

SEYCHELLES POSTAL SERVICES LIMITED

Liberty House, Victoria, Seychelles

DIRECTORS REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

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SEYCHELLES POSTAL SERVICES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2013

The Directors have pleasure in presenting their report together with the audited financial statements of the company for the year ended 31st December 2013

Principal activities of the company

The principal activities during the year was that of providing postal services in Seychelles.

Results

| | SR |
|---|------------------|
| Profits after tax and adjustments | 1,688,961 |
| Accumulated profit brought forward | 713,138 |
| Accumulated profit | 2,402,099 |
| Prior Year Adjustments | 1,060 |
| Taxation | (692,967) |
| Accumulated profit carried forward | 1,710,192 |

Fixed Assets

The Directors are of the opinion that the market or saleable value of the fixed assets as at 31st December 2013 does not differ substantially from the amounts at which they are included in the accounts at that date.

Directors and their Interest in the company

The directors of the company during the year are:

| No. | Names | Shares held |
|-----|---------------------------|-------------|
| 1 | Ms. Marie Doreen Bradburn | 0 |
| 2. | Ms. Annie Dugasse | 0 |
| 3. | Mr. Errol Dias | 0 |
| 4. | Mr. Jeffrey Dogley | 0 |
| 5. | Mr. Ayub Suleman Adam | 0 |
| 6. | Mr. Brijesh Jivan | 0 |

No contract of significance was entered into by the company at any time during the year in which the directors had directly or indirectly, a material interest.

Statement of Director's Responsibilities

The Directors are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for the period. In preparing those accounts, the directors are required to:

1. Prepare financial statements on the going concern basis unless it is inappropriate to assume continuance of business.
2. Select suitable accounting policies and then apply them consistently.
3. Make judgements and estimates that are reasonable and prudent, and
4. Disclose and explain any material departure from applicable accounting standards.

The Companies Act 1972 also requires the directors to keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They also have the general responsibility for taking reasonable steps to safeguard the assets of the company and detect fraud and other irregularities.

The Directors consider that they have met their responsibilities as set out in the Companies Act 1972.

Auditors

The retiring auditors are NN Associates who are eligible for re-appointment.

DIRECTORS

Errol Dias

Annie Dugasse

Marie Doreen Bradburn

Jeffrey Dogley

Ayub Suleman Adam

Brijesh Jivan

NN ASSOCIATES
Chartered Accountants
Room no. 202, PremierBuilding
PO Box 1064, Victoria, Republic of Seychelles
Phone: 4611555 Fax 4611550
Mail : nnassociates@seychelles.net

AUDITORS REPORT TO THE MEMBERS OF SEYCHELLES POSTAL SERVICES LIMITED

We have audited the financial statements of pages 4 - 6 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 - 10

Respective responsibilities of directors and auditors

As described on page 1 - 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and report our opinion to you.

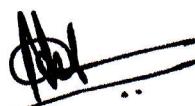
Basis of opinion

We conducted our audit in accordance with auditing procedures generally applied in Seychelles. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances and are consistently applied and disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the company's affairs at 31st December 2013 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1972 and accounting principles generally followed in Seychelles



NN Associates
Chartered Accountants

Dated 12/06/14

SEYCHELLES POSTAL SERVICES LIMITED

Mahe, Seychelles

INCOME STATEMENT FOR THE PERIOD ENDING 31ST DECEMBER 2013

Financial Accounts are prepared in Seychelles Rupees

| | Notes | 2013 | 2012 |
|--|----------|-------------------|-------------------|
| Income | | | |
| Revenue for the Year | 2(f),5 | 22,191,492 | 18,942,448 |
| Operating Expenses | 6 | (5,090,327) | (3,615,777) |
| Loss of Sales of Motor Vehicle | | (10,200) | |
| Other Income | | 117,417 | 35,163 |
| Gross Operating Profit | | 17,208,383 | 15,361,833 |
| Expenditure | | | |
| Auditors Remuneration | | 46,000 | 45,425 |
| Depreciation | 2 (c), 9 | 1,099,839 | 1,112,035 |
| Electricity & Water Charges | | 473,257 | 380,053 |
| Foreign Exchange Loss/(Gain) | | (59,007) | (11,086) |
| Interest & Bank Charges | 7 | 7,348 | 22,897 |
| Legal & Professional Fees | | 9,565 | 94,404 |
| Licence & Insurance | | 211,850 | 190,270 |
| Rent | | 416,364 | 393,107 |
| Staff costs | | 10,811,503 | 9,394,006 |
| Telephone, Fax & Internet | | 231,812 | 216,049 |
| Other Administration Expenses | 8 | 2,270,890 | 3,011,345 |
| Total Expenditure | | 15,519,422 | 14,848,506 |
| Net Profit/(Loss) | | 1,688,961 | 513,328 |
| Prior year's Profit / (loss) | | 713,138 | 406,524 |
| Taxation | | (692,967) | 207,258 |
| Prior year's adjustment | | 1,060 | 545 |
| Profit /(Loss) carried to Statement of Financial Position | | 1,710,192 | 713,138 |

