SEYCHELLES POSTAL SERVICES LTD

Liberty House, Victoria, Seychelles

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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CORPORATE INFORMATION

DIRECTORS	: Mr. Norman Weber (Appointed Chairperson effective June 4, 2020) Mr. Ayub S Adam Mrs. Cindy Chang Leng Clair (Appointed effective January 21, 2021) Ms. Judeth Dodin (Appointed effective January 21, 2021) Ms. Tessa Henderson (Appointed effective January 21, 2021) Mr. Errol Dias (Resigned effective January 21, 2021) Ms. Astride Tamatave (Resigned effective January 21, 2021) Ms. Rudy Rose (Resigned effective January 21, 2021) Ms. Dothy Valmont Raforme (Resigned effective January 21, 2021) Ms. Melanie Stravens (Resigned effective February 4, 2020)
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, 2020.

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
Profit for the year	14,464,335
Revenue deficit brought forward	(11,677,315)
Retained earnings carried forward	2,787,020

DIVIDENDS

The Directors did not propose any dividend for the financial year under review (2019: Nil).

PROPERTY AND EQUIPMENT

Additions to fixed assets of **SR 491k** during the year comprised office equipment and furniture and fittings (2019: SR 1.2m). Motor vehicles with a nil residual value were disposed during the year under review (2019: Nil).

The Directors have estimated that the carrying value of property and equipment at the Statement of Financial Position date approximate their fair value.

IMPACT OF COVID 19

The Seychelles Postal Services, like other institutions has been adversely impacted by the spread of the Covid-19 pandemic in the Seychelles community. The adverse effects were felt in various aspects of service delivery as follows:

- All services were suspended during April 2020 as we had to close due to restrictions on movements regulations.
- As there were no incoming flights for a certain period, there was a decrease in mail bags movement. This affected terminal dues due to Seychelles.
- It impacted on the revenue from sale of stamps as they were no mail bags being send.
- Decrease in visitors to the country led to less demand for other services such as postcards, souvenirs and cocodemer in the Philatelic shops.
- Major clients switched to using online billing systems instead of posting the bills, which led to decrease in revenue on sale of stamps by 50%.

In order to mitigate the aforesaid effects, SPS has implemented the following procedures:

- All measures instructed by the Public Health Authority to deter the spread of the virus.
- Reduced all staff consumables.
- Implemented measures by Department of Finance not to recruit and or replace staff who resigned from March 2020 to December 2020.

IMPACT OF COVID 19 (CONT'D)

- Reduced Board fees as instructed by the Government.
- Closed Ocean Gate house office which was occupied by the accounts department saving SR 33,000 monthly rent form July 2020.
- The Government of Seychelles provided salary assistance for all employees amounting to SR 11.5m during the year. (Refer to note 18)

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 (2019: 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: 2 3 DEC 2021
Liberty House, Victoria

Tel: +248 4 612 612
Fax: +248 4 612 300

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Report on the Financial Statements

Qualified Opinion

We have audited the financial statements of **SEYCHELLES POSTAL SERVICES LIMITED** (hereafter referred to as **"the Company")** set out on pages **4 to 30** which comprise the Statement of Financial Position as at December 31, 2020, 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 **4 to 30** give a true and fair view of the financial position of the Company as at December 31, 2020 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

(i) Inadequate controls over inventories

We were unable to obtain sufficient appropriate audit evidence for inventories disclosed in note 9 due to lack of adequate internal controls. No proper internal controls procedures were in place for recording and reconciliation of inventory transactions. Inventory count listings provided had material differences with the ledger. The inventory valuation report generated from the system showed negative quantities in respect of some line items. We also could not confirm inventory completeness and valuation by alternative means and consequently we were unable to determine whether any adjustments would have been necessary to inventories.

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 qualified 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 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.

Report on the Financial Statements

Responsibilities of Directors and Those Charged with Governance for the Financial Statements (Cont'd)

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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

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

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 and 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.

