

**SEYCHELLES POSTAL SERVICES LTD**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018**

# SEYCHELLES POSTAL SERVICES LTD

*Liberty House, Victoria, Seychelles*

<p><i>DIRECTORS REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2018</i></p>
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CORPORATE INFORMATION

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**DIRECTORS** : Mr. Errol Dias  
Ms. Astride Tamatave  
Mr. Ayub S Adam  
Ms. Rudy Rose  
Ms. Melanie Stravens (Chairperson)

**Resigned effective: 31 December 2018**  
Mr. Alex Etienne

**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** : Mauritian Commercial Bank  
Seychelles International Mercantile Banking Corporation  
Limited (Nouvobanq)  
Crown Agents (UK)

**DIRECTORS' REPORT**

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the year ended December 31, 2018.

**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	(2,435,644)
Revenue deficit brought forward	(7,015,533)
<b>Revenue deficit carried forward</b>	<b><u>(9,451,177)</u></b>

**DIVIDENDS**

The Directors did not propose any dividend for the financial year under review (2017: Nil).

**PROPERTY, PLANT AND EQUIPMENT**

Additions to fixed assets of SR 464k during the year comprised office equipment, furniture and fittings and motor vehicles (2017: SR 871). There were no disposals during the year.

The Directors have estimated that the carrying value of property, plant and equipment at the balance sheet date approximate their fair value.

**DIRECTORS AND DIRECTORS' INTERESTS**

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

Mr. Errol Dias  
 Ms. Astride Tamatave  
 Mr. Ayub S Adam  
 Ms. Rudy Rose  
 Ms. Melanie Stravens (Chairperson)

**Resigned effective: 31 December 2018**

Mr. Alex Etienne

None of the Directors had any interest in the shares of the Company during the year under review (2017: NIL).

DIRECTORS' REPORT (CONT'D)

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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. 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. Errol Dias  
Director



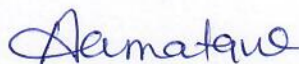
Ms. Melanie Stravens  
Director



Mr. Ayub S Adam  
Director



Ms. Rudy Rose  
Director



Ms. Astride Tamatave  
Director

Dated: 15 MAY 2019  
Liberty House, Victoria

## SEYCHELLES POSTAL SERVICES LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of **SEYCHELLES POSTAL SERVICES LIMITED** (hereafter referred to as the "Company"), 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company or the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Report on the audit of the Financial Statements

##### Qualified Opinion

We have audited the financial statements of **SEYCHELLES POSTAL SERVICES LIMITED** set out on pages 5 to 26 which comprise the Statement of Financial Position as at DECEMBER 31, 2018, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements on pages 5 to 26 give a true and fair view of the financial position of the Company as at DECEMBER 31, 2018 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 Qualified Opinion

The Company has not implemented the requirements of IFRS 9 - Financial Instruments which was mandatory effective January 2018. IFRS 9 is based on an expected credit loss Model (ECL) as compared to IAS 39 which was on an incurred loss basis. Therefore it was impossible to quantify the impact of any adjustments, if any, on the opening balance of retained earnings as at January 1, 2018 nor on the Statement of Profit or Loss for the year due to provisions for expected credit losses. Reclassification and measurement of the Company's financial instruments were also not done nor were required disclosures made in relation to this new IFRS.

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.

**SEYCHELLES POSTAL SERVICES LIMITED**

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

**Emphasis of matter**

*Going Concern*

At December 31, 2018, the Company had revenue deficit of SR 9.5m (2017: SR 7m). This indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. We have however obtained Management's representation which explained the unusual situation which led to unusual losses. The Shareholders have also confirmed their continuous financial support to the Company and consequently, the financial statements have been prepared on a going concern basis.

*Our opinion is not qualified in this respect.*

**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 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.

**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:

**SEYCHELLES POSTAL SERVICES LIMITED**

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

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

- 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.

**Report on other Legal Regulatory Requirements**

***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.





SEYCHELLES POSTAL SERVICES LIMITED

4(c)

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

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

*Public Enterprise 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.


