

SEYCHELLES POSTAL SERVICES LTD

Liberty House, Victoria, Seychelles

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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CORPORATE INFORMATION

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

SECRETARY : La Rosiere
Maison La Rosiere
P.O. Box 117, Victoria, Mahé
Seychelles

REGISTERED OFFICE : Liberty House, Victoria
Seychelles

PRINCIPAL PLACE OF BUSINESS : Liberty House, Victoria
Seychelles

AUDITORS : Sey Auditors & 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

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, 2022.

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	(1,624,378)
Retained earnings brought forward	2,490,680
Retained earnings carried forward	866,302

DIVIDENDS

The Directors did not propose any dividend for the financial year under review (2021: Nil).

PROPERTY AND EQUIPMENT

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

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

DIRECTORS AND DIRECTORS' INTERESTS

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

Mr. Norman Weber

Mr. Ayub S Adam

Mrs. Cindy Chang Leng Clair

Ms. Judeth Dodin

Ms. Tessa Henderson

None of the Directors had any interest in the shares of the Company during the year under review (2021: Nil).

DIRECTORS' REPORT (CONT'D)

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, Sey Auditors & 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: 01 DEC 2023
Liberty House, Victoria



SEY AUDITORS & ASSOCIATES
CHARTERED ACCOUNTANTS

The Cr  ole Spirit
Quincy Street | P.O. Box 18
Victoria, Mahe Seychelles
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SEYCHELLES POSTAL SERVICES LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Report on the audit of 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, 2022, 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, 2022 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

We were unable to obtain sufficient appropriate audit evidence for other inventories disclosed in note 8 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. 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 for the Financial Statements

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

SEYCHELLES POSTAL SERVICES LIMITED

3(a)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)

Responsibilities of Directors 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.

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.

SEYCHELLES POSTAL SERVICES LIMITED

3(b)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)

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

Seychelles Companies Act, 1972

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

We have obtained all information and explanations we have required.

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

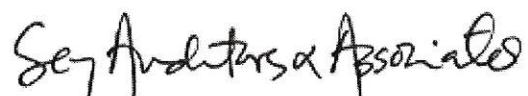
Public Enterprise Monitoring Commission Act, 2013

In our opinion, except as stated elsewhere 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.



SEY AUDITORS & ASSOCIATES
Chartered Accountants

Dated: **01 DEC 2023**

Victoria, Seychelles

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

	Notes	2022 SR	2021 SR
ASSETS			
Non-current assets			
Property and equipment	5	7,193,777	7,799,846
Intangible asset	6	132,068	34,267
Deferred tax asset	7	1,036,109	1,155,966
		<u>8,361,954</u>	<u>8,990,079</u>
Current assets			
Inventories	8	5,649,730	5,837,844
Trade and other receivables	9	4,924,924	6,297,317
Cash and cash equivalents	10	20,611,890	19,009,620
		<u>31,186,544</u>	<u>31,144,781</u>
Total assets		<u>39,548,498</u>	<u>40,134,860</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	100,000	100,000
Capital and other reserves	12	28,598,705	28,598,705
Retained earnings		866,302	2,490,680
		<u>29,565,007</u>	<u>31,189,385</u>
Liabilities			
Non-current liabilities			
Employee benefit obligations	13	<u>2,584,688</u>	<u>2,629,391</u>
Current liabilities			
Trade and other payables	14	<u>7,398,803</u>	<u>6,316,084</u>
Total equity and liabilities		<u>39,548,498</u>	<u>40,134,860</u>

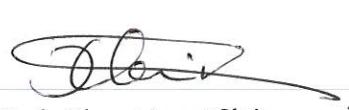
These financial statements were approved for issue by the Board of Directors on: **01 DEC 2023**



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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2022