SEYCHELLES POSTAL SERVICES LIMITED
Mahe, Seychelles
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2013
Financial Accounts are prepared in Seychelles Rupees

| ASSETS | Notes | 2013 | 2012 |
|-------------------------------------|--------------|--------------------------|--------------------------|
| Non-Current Assets | | | |
| Fixed Assets | 2(c),9 | 12,069,738 | 12,809,407 |
| Current Assets | | | |
| Inventories | 2(d) | 6,774,503 | 7,169,575 |
| Other current assets | 10 | 570,472 | 1,350,483 |
| Debtors | | 2,003,514 | 2,756,093 |
| Prepayments | | 162,821 | 124,418 |
| Cash & Bank Balance | | 11,305,493 | 6,851,553 |
| TOTAL ASSETS | | <u>32,886,541</u> | <u>31,061,529</u> |
| LIABILITIES AND EQUITY | | | |
| Non-Current Liabilities | | | |
| Employee Benefit Obligations | 2(g) | 1,012,658 | 596,876 |
| Liabilities | | | |
| Taxation provision | | 581,423 | 207,258 |
| Account Payable and Accruals | 11 | 883,564 | 845,552 |
| Equity | | | |
| Capital Reserve | 12 | 28,598,705 | 28,598,705 |
| Share Capital | 4 | 100,000 | 100,000 |
| Accumulated Profit / (Loss) | | 1,710,192 | 713,138 |
| TOTAL LIABILITIES AND EQUITY | | <u>32,886,541</u> | <u>31,061,529</u> |

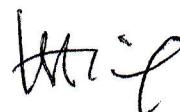
DIRECTORS



Marie Doreen Bradburn



Annie Dugasse



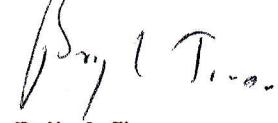
Errol Dias



Jeffrey Dogley



Ayub Suleman Adam



Brijesh Jivan

SEYCHELLES POSTAL SERVICES LIMITED

Mahe, Seychelles

CASH FLOW STATEMENT FOR THE PERIOD ENDING 31ST DECEMBER 2013

Financial Statement are prepared in Seychelles Rupees

| | 2013 | 2012 |
|---|-------------------|--------------------|
| Net Cash Inflow from operating activities | | |
| Operating Profit | 1,688,961 | 513,328 |
| Depreciation | 1,099,839 | 1,112,035 |
| Prior period adjustment | 1,060 | 545 |
| Increase/Decrease in Advances and deposits | - | - |
| Increase/Decrease in accounts prepayments | (38,403) | 583,986 |
| Increase/Decrease in accounts receivable | 1,532,589 | (3,392,265) |
| Increase/Decrease in inventories | 395,073 | 340,824 |
| Increase/Decrease in accounts payable | 827,958 | 438,573 |
| Net Cash flow from operating activities | 5,507,078 | (402,974) |
| Return of Investments and servicing of Finance | | |
| Dividend paid during the year | - | - |
| Taxation | (692,967) | (207,258) |
| Investing Activities | | |
| Purchase of Fixed Assets | (360,170) | (637,589) |
| Net Cash Inflow before financing | 4,453,940 | (1,247,821) |
| Financing | | |
| Increase/(decrease) in Capital Reserve | - | 272,546 |
| Cash & Cash Equivalents 1st January | 4,453,940 | (975,275) |
| Cash & Cash Equivalents 31st December | <u>6,851,553</u> | <u>7,826,828</u> |
| | 11,305,493 | 6,851,553 |

SEYCHELLES POSTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2013

Financial Statements are prepared in Seychelles Rupees.

1. General:

Seychelles Postal Services Ltd. is a company domiciled in the Republic of Seychelles. The registered office of the company is located at Liberty House, Victoria, Seychelles. The principal place of business is also located at Liberty House, Victoria, Seychelles. For the year ended 31st December 2013, the principal activity of the company was providing postal services including but not limited to courier and parcel services.

2. Significant Accounting Policies

The significant accounting policies adopted in preparation of the financial statements of the company are set out below.

(a) Statement of compliance.

The financial statements are prepared in accordance with the requirement of the Seychelles Companies Act 1972.

(b) Measurement basis and accounting policies applied.

The measurement basis used is historical cost.

(c) Property and equipment

Items of property and equipment are stated at the lower of historical cost or recoverable amount, and are depreciated using the straight line method over their estimated useful lives.

