	(125,626)
- Decrease/(Increase) in trade and other receivables		**5,995,081**	(4,850,060)
- Decrease in trade and other payables		**(2,238,387)**	(1,243,940)
Net cash generated from operations		**8,458,668**	9,386,887
Length of service paid	14	**(105,239)**	(881,611)
Net cash inflow from operating activities		**8,353,429**	8,505,276
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment	5	**(421,054)**	(490,804)
Proceeds from sale of assets		**-**	75,400
Net cash outflow from investing activities		**(421,054)**	(415,404)
FINANCING ACTIVITY			
Repayment of lease liabilities and **net cash outflow from financing activity**	7(c)	**(716,434)**	(591,340)
Net increase in cash and cash equivalents		**7,215,941**	7,498,532
Movement in cash and cash equivalents			
At January 1,		**13,049,644**	3,476,667
Increase		**7,215,941**	7,498,532
Foreign exchange movement		**(1,255,965)**	2,074,445
At December 31,	11	**19,009,620**	13,049,644

The notes on pages 8 to 32 form an integral part of these financial statements.
Auditor's Report on pages 3 to 3(b).

1. GENERAL INFORMATION

SEYCHELLES POSTAL SERVICES LIMITED is a limited company incorporated in 2011 and is domiciled in Seychelles. Its registered office of the company is Liberty House, Victoria, Seychelles.

The principal activities of the Company are as stated in the Directors' report on page 2.

These financial statements will be submitted for consideration and approval at the forthcoming Annual General Meeting of Shareholders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of **SEYCHELLES POSTAL SERVICES LIMITED** have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and in compliance with the Seychelles Companies Act, 1972 and presented in Seychelles Rupees (SR).

These financial statements have been prepared under the historical cost convention as modified by the application of fair value measurements required or allowed by relevant accounting standards. Where necessary, comparative figures have been amended to conform with change in presentation in the current year.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Company's management to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in *note 4*.

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

(i) *Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)

(i) ***Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16 (Cont'd)***

- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the Company's financial statements.

(ii) *Covid-19-Related Rent Concessions beyond June 30, 2021 Amendments to IFRS 16*

On May 28, 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 was intended to apply until June 30, 2021, but as the impact of the Covid-19 pandemic is continuing, on March 31, 2021, the IASB extended the period of application of the practical expedient to June 30, 2022. The amendment applies to annual reporting periods beginning on or after April 1, 2021. However, the Company has not received Covid-19-related rent concessions.

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

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

(i) The following amendments are effective for the period beginning January 1, 2022:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16); and
- References to Conceptual Framework (Amendments to IFRS 3).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(ii) The following amendments are effective for the period beginning January 1, 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
- Definition of Accounting Estimates (Amendments to IAS 8);
- IFRS 17 Insurance Contracts (effective January 1, 2023) - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to January 1, 2023; and
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current.

(d) **Use of estimates and judgements**

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in *note 4*.

(e) **Property and Equipment**

Property and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Historical cost consists of purchase cost, together with any incidental expenses of acquisition and installation.

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 and the cost can be reliably measured. Repairs and maintenance are charged to the Statement of Profit or Loss during the period in which they are incurred.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed. Depreciation is calculated on a straight line method to write off the cost of each asset evenly to its residual value over their estimated useful lives as stated below:

Buildings	4%
Operating and office equipment	20%
Furniture and fittings	20%
Motor vehicles	20%

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property and Equipment (Cont'd)

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

Gains and losses on disposal of property and equipment are determined by comparing proceeds with carrying amount and are included in the Statement of Profit or Loss.

(f) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are subject to impairment in line with the Company's policy as described in *note 2(h)* impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The Company's intangible asset comprises of purchased computer software which is being depreciated at 10% per annum.

The useful lives of intangible assets are assessed to be finite and they are amortised over the period of expected future use.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

(h) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that property and equipment, right-of-use asset, intangible assets and other non-financial assets may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU 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 pre-tax 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 of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Net realisable value is the estimated selling price the inventory would fetch in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

In the case of stamps, inventory is carried at the cost price which includes cost of printing, transportation, delivery and related costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial assets

(i) Initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are recognised when the Company becomes a party to the contractual provisions of the respective instrument.

