

SEYCHELLES POSTAL SERVICES LIMITED

Liberty House, Victoria, Seychelles

<p>DIRECTORS REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015</p>
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INDEX

	Page
DIRECTORS REPORT	1 – 2
INDEPENDENT AUDITORS' REPORT	3 – 4
STATEMENT OF OPENING FINANCIAL POSITION AT DECEMBER 31, 2015	5
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2015	6
STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2015	7
STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2015	8
NOTES TO THE FINANCIAL STATEMENTS	9 – 20

SEYCHELLES POSTAL SERVICES LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2015

The Directors have pleasure in presenting their report together with the audited financial statements of the company for the year ended 31st December 2015

Principal activities of the company

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

Current Year Event

Effective this year, the directors have decided to adopt International Financial Reporting Standards (IFRS) as the basis of preparation of the company's financial statements. Comparative figures of 2013 have been amended to conform with current year's presentation.

Results

Particulars	SR
Profits before tax and adjustments	(4,298,975)
Tax Expense	(290,246)
Profit for the year	(4,589,221)
Retained Earnings Brought Forward	3,351,484
Retained earnings carried forward	(1,237,737)

Property, Plant and Equipment

Additions during the year amounting to SR 722,891 mainly comprised of office equipments and a motor vehicle. There are no disposals during the year.

The Directors are of the opinion that the carrying value of the property and equipment as at December 31, 2015 approximates the fair value at the end of the reporting period.

NN ASSOCIATES
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of Seychelles Postal Services Limited ('the Company'), as a body, in accordance with the Companies Act, 1972. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of Seychelles Postal Service Limited set out on pages 5 to 20, which comprise the statements of financial position as at December 31, 2015, statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

As stated on page 2 of the Directors' Report, the Board of Directors are responsible for the preparation of the financial statements:

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 5 to 20 give a true and fair view of the financial position of the Company at December 31, 2015, 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 provisions of the Seychelles Companies Act, 1972.

Report on Other Legal and Regulatory Requirements**Companies Act, 1972**

We have no relationship with, or interests in the Company, other than in our capacity as auditors, tax and business advisers and dealings in the ordinary course of business. We have obtained all information and explanations we 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 Enterprise Monitoring Commission Act, 2013

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records. We have obtained all the information necessary for the purpose of our audit and are satisfied with the information



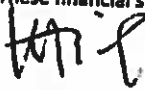





NN Associates
Chartered Accountants

Dated 06/05/16

SEYCHELLES POSTAL SERVICES LIMITED
STATEMENT OF OPENING FINANCIAL POSITION AT DECEMBER 31, 2015

	Notes	Restated	
		December 31, 2015	December 31, 2014
		SR	SR
ASSETS			
Non-current assets			
Property, plant & equipment	5	11,137,025	11,945,968
Investments	6	1,300,000	1,300,000
Deferred tax asset	7	112,698	342,958
		<u>12,549,723</u>	<u>13,588,926</u>
Current assets			
Inventories	8	6,419,250	6,343,016
Trade and other receivables	9	5,250,286	4,851,610
Available-for-sale investments	6	-	-
Loans and Advances	10	100,385	166,469
Other Assets	11	123,402	645,431
Cash and cash equivalents	12	6,031,921	9,989,775
		<u>17,925,243</u>	<u>21,996,301</u>
Total Assets		<u>30,474,966</u>	<u>35,585,227</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share Capital	13	100,000	100,000
Capital and Other Reserves	14	28,598,705	28,598,705
Retained earnings	15	(1,237,737)	3,351,484
		<u>27,460,967</u>	<u>32,050,188</u>
Non-current liabilities			
Retirement Benefit Obligation	16	402,492	1,224,849
		<u>402,492</u>	<u>1,224,849</u>
Current liabilities			
Trade payables	17	-	-
Current tax liabilities	18	0	602,649
Other liabilities	19	2,611,506	1,707,541
		<u>2,611,506</u>	<u>2,310,189</u>
Total Liabilities		<u>3,013,998</u>	<u>3,535,039</u>
Total Equity & Liabilities		<u>30,474,966</u>	<u>35,585,227</u>

These financial statements have been approved for issue by the Board of Directors on

		
Errol Dias Director	Astride Tamatave Director	Marie Doreen Bradburn Director
		
Jeffrey Dopley Director	Ayub Sulaman Adam Director	Brijesh Jivan Director

The notes on pages 9 to 20 form an integral part of these financial statements.
Auditors' report on page 3 & 4

SEYCHELLES POSTAL SERVICES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2015

	Notes	2015 Rf	Restated 2014 Rf
Revenue	20	23,994,563	26,576,318
Direct Operating Expenses	21	(6,947,383)	(6,380,654)
Other Income	22	(668,879)	112,875
Employee benefits expenses	23	(14,922,873)	(13,398,301)
General and administrative expenses	24	(4,285,583)	(3,744,775)
Bad debts		(46,150)	-
Depreciation on Property, Plant and Equipment	5	(1,531,834)	(1,202,159)
Prior period income / (expenses)		109,165	4,267
Profit / (Loss) before tax		(4,298,975)	1,967,572
Income tax expense	18	(290,246)	(609,824)
Profit / (Loss) for the year		(4,589,221)	1,357,748
Other comprehensive income			
<i>Items that will or may be reclassified to profit and loss</i>			
Net Change due to remeasurements of defined benefit plans			
Total comprehensive income / (loss) for the year		(4,589,221)	1,357,748