Dated: 15 MAY 2019  
Victoria, Seychelles

*BDO Associates*  
BDO ASSOCIATES  
Chartered Accountants

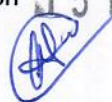
## STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

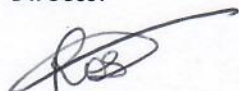
	Notes	2018 SR	2017 SR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	9,617,147	10,384,588
Intangible asset	6	54,826	61,679
Deferred tax asset	7	107,994	257,520
		<u>9,779,967</u>	<u>10,703,787</u>
<b>Current assets</b>			
Inventories	8	6,107,574	6,292,050
Trade and other receivables	9	9,634,355	7,666,204
Cash and cash equivalents	10	6,607,493	23,686,834
		<u>22,349,422</u>	<u>37,645,088</u>
<b>Total assets</b>		<u><u>32,129,389</u></u>	<u><u>48,348,875</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	100,000	100,000
Capital and other reserves	12	28,598,705	28,598,705
Revenue deficit		(9,451,177)	(7,015,533)
		<u>19,247,528</u>	<u>21,683,172</u>
<b>Liabilities</b>			
<b>Non-current liability</b>			
Retirement benefit obligation	13	359,979	858,399
<b>Current liability</b>			
Trade payables and other payables	14	12,521,882	25,807,304
<b>Total equity and liabilities</b>		<u><u>32,129,389</u></u>	<u><u>48,348,875</u></u>


These financial statements were approved for issue by the Board of Directors on 15 MAY 2019

  
Mr. Errol Dias  
Director

  
Ms. Melanie Stravens  
Director

  
Mr. Ayub S Adam  
Director

  
Ms. Rudy Rose  
Director

  
Ms. Astride Tamatave  
Director

The notes on pages 9 to 26 form an integral part of these financial statements.  
Auditors' Report on pages 4 to 4(c).

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2018

	<u>Notes</u>	<u>2018</u> SR	<u>2017</u> SR
Revenue	2(k)/15	28,762,562	28,241,201
Direct operating expenses	16	(6,247,873)	(6,099,629)
<b>Gross profit</b>		<u>22,514,689</u>	<u>22,141,572</u>
Employee expenses	17	(15,613,923)	(14,922,177)
General and administrative expenses	18	(7,995,206)	(12,580,310)
Depreciation charge	5	(1,231,147)	(1,127,540)
Amortisation	6	(6,853)	(6,853)
Exchange gain		28,280	481,824
Other income	19	<u>18,042</u>	<u>41,186</u>
<b>Loss before taxation</b>		(2,286,118)	(5,972,298)
Taxation (charge)/credit	7	<u>(149,526)</u>	<u>23,841</u>
<b>Loss and other comprehensive expense for the year</b>		<u><u>(2,435,644)</u></u>	<u><u>(5,948,457)</u></u>

The notes on pages 9 to 26 form an integral part of these financial statements.  
Auditors' Report on pages 4 to 4(c).

## STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2018

	Share capital	Capital Reserve	Revenue Deficit	Total
	SCR	SCR	SCR	SCR
Balance at January 1, 2018	100,000	28,598,705	-7,015,533	21,683,172
Total comprehensive expense for the year	-	-	-2,435,644	(2,435,644)
Balance at December 31, 2018	<u>100,000</u>	<u>28,598,705</u>	<u>-9,451,177</u>	<u>19,247,528</u>
Balance at January 1, 2017	100,000	28,598,705	-1,067,076	27,631,629
Total comprehensive income for the year	-	-	(5,948,457)	(5,948,457)
Balance at December 31, 2017	<u>100,000</u>	<u>28,598,705</u>	<u>-7,015,533</u>	<u>21,683,172</u>

The notes on pages 9 to 26 form an integral part of these financial statements.  
Auditors' Report on pages 4 to 4(c).

## STATEMENTS OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2018

	Notes	2018 SR	2017 SR
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss for the year		(2,286,118)	(5,972,299)
<i>Adjustments for:</i>			
Depreciation charged	5	1,231,147	1,127,540
Amortisation charged	6	6,853	6,853
Profit on disposal		-	(30,000)
Bad debt written off		-	19,266
Retirement benefit obligation charge	13	1,128,086	827,708
Foreign exchange gain		(28,280)	(481,824)
		<u>51,688</u>	<u>(4,502,755)</u>
<i>Changes in working capital:-</i>			
- Decrease inventories		184,476	14,237
- (Increase)/Decrease trade and other receivables		(1,968,151)	1,529,829
- (Decrease)/Increase trade and other payables		(13,285,422)	6,162,535
Net cash (absorbed by)/generated from operations		<u>(15,017,409)</u>	<u>3,203,846</u>
Retirement benefit obligations paid	13	(1,626,506)	(803,878)
<b>Net cash (outflow)/ inflow from operating activities</b>		<u>(16,643,915)</u>	<u>2,399,968</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	5	(463,706)	(870,516)
Purchase of intangible asset		-	(68,532)
Proceeds from sale of motor vehicle		-	30,000
<b>Net cash outflow from investing activities</b>		<u>(463,706)</u>	<u>(909,048)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(17,107,621)</u>	<u>1,490,920</u>
<b>Movement in cash and cash equivalents</b>			
At January 1,		23,686,834	21,714,090
(Decrease)/Increase		(17,107,621)	1,490,920
Foreign exchange movement		28,280	481,824
<b>At December 31,</b>	10	<u><u>6,607,493</u></u>	<u><u>23,686,834</u></u>