(ii) Classification and measurement

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the Statement of Profit or Loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include trade and other receivables and cash and bank balances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial assets (Cont'd)

(iii) Impairment of financial assets

The Company assesses, on a forward looking basis, the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applied the simplified approach to IFRS 9 to measure the loss allowance which uses lifetime expected losses. The Company determines the expected credit losses by using a provision matrix for local debtors and single loss rate approach for foreign debtors, estimated on historical credit loss experience and based on past due dates of the receivables adjusted appropriate to reflect current conditions and estimates of future economic conditions.

(iv) Derecognition

Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the Company has transferred substantially all risks and rewards of ownership.

(k) Cash and cash equivalents

Cash comprises of cash in hand and short term deposits held with banks. 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 bank overdrafts, if any, are deducted. The Statement of Cash Flows is prepared using the indirect method.

(l) Share capital

Ordinary shares are classified as equity.

The transaction cost of an equity instrument is accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(m) Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed or not billed to the Company.

The carrying amounts of trade payables approximate their amortised costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and 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.

(o) Taxation

Current tax

Taxation on the Statement of Profit or Loss for the year comprises current and deferred tax. Current tax is the expected amount of taxes payable in respect of the taxable profit for the year and is measured using the tax rates laid down by the Business Tax Act 2009 that have been enacted at the end of the reporting period.

Deferred tax

Deferred tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax is determined using tax rates that have been enacted by the end of the reporting period and are expected to apply in the period when the related deferred tax asset is realised or the deferred tax liability is settled.

The principal temporary differences arise mainly from length of service compensation provision, expected credit losses and leave provision.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

(p) Employee benefit obligations

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as bonuses and non-monetary), are recognised in the period in which the service is rendered and are not discounted.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Employee benefit obligations (Cont'd)

Defined contribution schemes

A defined contribution plan is a pension plan under which the Company pays a fixed contribution into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employees service in the current and prior periods.

The Company and Seychellois employees contribute to the Seychelles Pension Fund (SPF). This is a pension scheme which was promulgated under the Seychelles Pension Fund Act, 2005.

Length of service provision

The Company currently operates an unfunded scheme for employees' end of service benefits that follows relevant local regulations and is based on periods of cumulative service and levels of employees' final basic salaries. The liability for staff terminal benefits is determined as the liability that would arise if employment of all staff was to be terminated at reporting date.

(q) Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using Seychelles Rupee (SR), the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Company are presented in Seychelles Rupee (SR), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss. Such monetary assets and liabilities are translated into presentation currency using the exchange rates ruling at end of the reporting period.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date these assets were recognised in the Financial Statements. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue recognition

In relation to sale of goods, revenue is recognised where the ownership has been transferred to the buyer and no significant uncertainties remain regarding the derivation of consideration, associated costs or the possible return of goods.

In relation to rendering services, revenue is recognised by reference to the state of completion of the transaction at the Statement of Financial Position date.

Revenue earned from the provision of services over a fixed period, such as post box rental is recognised on a straight line basis over the period of the service. It can be deferred based on the term of the rental agreement with customers.

(s) Government grants

Government grants, being assistance by the Government of Seychelles in the form of refunds for certain expenditures, are recognised at fair value when the Company complies with the conditions attached to the grants and the grants have been received. The grants are recognised on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Government grants are recognised as income (refer to note 16) but for those related to salaries are netted-off against the related expense incurred by the Company (refer to note 18(a)).

3. FINANCIAL RISK MANAGEMENT

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risk. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions. The Company's activities expose it to a variety of financial risks including the following:

3.1 Financial Risk Factors

(i) *Currency risk*

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Seychelles Rupee, Great Britain Pound and South African Rand arising from expenses, foreign supplies and revenue. In order to ensure adequacy of its foreign exchange requirements, foreign currency cash flow forecasts are prepared regularly and actions taken accordingly.

If at year end the Seychelles Rupee had weakened/strengthened against the above currencies by 10% with all other variables held 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).