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: December 23, 2021
Victoria, Seychelles

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

	Notes	2020	2019
		SR	SR
ASSETS			
Non-current assets			
Property and equipment	5	**8,593,122**	9,239,844
Intangible asset	6	**41,120**	47,973
Right of use assets	7(b)	**1,669,623**	569,426
Deferred tax asset	8	**692,077**	444,631
		10,995,942	10,301,874
Current assets			
Inventories	9	**5,796,614**	5,670,988
Trade and other receivables	10	**13,026,714**	8,978,189
Cash and cash equivalents	11	**13,049,644**	3,476,667
		31,872,972	18,125,844
Total assets		**42,868,914**	28,427,718
EQUITY AND LIABILITIES			
Equity			
Share capital	12	**100,000**	100,000
Capital and other reserves	13	**28,598,705**	28,598,705
Retained earnings/(Revenue deficit)		**2,787,020**	(11,677,315)
		31,485,725	17,021,390
Liabilities			
Non-current liabilities			
Lease liabilities	7(d)	**871,745**	343,346
Retirement benefit obligation	14	**1,240,538**	1,039,343
		2,112,283	1,382,689
Current liabilities			
Lease liabilities	7(d)	**716,435**	225,228
Trade and other payables	15	**8,554,471**	9,798,411
		9,270,906	10,023,639
Total equity and liabilities		**42,868,914**	28,427,718

These financial statements were approved for issue by the Board of Directors on: 2 3 DEC 2021

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 30 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, 2020

	Notes	2020	2019
		SR	SR
Revenue	2(r)/16	**29,863,510**	27,799,193
Direct operating expenses	17	**(7,321,424)**	(5,440,980)
Gross profit		**22,542,086**	22,358,213
Other income - Profit on sale of assets		**75,400**	-
Employee expenses	18	**(7,124,054)**	(18,733,130)
General and administrative expenses	19	**(3,991,453)**	(4,156,008)
Depreciation of property and equipment	5	**(1,137,526)**	(1,599,836)
Amortisation of intangible asset	6	**(6,853)**	(6,853)
Amortisation of right of use asset	7(b)	**(510,749)**	(370,166)
Expected credit losses	10(b)	**(801,535)**	-
Finance income	20	**12,486**	13,327
Exchange gain/(loss)	21	**5,305,684**	(16,694)
Finance costs	7(c)	**(146,597)**	(51,628)
Profit/(Loss) before taxation		**14,216,889**	(2,562,775)
Taxation credit	8(b)(ii)	**247,446**	336,637
Profit/(Loss) and other comprehensive income/(expense) for the year		**14,464,335**	(2,226,138)

The notes on pages 8 to 30 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, 2020

	Share capital SR	Capital reserve SR	Retained earnings/ Revenue deficit SR	Total SR
Balance 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**
Balance at December 31, 2020	**100,000**	**28,598,705**	**2,787,020**	**31,485,725**
Balance at January 1, 2019	100,000	28,598,705	(9,451,177)	19,247,528
Total comprehensive expense for the year	-	-	(2,226,138)	(2,226,138)
Balance at December 31, 2019	100,000	28,598,705	(11,677,315)	17,021,390

The notes on pages 8 to 30 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, 2020

	Notes	2020	2019
		SR	SR
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) for the year		14,216,889	(2,562,775)
Adjustments for:			
Depreciation charge	5	1,137,526	1,599,836
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)	510,749	370,166
Expected credit losses	10(b)	801,535	-
Retirement benefit obligation charge	14	1,082,806	1,201,606
Foreign exchange movement	21	(5,305,684)	16,694
		12,375,274	632,380
Changes in working capital:-			
- (Increase)/Decrease in inventories		(125,626)	436,586
- (Increase)/Decrease in trade and other receivables		(4,850,060)	656,166
- Decrease in trade and other payables		(1,243,940)	(2,723,471)
Net cash generated from/(absorbed by) operations		6,155,648	(998,339)
Retirement benefit obligations paid	14	(881,611)	(522,242)
Net cash inflow/(outflow) from operating activities		5,274,037	(1,520,581)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment	5	(490,804)	(1,222,533)
Proceeds from sale of assets		75,400	-
Net cash outflow from investing activities		(415,404)	(1,222,533)
FINANCING ACTIVITY			
Repayment of lease liabilities and **net cash outflow from financing activity**	7(c)	(591,340)	(371,018)
Net increase/(decrease) in cash and cash equivalents		4,267,293	(3,114,132)
Movement in cash and cash equivalents			
At January 1,		3,476,667	6,607,493
Increase/(Decrease)		4,267,293	(3,114,132)
Foreign exchange movement		5,305,684	(16,694)
At December 31,	11	13,049,644	3,476,667

The notes on pages 8 to 30 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), 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. 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.