The rates of depreciation used are based on the following useful lives:

| | |
|------------------------|----------|
| Building | 25 years |
| Office Equipments | 5 years |
| Furniture and Fittings | 5 years |
| Operating Equipments | 5 years |
| Vehicles | 5 years |

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and put to use.

Expenditure on repairs or maintenance of property and operating equipment made to restore or maintain future economic benefits expected from the assets is recognised as an expense when incurred.

(d) Stock

Stock is carried at the lower of cost or net realisable value.

Cost is based on the first-in, first-out principle and includes expenditure incurred in acquiring the stocks and bringing them to their existing condition and location.

Net realisable value is the estimated selling price the stock 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, stock is carried at the cost price which includes cost of printing, transportation, delivery and related costs.

(e) Borrowing Costs

Borrowing costs, if any, are recognised as an expense in the period in which they are incurred.

(f) 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.

(g) Compensation for continuous service

The Employment (Amendment) Act 1999 requires employees to be compensated upon the resignation or retirement for continuous service from their date of original employment. A provision has been made for gratuity and compensation for length of service for all employees with the company.

(h) Taxation

Tax is recognised in profit and is calculated as laid down by the Business Tax Act 2009.

3. Directors fee

Directors fee paid during the year came to SR 524,276/-

4. Authorised and Issued Capital

1,000 ordinary shares of R.100/- each, being fully paid R 100,000

5. Revenue

| | |
|------------------------|-------------------|
| International Services | 3,585,257 |
| Philatelic Shop | 1,705,184 |
| Income Others | <u>16,901,051</u> |
| | <u>22,191,492</u> |

6. Operating expenses:

| | |
|-------------------------|------------------|
| Cost of goods sold | 3,662,007 |
| Mail Conveyance Charges | <u>1,428,320</u> |
| Cost of Sales | <u>5,090,327</u> |

7. Interest & Bank Charges Paid / Payable

| | |
|------------------------------|--------------|
| Interest on other facilities | |
| Bank Charges | <u>7,348</u> |
| | <u>7,348</u> |

8. Administration Expenses

| | |
|---|------------------|
| Transportation | 581,978 |
| Printing & Stationery | 619,919 |
| Entertainment | 1,669 |
| Subscriptions | 107,521 |
| Repairs & Maintenance | 234,898 |
| Cleaning Services | 254,713 |
| Postal Accessories | 120,451 |
| Office Decor. | 53,657 |
| Minor equipments | 11,262 |
| General Expenses | 38,227 |
| Advertisement & Sales Promotion | 24,277 |
| Directors fees | 96,000 |
| Secretary Fees | 9,600 |
| Commissions Vendors | 99,718 |
| Bad Debts | 9,350 |
| Hire of Equipment:-Vending Machine/Others | <u>7,650</u> |
| | <u>2,270,890</u> |

9. Fixed Assets

| | Building | Office Equipment | Furniture Fittings | Motor Vehicle | Total |
|-----------------------|-------------------|------------------|--------------------|------------------|-------------------|
| Balance b/f | 11,730,000 | 1,256,348 | 150,096 | 1,472,000 | 14,608,444 |
| Additions | 0 | 346,280 | 24,690 | | 370,970 |
| Disposal | | | | (22,000) | (22,000) |
| As at 31/12/13 | 11,730,000 | 1,602,628 | 174,786 | 1,450,000 | 14,957,414 |
| Depreciation b/f | 737,200 | 383,967 | 116,486 | 561,383 | 1,799,037 |
| For the year | 469,200 | 303,825 | 34,415 | 281,200 | 1,088,639 |
| Disposal | | | | | 0 |
| As at 31/12/13 | 1,206,400 | 687,792 | 150,901 | 842,583 | 2,887,676 |
| Book Value | 10,523,600 | 914,836 | 23,885 | 607,417 | 12,069,738 |

10. Other current assets

| | |
|-----------------|----------------|
| Staff Loans | 95,472 |
| Provisional Tax | 175,000 |
| Bond | <u>300,000</u> |
| | <u>570,472</u> |

11. Accounts Payable and Accruals

| | |
|--------------------|----------------|
| Accrued Expenses | 356,141 |
| Audit fees Payable | 46,000 |
| Creditors | 481,423 |
| | <u>883,564</u> |

12. Capital Reserve

The company commenced operations as from the 1st of June 2011. There was no financial consideration paid for the takeover of the independent postal services entity. There was an amount shown as capital reserve in the Statement of Financial Position of the independent postal services entity on the takeover date. This represented the difference between the assets and liabilities taken over from the Ministry of Finance on the 1st of January 2011. This amount was taken over by the company and shown as capital reserve.

13. Capital commitments

The directors were of the opinion that there were no capital commitments for the company on the Statement of Financial Position date.