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (Cont'd)

(i) *Currency risk (Cont'd)*

December 31, 2021

	USD	GBP
	+/- SR	+/- SR
Trade and other receivables	**589,485**	-
Cash and cash equivalents	**6,723**	**513,150**
Trade and other payables	**23,089**	-

December 31, 2020

	USD	GBP
	+/- SR	+/- SR
Trade and other receivables	1,221,161	-
Cash and cash equivalents	9,887	720,180
Trade and other payables	455,381	-

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

	Financial assets		Financial liabilities	
	2021	2020	**2021**	2020
	SR	SR	**SR**	SR
USD	**5,962,072**	12,310,478	**230,886**	4,553,812
Seychelles Rupees	**13,626,476**	6,355,665	**5,626,577**	5,242,547
Pound	**5,131,500**	7,201,796	-	-
	24,720,048	25,867,939	**5,857,463**	9,796,359

- Financial assets exclude prepayments and taxes amounting to **SR 587k** (2020: SR 208k) (Refer to note 10)
- Financial liabilities exclude provision amounting to **SR 459k** (2020: SR 346k).

(ii) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in the financial loss to the Company. The Company's exposure to credit isk arises primarily from credit sales to its clients as well as cash and bank balances. The Company credit exposure is diversified across a range of international post offices, local companies and government departments. All long outstanding balances are properly followed by the finance team.

The maximum exposure to credit risk is equal to the carrying amount of receivables. Over 90% of outstanding amount as at December 31, 2021 were held with AA or above rated counterparties or Seychelles Government companies.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (Cont'd)

(iii) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Furthermore, the Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash. Maturity of lease liabilities are shown on *note 7(d)*.

3.2 Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

3.3 Capital risk management

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital in proportion to risk. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (i.e. share capital, capital and other reserves and revenue deficit).

At December 31, 2021, the Company was debt free (2020: same).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Depreciation policies

The Directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the asset at the end of their expected useful lives.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Going concern

The Directors consider that it is appropriate to continue to adopt the going concern basis in preparing these financial statements. In reaching this assessment, the Directors have considered the implications of the COVID-19 pandemic macroeconomic and geopolitical headwinds upon the Company's performance and projected funding and capital position.

(c) Impairment of non financial assets

Non financial assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

(d) Impairment of financial assets

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

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

(e) Length of service provision

The cost of defined benefit pension plans has been determined using the method as per the Seychelles Employment Act and the Directors have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

(f) Limitation of sensitivity analysis

Sensitivity analysis demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D) - (f) Limitation of sensitivity analysis (Cont'd)

Sensitivity analysis does not take into consideration that the Company's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's views of possible near-term market changes that cannot be predicted with any certainty.

5. PROPERTY AND EQUIPMENT

	Buildings	Operating and office equipment	Furniture & fittings	Motor vehicles	Total
COST	SR	SR	SR	SR	SR
At January 1, 2020	11,730,000	3,281,281	1,127,008	3,766,627	19,904,916
Additions	-	407,224	83,580	-	490,804
Disposal	-	-	-	(110,000)	(110,000)
At December 31, 2020	**11,730,000**	**3,688,505**	**1,210,588**	**3,656,627**	**20,285,720**
Additions	**-**	**396,604**	**24,450**	**-**	**421,054**
At December 31, 2021	**11,730,000**	**4,085,109**	**1,235,038**	**3,656,627**	**20,706,774**
ACCUMULATED DEPRECIATION					
At January 1, 2020	4,021,600	2,928,728	1,112,781	2,601,963	10,665,072
Charge for the year	469,200	236,378	41,788	390,160	1,137,526
Disposal adjustment	-	-	-	(110,000)	(110,000)
At December 31, 2020	**4,490,800**	**3,165,106**	**1,154,569**	**2,882,123**	**11,692,598**
Charge for the year	**469,200**	**355,285**	**68,716**	**321,129**	**1,214,330**
At December 31, 2021	**4,960,000**	**3,520,391**	**1,223,285**	**3,203,252**	**12,906,928**
NET BOOK VALUES					
At December 31, 2021	**6,770,000**	**564,718**	**11,753**	**453,375**	**7,799,846**
At December 31, 2020	7,239,200	523,399	56,019	774,504	8,593,122