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

Definition of a Business (Amendments to IFRS 3) clarifies the definition of a business to help determine whether a transaction should be accounted for as a business combination or an asset acquisition and permits, in certain circumstances, a simplified assessment that an acquired set of activities and assets is not a business. *The amendments have no impact on the Company's financial statements.*

Definition of Material (Amendments to IAS 1 and IAS 8) clarifies the definition of material and aligns the definitions used across IFRSs and other IASB publications. *The amendments have no impact on the Company's financial statements.*

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) provides relief from certain hedge accounting requirements in order to avoid unnecessary discontinuation of existing hedge relationships during the period before the replacement of an existing interest rate benchmark with an alternative interest rate. *The amendments have no impact on the Company's financial statements.*

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Amendments to References to the Conceptual Framework in IFRS Standards relate to minor amendments to various standards to reflect the revised Conceptual Framework for Financial Reporting. *The amendments have no impact on the Company's financial statements.*

Covid-19-Related Rent Concessions (Amendment to IFRS 16) provides an option to apply a simplified accounting treatment to some lease modifications in the accounts of the lessee. *The amendment has no impact on the Company's financial statements.*

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) extends the temporary exemption to accounting periods beginning before January 1, 2023. *The amendments have no impact on the Company's financial statements.*

(c) *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 January 1, 2020 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 17 Insurance Contracts;
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Annual Improvements 2018-2020;
- Property, Plant and Equipment: Proceeds before Intended Use;
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7);
- Reference to the Conceptual Framework (Amendments to IFRS 3);
- Amendments to IFRS 17; and
- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

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.

Certain new Standards, revised IFRSs and interpretations that are not mandatorily effective for the year ended December 31, 2020 are not likely to have an impact on the Company's financial statements. The Company will adopt the other standards on their effective dates.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Intangible asset (Cont'd)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial assets (Cont'd)

(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 includes trade and other receivables and cash and bank balances.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial assets (Cont'd)

(iii) Impairment of financial assets (Cont'd)

Management could not compute expected credit loss for the year ended December 31, 2019 due to lack of adequate information on terminal and parcel dues from International Partners.

(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 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 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.

(n) 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Taxation (Cont'd)

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 retirement benefit obligations, lease liabilities, right-of-use assets 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.

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.

Defined benefit schemes

A defined benefit plan is a post employment benefit other than a defined contribution plan. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

(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).

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	-

December 31, 2019

	USD	GBP
	+/- SR	+/- SR
Trade and other receivables	674,158	-
Cash and cash equivalents	9,705	178,987
Trade and other payables	492,990	-

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

	Financial assets		Financial liabilities	
	2020	2019	2020	2019
	SR	SR	SR	SR
USD	12,310,478	6,838,623	4,553,812	4,929,905
Seychelles Rupees	6,355,665	3,402,728	5,242,547	4,713,320
Pound	7,201,796	1,789,873	-	-
	25,867,939	12,031,224	9,796,359	9,643,225

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (Cont'd)

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

- Financial assets exclude prepayments amounting to **SR 208k** (2019: SR 423k).
- Financial liabilities exclude provision amounting to **SR 346k** (2019: SR 777k).

(ii) *Credit risk*

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position 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.

	2020	2019
Major counterparties		
5 Major counterparties	**54%**	52%
Others (diversified risks)	**46%**	48%
	100%	100%

(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.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Capital risk management (Cont'd)

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, 2020, the Company was debt free (2019: 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 (SR).

(b) 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.

(c) 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.

(d) 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.

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

(d) Impairment of non financial assets (Cont'd)

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.

(e) Impairment of financial assets

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated by assigning probabilities to loss events associated with the debtor, and an analysis of the debtor's current financial position, adjusted for forward-looking factors that are specific to the debtors , in relation to economic conditions in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

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.

(f) 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.

(g) 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 AND EQUIPMENT

	Buildings	Operating and office equipment	Furniture & fittings	Motor vehicles	Total
	SR	SR	SR	SR	SR
COST					
At January 1, 2019	11,730,000	2,885,966	977,468	3,088,949	18,682,383
Additions	-	395,315	149,540	677,678	1,222,533
At December 31, 2019	**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**
DEPRECIATION					
At January 1, 2019	3,552,400	2,489,224	854,123	2,169,489	9,065,236
Charge for the year	469,200	439,504	258,658	432,474	1,599,836
At December 31, 2019	**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**
NET BOOK VALUES					
At December 31, 2020	**7,239,200**	**523,399**	**56,019**	**774,504**	**8,593,122**
At December 31, 2019	7,708,400	352,553	14,227	1,164,664	9,239,844

6. INTANGIBLE ASSET

Computer Software	2020	2019
	SR	SR
COST		
At January 1 and **December 31,**	**68,532**	68,532
AMORTISATION		
At January 1,	**20,559**	13,706
Charge for the year	**6,853**	6,853
At December 31,	**27,412**	20,559
NET BOOK VALUE	**41,120**	47,973

7. LEASES

(a) Lease contracts

The Company leases 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.