	Notes	2022 SR	2021 SR
Revenue	15	17,036,532	15,250,262
Direct operating expenses	16	(4,462,806)	(5,390,061)
Gross profit		12,573,726	9,860,201
Other income	17	8,432,176	-
Employee expenses	18	(16,730,599)	(2,473,962)
General and administrative expenses	19	(4,185,096)	(3,750,890)
Depreciation of property and equipment	5	(1,022,384)	(1,214,330)
Amortisation of intangible asset	6	(9,794)	(6,853)
Amortisation of right of use asset		-	(724,295)
Credit/(Charge) on expected credit losses	9(c)	302,203	(734,316)
Finance income	20	8,655	123,064
Finance costs on leases		-	(135,253)
Exchange loss	21	(873,408)	(1,703,595)
Loss before taxation		(1,504,521)	(760,229)
Taxation (charge)/credit	7(b)	(119,857)	463,889
Loss and other comprehensive expense for the year		(1,624,378)	(296,340)

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, 2022

	Share capital SR	Capital reserve SR	Retained earnings SR	Total SR
At January 1, 2022	100,000	28,598,705	2,490,680	31,189,385
Total comprehensive expense for the year	-	-	(1,624,378)	(1,624,378)
At December 31, 2022	<u>100,000</u>	<u>28,598,705</u>	<u>866,302</u>	<u>29,565,007</u>
At January 1, 2021	100,000	28,598,705	2,787,020	31,485,725
Total comprehensive expense for the year	-	-	(296,340)	(296,340)
At December 31, 2021	<u>100,000</u>	<u>28,598,705</u>	<u>2,490,680</u>	<u>31,189,385</u>

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, 2022

	Notes	2022 SR	2021 SR
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year		(1,504,521)	(760,229)
<i>Adjustments for:</i>			
Depreciation of property and equipment	5	1,022,384	1,214,330
Profit on disposal of assets		(81,000)	-
Amortisation charge of intangible asset	6	9,794	6,853
Amortisation of right-of-use assets		-	724,295
Derecognition of right-of-use assets and lease liability		-	73,582
Expected credit losses	9(c)	(302,203)	734,316
Employee benefit obligations	13	635,143	1,494,092
Foreign exchange movement	21	855,104	1,255,965
		<u>634,701</u>	<u>4,743,204</u>
<i>Changes in working capital:-</i>			
- Decrease/(Increase) in inventories		188,114	(41,230)
- Decrease in trade and other receivables		1,674,596	5,995,081
- Increase/(Decrease) in trade and other payables		1,029,182	(2,238,387)
Net cash generated from operations		<u>3,526,593</u>	<u>8,458,668</u>
Employee benefit obligations	13	(679,846)	(105,239)
Net cash inflow from operating activities		<u>2,846,747</u>	<u>8,353,429</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment	5	(416,315)	(421,054)
Purchase of intangible asset	6	(54,058)	-
Proceeds from sale of assets	17	81,000	-
Net cash outflow from investing activities		<u>(389,373)</u>	<u>(421,054)</u>
FINANCING ACTIVITY			
Repayment of lease liabilities and net cash outflow from financing activity		-	(716,434)
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>2,457,374</u>	<u>7,215,941</u>
MOVEMENT IN CASH AND CASH EQUIVALENTS			
At January 1,		19,009,620	13,049,644
Increase		2,457,374	7,215,941
Foreign exchange movement	21	(855,104)	(1,255,965)
At December 31,	10	<u>20,611,890</u>	<u>19,009,620</u>

The notes on pages 8 to 30 form an integral part of these financial statements.

Auditor's Report on pages 3 to 3(b).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

1. GENERAL INFORMATION

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

The following amendments to various International Financial Reporting Standards (IFRS) are mandatorily effective for reporting periods beginning on or after January 1, 2022:

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

i) *Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)*

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Company has committed pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

i) *Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)*

The amendments to IAS 37.68A clarify that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract - e.g., direct labour and material; and
- An allocation of other costs that relate directly to fulfilling the contract: e.g., allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

This resulted in accounting policy change for performing an onerous contract assessment. Previously, the Company included only incremental costs to fulfil a contract when determining whether that contract was onerous. The revised policy includes both incremental costs and an allocation of other costs incurred to fulfil the agreement.

The amendments apply prospectively to contracts existing at the date when the amendments are first applied. The Company analysed contracts existing on January 1, 2022, and determined that none of them could be identified as onerous applying the revised accounting policy - i.e. there was no impact on opening equity balance as at January 1, 2022 as a result of the change.

ii) *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)*

The amendment to IAS 16 prohibits an entity deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced whilst the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after construction but before commencement of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognised in Statement of Profit or Loss.