6. INTANGIBLE ASSET

Computer Software	2021	2020
	SR	SR
COST		
At January 1 and December 31,	68,532	68,532
ACCUMULATED AMORTISATION		
At January 1,	27,412	20,559
Charge for the year	6,853	6,853
At December 31,	34,265	27,412
NET BOOK VALUE	34,267	41,120

7. LEASES

(a) Lease contracts

The Company leased three office buildings and the lease terms vary between 2 to 5 years. Generally, the Company is restricted from assigning and subleasing the leased assets. There are no lease contracts that include extension and termination options and variable lease payments. One lease contract expired and was not renewed. Two leases remaining were derecogised and are now being accounted as low value leases as per IFRS 16 - B35.

(b) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements noted during the year under review.

	2021	2020
	SR	SR
At January 1,	1,669,623	569,426
Additions during the year	-	1,610,946
Amortisation charge for the year (note 7(e))	(724,295)	(510,749)
Derecognition	(945,328)	-
As at December 31,	-	1,669,623

(c) Lease liabilities

One lease contract expired and was not renewed. Two leases remaining were derecogised and are now being accounted as low value leases as per IFRS 16 - B35 which explains that a lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

7. LEASES (CONT'D) - (c) - Lease liabilities (Cont'd)

The carrying amounts of lease liabilities and the movements noted during the year were as follows:

	2021	2020
	SR	SR
As at January 1,	**1,588,180**	568,574
Additions	-	1,610,946
Finance cost (notes 7(e) and page 5)	**135,253**	146,597
Lease payments	**(851,687)**	(737,937)
Derecognition	**(871,746)**	-
As at December 31,	-	1,588,180

One lease contract expired and was not renewed. Two leases remaining were derecogised and are now being accounted as low value leases as per IFRS 16 - B35.

(d) The maturity analysis of lease liabilities is as shown below:

	Upto 3 Up to 3 Months	Between 3 and 12 months	Between 1 and 2 years	Total
	SR	SR	SR	SR
At December 31, 2020				
Lease liabilities	171,920	544,515	871,745	1,588,180

(e) The following are the amounts recognised in Statement of Profit or Loss:

	2021	2020
	SR	SR
Depreciation expense of right-of-use assets (note 7(b))	**724,295**	510,749
Interest expense on lease liabilities (note 7(c))	**135,253**	146,597
Expense relating to short-term leases (note 19)	**166,899**	319,625
Derecognition of right-of use-assets and lease liability (note 19)	**73,582**	-
Total amount recognised in the Statement of Profit or Loss	1,100,029	976,971

8. DEFERRED TAX ASSET

(a) Taxation represents deferred tax asset only since the Company has no current tax liability due to tax losses.

There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets and liabilities when the deferred tax rates relate to the same fiscal authority on the same entity.

8. DEFERRED TAX ASSET (CONT'D)

(b)(i) The following amounts are shown in the Statement of Financial Position:

	2021	2020
	SR	SR
Deferred tax assets (note 8(c))	**1,155,966**	716,510
Deferred tax liability (note 8(c))	-	(24,433)
	1,155,966	692,077

(b((ii) The movement on the deferred tax account is as follows:

	2021	2020
	SR	SR
At January 1,	**692,077**	444,631
Credit for the year	**463,889**	247,446
At December 31,	**1,155,966**	692,077

(c) Deferred tax is recognised in the Statement of Financial Position with respect to the following:

Deferred tax assets

	Expected credit losses	Provision for leave	Retirement benefit obligation	Total
	SR	SR	SR	SR
At January 1, 2020	-	133,084	311,803	444,887
Credit/(Charge) for the year	240,461	(29,196)	60,358	271,623
At December 31, 2020	**240,461**	**103,888**	**372,161**	**716,510**
Credit for the year	**143,502**	**10,767**	**285,187**	**439,456**
Movement in temporary differences at old rate	**172,202**	**12,921**	**342,224**	**527,347**
Change in tax rate (note 8(e))	**(28,700)**	**(2,153)**	**(57,037)**	**(87,891)**
At December 31, 2021	**383,963**	**114,655**	**657,348**	**1,155,966**