The notes on pages 9 to 26 form an integral part of these financial statements.  
Auditors' Report on pages 4 to 4(c).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

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**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. PRINCIPAL 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), the Companies Act, 1972 and presented in Seychelles Rupees (SR).

Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

- (i) Relevant financial assets are stated at their fair value; and
- (ii) Borrowings and other financial liabilities at their amortised cost.

***Standards, Amendments to published Standards and Interpretations effective in the reporting period***

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. *The Company did not comply with the provisions of IFRS 9.*

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. *The new standard has no impact on the Company's financial statements.*

***Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)***

The amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. *The amendment has no impact on the Company's financial statements.*

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(a) Basis of preparation (cont'd)**

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

***Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4).***

The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. *The amendment has no impact on the Company's financial statements.*

***Annual Improvements to IFRSs 2014-2016 Cycle***

IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant. *The amendment has no impact on the Company's financial statements.*

IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. *The amendment has no impact on the Company's financial statements.*

IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. *The amendment has no impact on the Company's financial statements.*

Transfers of Investment Property (Amendments to IAS 40). The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. *The amendment has no impact on the Company's financial statements.*

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2019 or later periods, but which the Company has not early adopted.

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

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28);

IFRS 16 Leases;

IFRS 17 Insurance Contracts;

IFRIC 23 Uncertainty over Income Tax Treatments;

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## (a) Basis of preparation (cont'd)

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

Prepayment Features with negative compensation (Amendments to IFRS 9);  
 Long- term Interests in Associates and Joint Ventures (Amendments to IAS 28);  
 Annual Improvements to IFRSs 2015-2017 Cycle;  
 Plan Amendment, Curtailment or Settlement (Amendments to IAS 19);  
 Definition of a Business (Amendments to IFRS 3);  
 Definition of Material (Amendments to IAS 1 and IAS 8).

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

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.

## (b) 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 recognized 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 or amortised 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%
Office equipment	20%
Furniture and fittings	20%
Motor Vehicles	20%
Operating Equipment	20%

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



**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Property and Equipment (Cont'd)**

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount.

The carrying values of 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 or amortised over a period determined by the Management.

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

**(c) 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 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. The intangible asset was purchased. The useful life of the software has been estimated at ten years.

Components of intangible assets are derecognized when the entity recognizes the cost of a replacement for that component, regardless of whether the replaced part had been amortized separately. The carrying amount derecognized is recognized through Statement of Profit or Loss.

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 Statement of Profit or Loss when the asset is derecognised.

**(d) 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)****(e) Financial instruments**

Financial assets are recognised when the Company becomes a party to the contractual provisions of the respective instrument. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. 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.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired.

The Company's accounting policies in respect of the main financial instruments are as listed as follow:

**(i) Trade and other receivables**

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognized in the Statement of Profit or Loss.

The carrying amounts of trade receivables approximate their fair value.

**(ii) Cash and cash equivalents**

Cash comprises of cash in hand and at bank, deposits with one year maturity.

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 cash flow statement is prepared using the indirect method.

**(iii) 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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Financial Instruments (Cont'd)****(vi) 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.

**(f) Provisions**

Provisions are recognised when the Company has a present or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

**(g) Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

**(h) 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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(h) Taxation (cont'd)**

The principal temporary differences arise mainly from depreciation on property, plant and equipment, revaluation of buildings, tax losses carried forward, provision for credit impairment and retirement benefit obligations.

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.