These amendments had no impact on the year-end financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

iii) *Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9 & IAS 41)*

- IFRS 1: Subsidiary as a First-time Adopter (FTA);
- IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial liabilities; and
- IAS 41: Taxation in Fair Value Measurements.

None of the amendments had an impact on the financial statements of the Company as it was neither a first-time adopter, nor had modifications to the Company's financial instruments during the period nor had assets under IAS 41 as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

iv) *References to Conceptual Framework (Amendments to IFRS 3)*

In May 2020, the IASB issued amendments to IFRS 3, which updated a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

These amendments had no impact on the financial statements of the Company as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

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

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

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

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

(ii) *The following amendments are effective for the period beginning January 1, 2024:*

- IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants).

The Company is currently assessing the impact of these new accounting standards and amendments and does not expect any other standards issued by the IASB but not yet effective, to have a material impact on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

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%
Work in progress is not depreciated	

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

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

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

(f) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(f) Intangible asset (Cont'd)**

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

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

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

(g) 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.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(i) Financial assets****(i) *Initial recognition***

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

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

(ii) *Classification and measurement*

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(i) Financial assets (Cont'd)*****(iii) Impairment of financial assets***

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

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

(iv) Derecognition

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

(j) Cash and cash equivalents

Cash comprises of cash in hand and short term deposits held with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, against which bank overdrafts, if any, are deducted. The Statement of Cash Flows is prepared using the indirect method.

(k) 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.

(l) Trade and other payables

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

The carrying amounts of trade payables approximate their amortised costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(m) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(n) Taxation***Current tax***

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

Deferred tax

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

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

The principal temporary differences arise mainly from provision on employee benefit schemes, expected credit losses and leave provision.

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

(o) 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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(o) Employee benefit obligations (Cont'd)****Defined contribution schemes**

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

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

Employee benefit schemes

The Company currently operates unfunded schemes for employees' end of service benefits that follows relevant local regulations and specific employee contracts 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.

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(q) 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.

(r) 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 other income except for those related to salaries that are netted-off against the related expense incurred by the Company (refer to note 17(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 Special Drawing Rights (SDR), Great Britain Pound (GBP) and United States Dollar (USD) 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).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (Cont'd)

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

December 31, 2022

	SDR	USD	GBP
	+/- SR	+/- SR	+/- SR
Trade and other receivables	473,459	-	-
Cash and cash equivalents	-	6,551	695,502
Trade and other payables	26,176	-	-

December 31, 2021

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

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

	Financial assets		Financial liabilities	
	2022		2021	
	SDR	SR	SDR	SR
SDR	4,734,585	5,894,846	261,760	230,886
USD	65,514	67,226	-	-
Seychelles Rupees	13,502,479	13,626,476	6,810,943	5,626,577
GBP	6,955,016	5,131,500	-	-
	25,257,594	24,720,048	7,072,703	5,857,463

- Financial assets exclude prepayments and taxes amounting to **SR 279k** (2021: SR 587k) (Refer to note 9)
- Financial liabilities exclude provision amounting to **SR 326k** (2021: SR 459k).

(ii) *Credit risk*

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

The maximum exposure to credit risk is equal to the carrying amount of receivables. Over 78% (2021: 90%) of outstanding amount as at December 31, 2022 were held with AA or above rated counterparties or Seychelles Government companies.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

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, 2022, the Company was debt free (2021: same).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) *Depreciation policies*

Property and equipment are 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 disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful life.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**(a) Depreciation policies (Cont'd)**

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.

(b) Calculation of revenue from foreign Postal Services

Revenue and debtors from foreign postal services are based on confirmed activities as per CN forms and any prior year final settled adjustments. Revenue from estimates at the reporting date is recognised as accrued, based on the past pattern of activities.

(c) Impairment of financial assets

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.