Deferred tax liability

	Excess of lease liability over right of use assets
	SR
At January 1, 2020	(256)
Charge for the year	(24,177)
At December 31, 2020	**(24,433)**
Credit for the year	**24,433**
At December 31, 2021	-

8. DEFERRED TAX ASSET (CONT'D)

(d) Unutilised tax losses

The Company has unused tax losses of **SR 13.9m** (2020: SR 16.8m) for which no deferred tax has been recognised due to the uncertainty regarding the probability of future taxable profit. The years of origination, amounts and their expiry are as follows:

Year ended	Amount	Expiry
December 31, 2017	SR 5.9m	31/12/2022
December 31, 2018	SR 2.8m	31/12/2023
December 31, 2019	SR 5.8m	31/12/2024
December 31, 2020	SR 1.7m	31/12/2025
December 31, 2021	SR 2.3m	31/12/2026

(e) Applicable tax rates are as follows:

	2021 & 2020
Taxable income threshold	
≤ SR. 1,000,000	25%
> SR. 1,000,000	30%

<u>Change in tax rates - effective 2022</u>

In exercise of the powers conferred by section 81 of the Business Tax Act 2009, the Minister of Finance, Economic Planning and Trade announced changes to tax rates for all Companies effective January 1, 2022, as shown below:

≤ SR. 1,000,000	15%
> SR. 1,000,000	25%

9. INVENTORIES

	2021	2020
	SR	SR
Stamps	**4,423,138**	4,490,342
Other	**1,414,706**	1,306,272
	5,837,844	5,796,614

(a) Cost of inventories recognised as expense and included in cost of sales amounted to **SR 2,739,609** (2020: SR 4,136,091) *(note 17)*.

10. TRADE AND OTHER RECEIVABLES

	2021	2020
	SR	SR
Trade receivables:		
- Foreign debtors	5,894,846	12,211,611
- Local debtors	1,109,517	1,193,760
	7,004,363	13,405,371
Less: Provision of credit impairment (note 10(b) & (c))	(1,535,851)	(801,535)
	5,468,512	12,603,836
Loans and advances to staff (notes 10(d) & (e))	101,666	74,209
Refundable deposits	140,250	140,250
Total financial assets	5,710,428	12,818,295
Other receivables - prepayments and taxes	586,889	208,419
Total	6,297,317	13,026,714

(a) The carrying amounts of trade and other receivable measured at amortised cost approximate their fair value. The currency and credit risks are detailed under notes 3.1(i) and 3.1(ii) respectively.

(b) **Expected credit losses**

The Company applies IFRS 9 when measuring expected credit losses. Trade receivables have been grouped based on shared credit risk characteristics and the days past due to measure the expected credit losses. Local debtors ECL was computed using provision matrix while foreign debtors use single loss rate approach. The loss allowance for the current has been determined as follows:

At December 31, 2021

Local receivables

	0 - 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Gross amount (SR)	236,600	88,596	105,706	678,615	1,109,517
Expected loss rate	3.97%	12.80%	19.09%	82.96%	
Local ECL debtors	(9,389)	(11,337)	(20,180)	(563,006)	(603,912)

Foreign receivables

Total foreign receivables (SR)	5,894,846
Expected loss rate	16%
Foreign ECL debtors	(931,939)
Total expected credit losses	(1,535,851)

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Expected credit losses (Cont'd)

At December 31, 2020

Local receivables

	0 - 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Gross amount (SR)	212,661	389,684	121,795	469,619	1,193,760
Expected loss rate	4.14%	9.37%	23.33%	83.44%	
Local ECL debtors	(8,813)	(36,522)	(28,413)	(391,835)	(465,583)

Foreign receivables

Total foreign receivables (SR)	12,211,611
Expected loss rate	2.8%
Foreign ECL debtors	(335,952)
Total expected credit losses	(801,535)

(c) Movement in the provision for credit impairment of trade and other receivables is as follows:

	2021	2020
	SR	SR
At January 1,	**801,535**	-
Charge for the year	**734,316**	801,535
At December 31,	**1,535,851**	801,535

(d) Loans and advances to staff are interest bearing and are due within one year. The Directors have estimated that the risk of default is remote and no ECL provided given that deductions are made monthly from salaries and wages.