**(i) Retirement benefit obligations*****Defined benefits plan***

The Company provides for a payment of compensation to permanent employees for continuous service. The amount provisioned every year is based on the number of years the employee has worked after the last payment date. This type of employee benefits has the characteristics of a defined benefit plan. The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined obligation at the reporting date less fair value of plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

The Company does not carry out any actuarial valuation since the Company Management have based themselves on the method as prescribed by the Seychelles Employment Act and they have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

**(j) Foreign currencies*****Functional and presentation currency***

Items included in the financial statements are measured using Seychelles Rupee(SCR), 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 (SCR), 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 and 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 recognized 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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(j) Foreign currencies (Cont'd)*****Transactions and balances (Cont'd)***

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.

**(k) 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.

**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 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).

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## 3.1 Financial Risk Factors (Cont'd)

(i) Currency risk (Cont'd)

December 31, 2018

	USD	GBP
	+/- SR	+/- SR
Trade and other receivables	688,793	-
Cash and cash equivalents	11,656	390,307
Trade and other payables	954,142	-

December 31, 2017

	USD	GBP
	+/- SR	+/- SR
Trade and other receivables	607,121	-
Cash and cash equivalents	1,417,499	585,210
Trade and other payables	2,023,787	-

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

	Financial assets		Financial liabilities	
	2018	2017	2018	2017
	SR	SR	SR	SR
USD	7,004,489	20,246,202	9,541,415	20,237,867
Seychelles Rupees	4,257,032	4,428,733	2,203,592	2,972,823
Pound	3,903,071	5,852,097	-	-
	<u>15,164,592</u>	<u>30,527,032</u>	<u>11,745,007</u>	<u>23,210,690</u>

(ii) Credit risk

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are estimated by the Company's management based on experience and the current economic environment.

The Company has significant concentration of credit risk, with exposure spread over a few counterparties and customers. However, the Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

The table below shows the credit concentration of the company at the end of the reporting period.

	2018	2017
	%	%
Major counterparties	12%	56%
5 Major counterparties	88%	44%
Others (diversified risks)	<u>100%</u>	<u>100%</u>

### 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.

#### 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, 2018, the Company was debt free (2017: 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) Functional currency

The choice of the functional currency of the Company has been based on factors such as the primary economic environment in which the entity operates, the currency that mainly influences sales prices for goods and services, cost of providing goods and services and labour costs. The financial currency has been assumed by the Directors to be the Seychelles Rupee (SCR).

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)****(b) Depreciation policies**

The Directors therefore make estimates based on historical experience and use best judgment 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.

**(c) Impairment of assets**

Equipment 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) Asset lives and residual values**

Equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

Equipment is depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Company would currently obtain from the disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

**(e) Retirement benefit obligations**

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.

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, PLANT AND EQUIPMENT

(a) COST

At January 1, 2017							
Additions	11,730,000	2,370,036	867,559	2,445,566	17,413,161		
Disposal	-	396,094	53,985	420,437	870,516		
				(65,000)	(65,000)		
At December 31, 2017	<u>11,730,000</u>	<u>2,766,130</u>	<u>921,544</u>	<u>2,801,003</u>	<u>18,218,677</u>		
Additions	-	119,836	55,924	287,946	463,706		
At DECEMBER 31, 2018	<u>11,730,000</u>	<u>2,885,966</u>	<u>977,468</u>	<u>3,088,949</u>	<u>18,682,383</u>		

DEPRECIATION

At January 1, 2017							
Charge for the year	2,614,000	1,951,748	550,734	1,655,067	6,771,549		
Disposal adjustment	469,200	251,873	138,296	268,171	1,127,540		
				(65,000)	(65,000)		
At DECEMBER 31, 2017	<u>3,083,200</u>	<u>2,203,621</u>	<u>689,030</u>	<u>1,858,238</u>	<u>7,834,089</u>		
Charge for the year	469,200	285,603	165,093	311,251	1,231,147		
At DECEMBER 31, 2018	<u>3,552,400</u>	<u>2,489,224</u>	<u>854,123</u>	<u>2,169,489</u>	<u>9,065,236</u>		

NET BOOK VALUES

At DECEMBER 31, 2018	<u>8,177,600</u>	<u>396,742</u>	<u>123,345</u>	<u>919,460</u>	<u>9,617,147</u>		
At December 31, 2017	<u>8,646,800</u>	<u>562,509</u>	<u>232,514</u>	<u>942,765</u>	<u>10,384,588</u>		

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

**6. INTANGIBLE ASSET**

Computer Software	2018	2017
	SR	SR
<b>COST</b>		
At January 1 and December 31, 2018	68,532	68,532
<b>ARMOTISATION</b>		
At January 1,	6,853	-
Charge for the year	6,853	6,853
At December 31,	13,706	6,853
<b>NET BOOK VALUE</b>	54,826	61,679

**7. TAXATION**

Taxation represents deferred tax asset only since the Company has no current tax liability and has carried forward taxes amounting to SR 9.3m (2017: SR 6.5m)

- (a) 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. Deferred tax asset relates to Retirement Benefit Obligation.