(d) Length of service provision

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

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

5. PROPERTY AND EQUIPMENT

COST	Operating and office equipment		Furniture & fittings		Motor vehicles		Total SR
	Buildings SR	SR	SR	SR	SR	SR	
At January 1, 2021	11,730,000	3,688,505	1,210,588	3,656,627	20,285,720		
Additions	-	396,604	24,450	-	421,054		
At December 31, 2021	11,730,000	4,085,109	1,235,038	3,656,627	20,706,774		
Additions	-	389,749	26,566	-	416,315		
Disposal	-	(1,595)	-	(420,000)	(421,595)		
At December 31, 2022	11,730,000	4,473,263	1,261,604	3,236,627	20,701,494		
ACCUMULATED DEPRECIATION							
At January 1, 2021	4,490,800	3,165,106	1,154,569	2,882,123	11,692,598		
Charge for the year	469,200	355,285	68,716	321,129	1,214,330		
At December 31, 2021	4,960,000	3,520,391	1,223,285	3,203,252	12,906,928		
Charge for the year	469,200	300,591	31,440	221,153	1,022,384		
Disposal adjustment	-	(1,595)	-	(420,000)	(421,595)		
At December 31, 2022	5,429,200	3,819,387	1,254,725	3,004,405	13,507,717		
NET BOOK VALUES							
At December 31, 2022	6,300,800	653,876	6,879	232,222	7,193,777		
At December 31, 2021	6,770,000	564,718	11,753	453,375	7,799,846		

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

6. INTANGIBLE ASSET

COST	Computer software	Work in progress	Total
	SR	SR	SR
At January 1, 2022 and December 31, 2021	68,532	-	68,532
Additions	31,845	75,750	107,595
At December 31,	100,377	75,750	176,127
ACCUMULATED AMORTISATION			
At January 1, 2021	27,412	-	27,412
Charge for the year	6,853	-	6,853
December 31, 2021	34,265	-	34,265
Charge for the year	9,794	-	9,794
At December 31, 2022	44,059	-	44,059
NET BOOK VALUE			
At December 31, 2022	56,318	75,750	132,068
At December 31, 2021	34,267	-	34,267

7. DEFERRED TAX ASSET

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

(b) Components of deferred tax and movement during the year are as follows:

	Expected credit losses	Provision for leave	Employee benefit obligations	Total
	SR	SR	SR	SR
At January 1, 2021	240,461	103,888	372,161	716,510
Credit for the year	143,502	10,767	285,187	439,456
Movement in temporary differences at old rate	172,202	12,920	342,224	527,347
Change in tax rate	(28,700)	(2,153)	(57,037)	(87,891)
At December 31, 2021	383,963	114,655	657,348	1,155,966
Charge for the year	(75,551)	(33,130)	(11,176)	(119,857)
At December 31, 2022	308,412	81,525	646,172	1,036,109

7. DEFERRED TAX ASSET (CONT'D)

(c) Unutilised tax losses

The Company has unused tax losses of **SR 13.3m** (2021: SR 13.9m) for which no deferred tax has been recognised due to the uncertainty regarding the probability of future taxable profit. The years of origination, amounts and their expiry are as follows:

Year ended	Amount	Expiry
December 31, 2018	SR 2.8m	31/12/2023
December 31, 2019	SR 5.8m	31/12/2024
December 31, 2020	SR 1.7m	31/12/2025
December 31, 2022	SR 3.1m	31/12/2027

(d) Business tax rates

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

Change in tax rates - effective 2022

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

≤ SR. 1,000,000	15%
> SR. 1,000,000	<u>25%</u>

8. INVENTORIES

	2022	2021
	SR	SR
Stamps	4,226,719	4,423,138
Other	<u>1,423,011</u>	<u>1,414,706</u>
	<u>5,649,730</u>	<u>5,837,844</u>

(a) Cost of inventories recognised as expense and included in cost of sales amounted to **SR 1,132,839** (2021: SR 413,099) (note 16).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