(e) The other classes within trade and other receivables do not contain any impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

11. CASH AND CASH EQUIVALENTS

	2021	2020
	SR	SR
Cash at bank	**18,953,974**	12,845,240
Cash in hand	**55,646**	204,404
	19,009,620	13,049,644

12. SHARE CAPITAL

		2021 & 2020
		SR
(a)	**Authorised, issued and fully paid share capital of 1,000 shares of SR 100 each**	100,000

(b) **Ownership**

	No. of shares	
	2021	2020
Government of Seychelles	**100**	999
Societe Seychelloise d'investissement	-	1

Societe Seychelloise d'investissement transferred its share to Government of Seychelles on May 11, 2021.

13. CAPITAL AND OTHER RESERVES

The Company was incorporated on June 1, 2011 when it took over the assets and liabilities of an independent postal services entity which was under the Ministry of Finance, Trade and Economic Planning. The net assets taken over of **SR 28.6m** by the Company has been recognised as Capital Reserve.

14. LENGTH OF SERVICE COMPENSATION

	2021	2020
	SR	SR
At January 1,	**1,240,538**	1,039,343
Charge for the year (note 18)	**1,494,092**	1,082,806
Paid during the year	**(105,239)**	(881,611)
At December 31,	**2,629,391**	1,240,538

15. TRADE AND OTHER PAYABLES

	2021	2020
	SR	SR
Trade payables	**230,886**	140,075
Postal Logistics Partners		
- Provision for PLP expenses (note 15(a))	-	4,413,737
Other payables	**6,085,198**	4,000,659
	6,316,084	8,554,471

(a) The Seychelles Postal Services entered into a contract with Postal Logistics Partners (PLP) to resell International Mail Products in Asia from November 1, 2016 to October 31, 2017. An initial deposit of USD 100,000 (SR 14.2m) was made into a separate bank account whereby all expenses to be incurred by the Seychelles Postal Service (SPS) on behalf of Postal Logistical Partners were recharged. However, the contract was cancelled in November 2017.

15. TRADE AND OTHER PAYABLES (CONT'D)

(a) In 2017 the Company made an assessment based on actual rates of the PLP and noted that the above deposit of SR 14.2m was inadequate and requested a further deposit to meet PLP's expenses. This was however disputed and disagreed by PLP and the Directors decided at the end of 2017 for prudence sake to provide for 75% of the costs that were estimated at SR 10.4m as at December 31, 2017. The outstanding liability was settled during the year.

(b) The carrying amounts of 'trade and other payables' approximate their amortised costs.

16. REVENUE

	2021	2020
	SR	SR
Postal services	**14,447,617**	27,005,194
Philatelic shop	**507,809**	614,964
Commission receivable	**294,836**	243,352
Universal postal contribution (Seychelles Government) (note 22(d))	-	2,000,000
	15,250,262	29,863,510

17. DIRECT OPERATING EXPENSES

	2021	2020
	SR	SR
Cost of goods sold (note 9(a))	**2,739,609**	4,136,091
Mail conveyance charges	**2,650,452**	3,185,333
	5,390,061	7,321,424

18. EMPLOYEE EXPENSES

	2021	2020
	SR	SR
Salaries and wages	**15,013,985**	16,798,301
Government support (notes 18(a) and 22(d))	**(15,046,438)**	(11,482,177)
Length of service charge (note 14)	**1,494,092**	1,082,806
Directors fees (note 22)	**319,000**	211,840
Contribution to pension fund	**401,638**	445,956
Leave pay movements	**114,817**	(97,321)
Staff welfare	**176,868**	164,649
	2,473,962	7,124,054

(a) The Company received a grant from the Government of Seychelles under the Ministry of Finance Financial Assistance For Job Retention (FA4JR) scheme in the form of refunds for payroll related expenses, after meeting certain conditions. There were no unfulfilled conditions or other contingencies attaching to these grants. A total of **SR 15m** covering the year 2021 was received and netted against staff costs and related expenses (2020: SR 11.5m).