(b) Right-of-use assets

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

	2020	2019
	SR	SR
As at January 1,	**569,426**	939,592
Additions during the year	**1,610,946**	-
Depreciation charge for the year	**(510,749)**	(370,166)
As at December 31,	**1,669,623**	569,426

(c) Lease liabilities

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

	2020	2019
	SR	SR
As at January 1	**568,574**	939,592
Additions	**1,610,946**	-
Finance cost (notes 7(e) and page 5)	**146,597**	51,628
Lease payments	**(737,937)**	(422,646)
As at December 31,	**1,588,180**	568,574

7. LEASES (CONT'D)

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

	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**
At December 31, 2019				
Lease liabilities	53,914	171,314	343,346	568,574

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

	2020	2019
	SR	SR
Depreciation expense of right-of-use assets (note 7(b))	**510,749**	370,166
Interest expense on lease liabilities (note 7(c))	**146,597**	51,628
Expense relating to short-term leases (note 19)	**319,625**	358,499
Total amount recognised in the Statement of Profit or Loss	**976,971**	780,293

8. DEFERRED TAX ASSET

Taxation represents deferred tax asset only since the Company has no current tax liability and has carried forward taxes amounting to **SR 16.8m** (2019: SR 15.1m).

(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, Expected credit losses and Leave provision.

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

	2020	2019
	SR	SR
Deferred tax assets (note 8(c))	**716,510**	444,887
Deferred tax liability (note 8(c))	**(24,433)**	(256)
	692,077	444,631

8. DEFERRED TAX ASSET (CONT'D)

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

	2020	2019
	SR	SR
At January 1,	**444,631**	107,994
Credit for the year	**247,446**	336,637
At December 31,	**692,077**	444,631

(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, 2019	-	-	107,994	107,994
Credit for the year	-	133,084	203,809	336,893
At December 31, 2019	-	**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**

Deferred tax liability

	Excess of lease over right-of-use assets
	SR
At January 1, 2019	-
Credit for the year	(256)
At December 31, 2019	**(256)**
Credit for the year	**(24,177)**
At December 31, 2020	**(24,433)**

9. INVENTORIES

	2020	2019
	SR	SR
Stamps	**4,490,342**	4,501,740
Other	**1,306,272**	1,169,248
	5,796,614	5,670,988

(a) Cost of inventories recognised as expense and included in cost of sales amounted to **SR 4,136,091** (2019: SR 4,640,993) (*note 17*).

10. TRADE AND OTHER RECEIVABLES

	2020	2019
	SR	SR
Trade receivables:		
- Foreign debtors	12,211,611	6,741,578
- Local debtors	1,193,760	1,530,024
	13,405,371	8,271,602
Less: Provision of credit impairment (note 10(b))	(801,535)	-
	12,603,836	8,271,602
Loans and advances to staff (note 10(c) & (d))	74,209	210,955
Refundable deposits	140,250	72,000
Total financial assets	12,818,295	8,554,557
Other receivables - prepayments	208,419	423,632
	13,026,714	8,978,189

(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) 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 and single loss rate approach for foreign debtors. The loss allowance for the current has been determined as follows:

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)

No ECL was provided 2019 due to lack of adequate information.

(c) 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.

(d) 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

	2020	2019
	SR	SR
Cash at bank	**12,845,240**	2,950,726
Cash in hand	**204,404**	525,941
	13,049,644	3,476,667

12. SHARE CAPITAL

		2020 & 2019
		SR
(a)	**Authorised, issued and fully paid share capital of 1,000 shares of SR 100 each**	100,000

(b) **Ownership**

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

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. RETIREMENT BENEFIT OBLIGATIONS

	2020	2019
	SR	SR
At January 1,	**1,039,343**	359,979
Charge for the year (note 18)	**1,082,806**	1,201,606
Paid during the year	**(881,611)**	(522,242)
At December 31,	**1,240,538**	1,039,343

15. TRADE AND OTHER PAYABLES

	2020	2019
	SR	SR
Trade payables	**140,075**	1,578,018
Postal Logistics Partners		
- Provision for PLP expenses (notes 15(a) and (b))	**4,413,737**	4,479,192
Other payables	**4,000,659**	3,741,201
	8,554,471	9,798,411

15. TRADE AND OTHER PAYABLES (CONT'D)

(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.

(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 75% of the costs that were estimated at SR 10.4m as at December 31, 2017. The actual liability at December 31, 2020 amounted to **SR 4.6m** (2019: SR 4.5m). The Company agreed an out of Court settlement with Postal Logistics Partners for an amount of USD 250,000 to settle some of the expenses. This amount has since been fully settled and communicated to the SPS Board.