9. TRADE AND OTHER RECEIVABLES

	2022	2021
	SR	SR
Trade receivables:		
- Foreign debtors	4,734,585	5,894,846
- Local debtors	936,239	1,109,517
	<hr/>	<hr/>
	5,670,824	7,004,363
Less: Provision of credit impairment (notes 9(b) & 9(c))	(1,233,648)	(1,535,851)
	<hr/>	<hr/>
	4,437,176	5,468,512
Loans and advances to staff (note 9(d))	116,528	101,666
Refundable deposits	92,000	140,250
Total financial assets	4,645,704	5,710,428
Other receivables - prepayments and taxes	279,220	586,889
Total	<hr/>	<hr/>
	4,924,924	6,297,317

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

(b) **Expected credit losses (ECL)**

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

At December 31, 2022

Local receivables

	0 - 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Gross amount (SR)	189,738	133,413	25,789	587,299	936,239
Expected loss rate	2.10%	13.67%	24.13%	71.63%	
Local ECL (SR)	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,984	18,238	6,223	420,682	449,127

Foreign receivables

Total foreign receivables (SR)	4,734,585
Expected loss rate	16.57%
Foreign ECL (SR)	<hr/>
	784,521
Total expected credit losses	<hr/>
	1,233,648

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

9. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Expected credit losses (Cont'd)

At December 31, 2021

Local receivables

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

Foreign receivables

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

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

	2022	2021
	SR	SR
At January 1,	1,535,851	801,535
(Credit)/Charge for the year	(302,203)	734,316
At December 31,	1,233,648	1,535,851

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

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

10. CASH AND CASH EQUIVALENTS

	2022	2021
	SR	SR
Cash at bank	20,346,922	18,953,974
Cash in hand	264,968	55,646
Total	20,611,890	19,009,620

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

11. SHARE CAPITAL

	2022 & 2021
	SR
Authorised, issued and fully paid share capital of 1,000 shares of SR 100 each	<u>100,000</u>

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 assets taken over of **SR 28.6m** by the Company were recognised as Capital Reserve.

13. EMPLOYEE BENEFIT OBLIGATIONS

	2022	2021
	SR	SR
At January 1,	2,629,391	1,240,538
Charge for the year (note 18)	635,143	1,494,092
Paid during the year	(679,846)	(105,239)
At December 31,	<u>2,584,688</u>	<u>2,629,391</u>

(a) Employee benefit obligations consists of end of contract provisions for management employed on contract, length of service provision and gratuity provisions.

14. TRADE AND OTHER PAYABLES

	2022	2021
	SR	SR
Trade payables	261,760	230,886
Other payables	7,137,043	6,085,198
	<u>7,398,803</u>	<u>6,316,084</u>

15. REVENUE

	2022	2021
	SR	SR
Postal services activities	12,824,566	11,473,155
Sale of easy pay and e top up	2,348,819	2,514,912
Sale of philatelic shop items	1,141,166	580,758
Commission receivable	415,586	294,836
Other income	306,395	386,601
	<u>17,036,532</u>	<u>15,250,262</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

16. DIRECT OPERATING EXPENSES

	2022	2021
	SR	SR
Cost of goods sold (note 8(a))	1,132,839	413,099
Mail conveyance charges	1,063,037	2,650,452
Sale of easy pay and e top up	2,266,930	2,326,510
	<u>4,462,806</u>	<u>5,390,061</u>

17. OTHER INCOME

	2022	2021
	SR	SR
Government of Seychelles Subsidy (note 22(d))	8,000,000	-
Universal Postal Union	249,496	-
Proceeds from sale of assets	81,000	-
Donation received	101,680	-
	<u>8,432,176</u>	<u>-</u>

18. EMPLOYEE EXPENSES

	2022	2021
	SR	SR
Salaries and wages	15,182,510	15,013,985
Government support (note 22(d))	-	(15,046,438)
Employee benefit obligation charge (note 13)	635,143	1,494,092
Directors fees (note 22(a))	324,000	319,000
Contribution to Seychelles Pension fund	503,726	401,638
Leave pay movements	(132,521)	114,817
Staff welfare	217,741	176,868
	<u>16,730,599</u>	<u>2,473,962</u>

(a) No grant was received 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 in 2022 (2021: SR 15m)