	2018	2017
	SR	SR
At January 1,	257,520	233,679
(Charge)/Credit for the year	(149,526)	23,841
At December 31,	107,994	257,520

**8. INVENTORIES**

	2018	2017
	SR	SR
Stamps	4,720,492	7,021,382
Other	1,387,082	1,317,937
	6,107,574	8,339,319
Provision for obsolete stock	-	(2,047,269)
	6,107,574	6,292,050

- (a) Cost of inventories recognised as expense and included in cost of sales amounted to SR 4,809,115 (2017: SR 5,037,571) (note 16).

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 9. TRADE AND OTHER RECEIVABLES

	2018	2017
	SR	SR
Trade receivable:		
- Foreign debtors	6,887,929	6,071,209
- Local debtors	1,464,582	536,568
	<u>8,352,511</u>	<u>6,607,777</u>
Staff loans	132,588	160,422
Refundable deposits	72,000	72,000
Total financial assets	<u>8,557,099</u>	<u>6,840,199</u>
Other receivables-prepayments	1,077,256	826,005
	<u>9,634,355</u>	<u>7,666,204</u>

- (a) As at December 31, 2018, trade receivables of SR 8,079,919 were past due but not impaired (2017: SR 6,607,777). These relate to a number of independent customers for whom there is no recent history of default. The aged analysis of these trade receivables is as follows:

	2018	2017
	SR	SR
Up to 90 days	3,277,483	1,365,866
Above 90 days	4,802,436	5,241,911
	<u>8,079,919</u>	<u>6,607,777</u>

- (b) 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.
- (c) The currency and credit risks are detailed under note 3.1a(i) and 3.1b(ii) respectively.
- (d) The carrying amounts of trade and other receivable appropriate their amortised costs.

## 10. CASH AND CASH EQUIVALENTS

	2018	2017
	SR	SR
Cash at bank	6,004,585	22,970,120
Cash in hand	602,908	716,714
	<u>6,607,493</u>	<u>23,686,834</u>

## 11. SHARE CAPITAL

	2018 & 2017
	SR
(a) Authorised, issued and fully paid share capital:	
1,000 share of SR1 each	<u>100,000</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 11. SHARE CAPITAL (CONT'D)

## (b) Ownership

	Ratio	No. of shares
Government of Seychelles	99.99%	999
Societe Seychelloise d'investissement	0.01%	1

## 12. 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 amount taken over of SR 28.6m by the Company has been recognised as Capital

## 13. RETIREMENT BENEFIT OBLIGATIONS

	2018	2017
	SR	SR
At January 1,	858,399	834,569
Charge for the year (note 17)	1,128,086	827,708
Paid during the year	(1,626,506)	(803,878)
Provision for staff terminal benefits	359,979	858,399

## 14. TRADE AND OTHER PAYABLES

	2018	2017
	SR	SR
Trade payables	1,511,806	869,596
Postal Logistics Partners		
- Advances (note 14(a))	-	14,174,993
- Provision for PLP expenses (note 14(b) and 18)	8,029,609	7,789,842
Other payables	2,980,467	2,972,873
	12,521,882	25,807,304

- (a) The Seychelles Postal Services entered into a contract with Postal Logistics Partners (PLP) to resell International Mail Products in Asia from 1 November 2016 to 31 October 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.
- (b) 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 three-quarters further cost that were estimated at SR 10.4m as at December 31, 2017. The actual liability at December 31, 2018 amounted to SR 8m. Consequently the Company provided SR 2.67m shown on note 18. The Company agreed an out of Court settlement with Postal Logistics Partners for an amount of USD 250,000 from to settle some of the expenses. This amount had been fully settled and communicated to the SPS Board.
- (c) The carrying amounts of 'trade and other payables' approximate their amortised costs.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

**15. REVENUE**

	<u>2018</u>	<u>2017</u>
	SR	SR
Postal services	23,601,435	22,138,885
Philatelic shop	1,509,511	1,821,364
Commission receivable	151,616	780,952
Universal postal contribution (Seychelles Government)	3,500,000	3,500,000
	<u>28,762,562</u>	<u>28,241,201</u>