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

16. REVENUE

	2020	2019
	SR	SR
Postal services	**27,005,194**	23,122,473
Philatelic shop	**614,964**	988,193
Commission receivable	**243,352**	188,527
Universal postal contribution (Seychelles Government) (note 22(d))	**2,000,000**	3,500,000
	29,863,510	27,799,193

17. DIRECT OPERATING EXPENSES

	2020	2019
	SR	SR
Cost of goods sold (note 9(a))	**4,136,091**	4,640,993
Mail conveyance charges	**3,185,333**	799,987
	7,321,424	5,440,980

18. EMPLOYEE EXPENSES

	2020	2019
	SR	SR
Salaries and wages	**16,798,301**	16,151,650
Directors fees (note 22)	**211,840**	289,000
Retirement benefits charge (note 14)	**1,082,806**	1,201,606
Government support (notes 18(a) and 22(d))	**(11,482,177)**	-
Contribution to pension fund	**445,956**	424,642
Leave accrual	**(97,321)**	443,613
Staff welfare	**164,649**	222,619
	7,124,054	18,733,130

18. EMPLOYEE EXPENSES (CONT'D)

(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 11.5m** covering the months April to December, 2020 was received and netted against staff costs and related expenses.

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2020	2019
	SR	SR
Audit fees	130,000	131,200
Electricity and water charges	500,106	550,612
Bank charges	66,789	40,077
Professional charges	258,113	167,906
Repairs and maintenance	718,979	416,881
Office expenses	761,765	923,198
Transportation costs	466,179	693,978
Workshop and seminar expenses	12,504	103,284
Commission expenses	27,565	56,638
Rent (note 7(e))	319,625	358,499
License and insurance charges	167,710	150,418
Communication charges	488,144	446,682
Corporate social responsibility tax	73,974	116,635
	3,991,453	4,156,008

20. FINANCE INCOME

	2020	2019
	SR	SR
Interest income on staff loans	12,486	13,327

21. EXCHANGE GAIN/(LOSS)

	2020	2019
	SR	SR
Bank	2,074,445	(16,694)
Trade and other payables	(2,335,200)	-
Trade and other receivables	5,566,439	-
	5,305,684	(16,694)

22. RELATED PARTY TRANSACTIONS

(a) Transactions with Directors

(i) Directors

	2020	2019
	SR	SR
Salary - Mr. Errol Dias	**692,736**	624,060
Directors fees (notes 18 and 22(a)(ii))	**211,840**	289,000
	904,576	913,060

(ii) **Directors fees**

	2020	2019
	SR	SR
Ms. Rudy Rose	**42,693**	60,000
Ms. Astride Tamatave	**40,880**	60,000
Ms. Melanie Stravens	**28,720**	84,000
Mr. Ayub S Adam	**40,880**	60,000
Mr. Norman Weber	**25,787**	-
Ms. Dothy Valmont Raforme	**32,880**	25,000
	211,840	289,000

(b) There has been no guarantees provided or received from any related parties. For the year ended December 31, 2020, there was no receivables from related parties (2019: Nil).

(c) Key management personnel compensation

	2020	2019
	SR	SR
Salaries and other benefits	**1,149,401**	1,269,942
Pension costs	**13,700**	13,058
	1,163,101	1,283,000

(d) Government of Seychelles

	2020	2019
	SR	SR
Universal postal contribution (note 16)	**2,000,000**	3,500,000
Salary assistance (note 18)	**11,482,177**	-

23. CONTINGENT LIABILITIES

There was no contingent liability as at December 31, 2020 (2019: Nil).

24. COMMITMENTS

(a) There were no capital commitments as at December 31, 2020 (2019: 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:

	2020	2019
	SR	SR
Operating lease - not later than one year	**257,923**	198,000

25. FIVE YEAR FINANCIAL SUMMARY

	2020	2019	2018	2017	2016
	SR'000	SR'000	SR'000	SR'000	SR'000
Profit/(Loss) for the year	**14,464**	(2,226)	(2,436)	(5,948)	171
Revenue deficit brought forward	**(11,677)**	(9,451)	(7,015)	(1,067)	(1,238)
Retained earnings/(Revenue deficit) carried forward	**2,787**	(11,677)	(9,451)	(7,015)	(1,067)
EQUITY					
Share capital	**100**	100	100	100	100
Capital reserves	**28,599**	28,599	28,599	28,599	28,599
Retained earnings/(Revenue deficit)	**2,787**	(11,677)	(9,451)	(7,015)	(1,067)
	31,486	17,022	19,248	21,684	27,632