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
	SR	SR
Audit fees	**256,000**	130,000
Electricity and water charges	**481,101**	500,106
Bank charges	**33,572**	66,789
Professional charges	**566,099**	258,113
Repairs and maintenance	**384,244**	718,979
Office expenses	**675,418**	761,765
Transportation costs	**370,479**	466,179
Workshop and seminar expenses	**9,750**	12,504
Commission expenses	**11,137**	27,565
Rent (note 7(e))	**166,899**	319,625
License and insurance charges	**153,244**	167,710
Communication charges	**456,708**	488,144
Corporate social responsibility tax	**112,657**	73,974
Derecognition of right-of-use assets and lease liability (notes 7(b) & (c)	**73,582**	-
	3,750,890	3,991,453

20. FINANCE INCOME

	2021	2020
	SR	SR
Interest income on treasury bills	**117,000**	-
Interest income on staff loans	**6,064**	12,486
	123,064	12,486

21. EXCHANGE (LOSS)/GAIN

	2021	2020
	SR	SR
Bank	**(1,255,965)**	2,074,445
Trade and other payables	**3,669,384**	(2,335,200)
Trade and other receivables	**(4,117,014)**	5,566,439
	(1,703,595)	5,305,684

22. RELATED PARTY TRANSACTIONS

(a) Transactions with Directors

(i) Directors

	2021	2020
	SR	SR
Mr. Errol Dias	**57,800**	692,736
Directors fees (notes 18 and 22(a)(ii))	**319,000**	211,840
	376,800	904,576

(ii) Directors fees

	2021	2020
	SR	SR
Mr. Norman Weber	**84,000**	25,787
Mr. Ayub S Adam	**60,000**	40,880
Cindy Clair Chang -lang	**55,000**	-
Tessa anderson	**55,000**	-
Ms. Judeth dodin	**55,000**	-
Ms. Rudy Rose	**5,000**	42,693
Ms. Astride Tamatave	**5,000**	40,880
Ms. Melanie Stravens	-	28,720
Ms. Dothy Valmont Raforme	-	32,880
	319,000	211,840

(b) There has been no guarantees provided or received from any related parties. For the year ended December 31, 2021, there was no receivables from related parties (2020: Nil).

(c) Key management personnel compensation

	2021	2020
	SR	SR
Salaries and other benefits	**1,142,393**	1,149,401
Pension costs	**23,422**	13,700
	1,165,815	1,163,101

(d) Government of Seychelles

	2021	2020
	SR	SR
Universal postal contribution (note 16)	-	2,000,000
Salary assistance (note 18)	**15,046,438**	11,482,177

23. CONTINGENT LIABILITIES

There was no contingent liability as at December 31, 2021 (2020: Nil).

24. COMMITMENTS

(a) There were no capital commitments as at December 31, 2021 (2020: Nil).

(b) Operating lease commitments - where the Company is the lessee

The Company leases offices under operating lease agreements. The leases have varying terms, escalation clauses and renewable rights.

The future aggregate minimum lease payments under operating leases are as follows:

	2021	2020
	SR	SR
Operating lease - not later than one year	**46,498**	257,923

25. FIVE YEAR FINANCIAL SUMMARY

	2021	2020	2019	2018	2017
	SR'000	SR'000	SR'000	SR'000	SR'000
(Loss)/Profit for the year	**(296)**	14,464	(2,226)	(2,436)	(5,948)
Retained earnings/(Revenue deficit) carried forward	**2,787**	(11,677)	(9,451)	(7,015)	(1,067)
Retained earnings/(Revenue deficit) carried forward	**2,491**	2,787	(11,677)	(9,451)	(7,015)
EQUITY					
Share capital	**100**	100	100	100	100
Capital reserves	**28,599**	28,599	28,599	28,599	28,599
Retained earnings/(Revenue deficit)	**2,491**	2,787	(11,677)	(9,451)	(7,015)
	31,190	31,486	17,022	19,248	21,684