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
	SR	SR
Audit fees	176,000	256,000
Electricity and water charges	546,896	481,101
Bank charges	50,834	33,572
Professional charges	343,412	566,099
Repairs and maintenance	450,261	384,244
Balance carried forward	<u>1,567,403</u>	<u>1,721,016</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

19. GENERAL AND ADMINISTRATIVE EXPENSES (CONT'D)

	2022	2021
	SR	SR
Balance brought forward	1,567,403	1,721,016
Office expenses	525,962	675,418
Transportation costs	637,382	370,479
Workshop and seminar expenses	70,188	9,750
Commission expenses	(3,676)	11,137
Rent	442,687	166,899
License and insurance charges	179,616	153,244
Communication charges	765,534	456,708
Corporate social responsibility tax	-	112,657
Derecognition of right-of-use assets and lease liability	-	73,582
	<u>4,185,096</u>	<u>3,750,890</u>

20. FINANCE INCOME

	2022	2021
	SR	SR
Interest income on treasury bills	-	117,000
Interest income on staff loans	8,655	6,064
	<u>8,655</u>	<u>123,064</u>

21. EXCHANGE (LOSS)/GAIN

	2022	2021
	SR	SR
Bank	(855,104)	(1,255,965)
Trade and other payables	(1,120,277)	3,669,384
Trade and other receivables	1,101,973	(4,117,014)
	<u>(873,408)</u>	<u>(1,703,595)</u>

22. RELATED PARTY TRANSACTIONS

(a) Transactions with Directors

(i) Directors

	2022	2021
	SR	SR
Mr. Errol Dias	-	57,800
Directors fees (notes 18 and 22(a)(ii))	324,000	319,000
	<u>324,000</u>	<u>376,800</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2022

22. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Transactions with Directors (Cont'd)

(ii) Directors fees

	2022	2021
	SR	SR
Mr. Norman Weber	84,000	84,000
Mr. Ayub S Adam	60,000	60,000
Cindy Clair Chang -lang	60,000	55,000
Tessa anderson	60,000	55,000
Ms. Judeth Dodin	60,000	55,000
Ms. Rudy Rose	-	5,000
Ms. Astride Tamatave	-	5,000
	<u>324,000</u>	<u>319,000</u>

(b) There has been no guarantees provided or received from any related parties. For the year ended December 31, 2022, there was no receivables from related parties (2021: Nil).

(c) Key management personnel compensation

	2022	2021
	SR	SR
Salaries and wages	605,856	1,142,393
Pension costs	22,725	23,422
Employee benefit obligations	<u>213,773</u>	<u>198,640</u>
	<u>842,354</u>	<u>1,364,455</u>

(d) Government of Seychelles

	2022	2021
	SR	SR
Subsidy (note 15)	8,000,000	-
Salary assistance (note 18)	<u>-</u>	<u>15,046,438</u>

23. CONTINGENT LIABILITIES

There was no contingent liability as at December 31, 2022 (2021: Nil).

24. COMMITMENTS

(a) There were no capital commitments as at December 31, 2022 (2021: Nil).

25. FIVE YEAR FINANCIAL SUMMARY

	2022 SR'000	2021 SR'000	2020 SR'000	2019 SR'000	2018 SR'000
(Loss)/Profit for the year	(1,625)	(296)	14,464	(2,226)	(2,436)
Retained earnings/(Revenue deficit) carried forward	<u>2,491</u>	<u>2,787</u>	<u>(11,677)</u>	<u>(9,451)</u>	<u>(7,015)</u>
Retained earnings/(Revenue deficit) carried forward	<u>866</u>	<u>2,491</u>	<u>2,787</u>	<u>(11,677)</u>	<u>(9,451)</u>
EQUITY					
Share capital	100	100	100	100	100
Capital reserves	<u>28,599</u>	<u>28,599</u>	<u>28,599</u>	<u>28,599</u>	<u>28,599</u>
Retained earnings/(Revenue deficit)	<u>866</u>	<u>2,491</u>	<u>2,787</u>	<u>(11,677)</u>	<u>(9,451)</u>
	<u>29,565</u>	<u>31,190</u>	<u>31,486</u>	<u>17,022</u>	<u>19,248</u>