**16. DIRECT OPERATION EXPENSES**

	<u>2018</u>	<u>2017</u>
	SR	SR
Cost of goods sold (note 8(a))	4,809,115	5,037,571
Mail conveyance charges	1,438,758	1,062,058
	<u>6,247,873</u>	<u>6,099,629</u>

**17. EMPLOYEE EXPENSES**

	<u>2018</u>	<u>2017</u>
	SR	SR
Salaries and wages	13,887,714	13,566,118
Directors fees (note 22)	119,680	119,680
Retirement benefits charge (note 13)	1,128,086	827,708
Contribution to pension fund	316,784	239,009
Staff welfare	161,659	169,662
	<u>15,613,923</u>	<u>14,922,177</u>

**18. GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>2018</u>	<u>2017</u>
	SR	SR
Audit fees	180,125	50,000
Electricity and water charges	521,944	518,771
Bank charges	43,986	19,592
Professional charges	537,658	231,178
Repairs and maintenance	335,912	349,424
Office expenses	1,394,869	1,413,543
Transportation costs	529,856	486,261
Workshop and seminar expenses	106,129	38,749
Commission expenses	79,384	93,745
Rent	819,420	794,220
License and insurance charges	164,144	232,052
Communication charges	543,495	422,266
Corporate social responsibility tax	71,389	121,401
Bad debts written off	-	19,266
Postal Logistical Partners expenses (note 14)	2,666,895	7,789,842
	<u>7,995,206</u>	<u>12,580,310</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

**19. OTHER INCOME**

	<u>2018</u>	<u>2017</u>
	SR	SR
Interest income	18,042	11,186
Gain on disposal	-	30,000
	<u>18,042</u>	<u>41,186</u>

**20. RELATED PARTY TRANSACTIONS****(a) Transactions with Directors****(i) Directors**

	<u>2018</u>	<u>2017</u>
	SR	SR
Salary - Mr. Erol Dias	609,782	578,474
Directors fees (note 22(ii))	119,680	119,680
	<u>729,462</u>	<u>698,154</u>

**(ii) Directors fees**

	<u>2018</u>	<u>2017</u>
	SR	SR
Ms. Rudy Rose	21,760	3,612
Ms. Astride Tamatave	21,760	21,742
Ms. Melanie Stravens	32,640	5,426
Mr. Alex Etienne	21,760	3,612
Mr. Ayub S Adam	21,760	21,756
Ms. Marie Doreen Bradburn	-	27,200
Mr. Jeffrey Dogley	-	18,166
Mr. Brijesh Jivan	-	18,166
	<u>119,680</u>	<u>119,680</u>

**(b)** There has been no guarantees provided or received from any related parties. For the year ended 2018, there was no receivables from related parties (2017: Nil)

**(c) Key management personnel compensation**

	<u>2018</u>	<u>2017</u>
	SR	SR
Salaries and other benefits	1,225,173	1,121,036
Pension costs	30,629	23,500
	<u>1,255,802</u>	<u>1,144,536</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 21. CONTINGENT LIABILITIES

	<u>2018</u>	<u>2017</u>
	SR'000	SR'000
Contingent liability on PLP expenses provision (notes 14)	<u>-</u>	<u>2,597</u>

## 22. COMMITMENTS

There were no capital commitments as at December 31, 2018 (2017: Nil).

## 23. FIVE YEAR FINANCIAL SUMMARY

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	SR'000	SR'000	SR'000	SR'000	SR'000
(Loss)/Profit for the year	(2,436)	(5,948)	171	(4,590)	1,358
(Revenue deficit)/Retained earnings - brought forward	<u>(7,015)</u>	<u>(1,067)</u>	<u>(1,238)</u>	<u>3,352</u>	<u>1,994</u>
(Revenue Deficit)/Retained earnings - carried forward	<u>(9,451)</u>	<u>(7,015)</u>	<u>(1,067)</u>	<u>(1,238)</u>	<u>3,352</u>
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	SR'000	SR'000	SR'000	SR'000	SR'000
<b>EQUITY</b>					
Share capital	100	100	100	100	100
Capital reserves	28,599	28,599	28,599	28,599	28,599
(Revenue deficit)/Retained earnings	<u>(9,451)</u>	<u>(7,015)</u>	<u>(1,067)</u>	<u>(1,238)</u>	<u>3,352</u>
	<u>19,248</u>	<u>21,684</u>	<u>27,632</u>	<u>27,461</u>	<u>32,051</u>