The notes on pages 9 to 20 form an integral part of these financial statements.
Auditors' report on page 3 & 4

SEYCHELLES POSTAL SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2015

	Share Capital SR	Capital Reserve SR	Retained Earnings SR	Total SR
As at January 1, 2015				
-As previously stated	100,000	28,598,705	3,008,526	31,707,230
-Effect of adopting IAS 12			342,958	342,958
- As restated	100,000	28,598,705	3,351,484	32,050,188
Increase in other reserves			4,589,221	4,589,221
Total Comprehensive Income			1,237,737	27,460,967
As at December 31, 2015	100,000	28,598,705	-	27,460,967
As at January 1, 2014				
-As previously stated	100,000	28,598,705	3,008,526	31,707,230
-Effect of adopting IAS 12			342,958	342,958
- As restated	100,000	28,598,705	3,351,484	32,050,188
Increase in other reserves			1,357,748	1,357,748
Total Comprehensive Income			4,709,232	33,407,936
As at December 31, 2014	100,000	28,598,705	4,709,232	33,407,936

The notes on pages 9 to 20 form an integral part of these financial statements.
 Auditors' report on page 3 & 4

SEYCHELLES POSTAL SERVICES LIMITED
STATEMENT OF CASH FLOWS -YEAR ENDED DECEMBER 31, 2015

	Note	2015 SR	2014 SR
Cash generated from operations			
Profit Before Tax	PNL	(4,298,975)	1,967,572
Adjustments for:			
Depreciation of Property and Equipment	5	1,531,834	1,202,159
Movement in Deferred Tax Assets		-	-
Movement in Provision for Retirement Benefit obligation	16	(822,357)	212,191
		<u>709,477</u>	<u>1,414,350</u>
Changes in Working Capital:			
Increase/Decrease in Inventories	8	(76,234)	431,487
Increase/Decrease in Accounts Receivable	9	(398,676)	(2,848,034)
Increase/Decrease in Loans & Advances	10	66,084	(70,997)
Increase/Decrease in Other Assets	11	522,029	(307,610)
Increase/Decrease in Other Liabilities	18,19	241,330	175,903
Net Cash generated from operating activities		<u>(3,234,964)</u>	<u>762,672</u>
Cash flow from investing activities			
Net proceeds from Maturity / Investment) in Bonds	6	-	(1,000,000)
Net Purchase of Fixed Assets	5	(722,891)	(1,078,389)
Net Cash generated from / (used in) Investing activities		<u>(722,891)</u>	<u>(2,078,389)</u>
Cash flow from financing activities			
Increase/(decrease) in Capital Reserve		-	-
		-	-
Net increase / (decrease) in cash and cash equivalents		<u>(3,957,855)</u>	<u>(1,315,718)</u>
Movements in cash and cash equivalents			
At January 1,		9,989,775	11,305,493
Increase / (Decrease)		(3,957,855)	(1,315,718)
At December 31,	12	<u>6,031,921</u>	<u>9,989,775</u>

The notes on pages 9 to 20 form an integral part of these financial statements.
Auditors' report on page 3 & 4

1 GENERAL INFORMATION

Seychelles Postal Services Limited was established in 2011 under the Companies Act 1972 as a corporate body. The registered address of the company is at Liberty House, Victoria, Seychelles. These financial statements will be submitted for consideration and approval at the forthcoming board meeting 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

IFRS 1, "First-time adoption of IFRS" has been applied in the preparation of these financial statements. The Company has adopted International Financial Reporting Standards for the first time for the year ended December 31, 2014 while previously the financial statements were prepared under Seychelles GAAP. Where necessary, comparative figures have been amended to conform with the change in presentation in current year. The company's transition date is January 1, 2013. These financial statements are prepared under the historical cost convention, except that relevant financial assets and liabilities are carried at amortized costs.

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

The following new standards, amendments and interpretations are also effective for the first time in these financial statements period. However, none have a material effect on the company.

SL.no	Particulars	Effective Date and Applicability
A	Stronger revised pronouncement	
1	IFRS 9 Financial Instruments (2014)	Effective for annual periods beginning on or after 1 January 2015
	A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:	The standard is not expected to have any impact on the Company's financial statements
	Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.	
	Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised	
	Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures	
	Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.	
	Note: Depending on the chosen approach to applying IFRS 9, the transition can involve one or more than one date of initial application for different requirements.	
	Note: IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but these standards remain available for application if the relevant date of initial application is before 1 February 2015.	
2	IFRS 14 Regulatory Deferral Accounts	Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2015
	IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.	The standard is not expected to have any impact on the Company's financial statements
	Note: Entities which are eligible to apply IFRS 14 are not required to do so, and so can choose to apply only the requirements of IFRS 1 First-time Adoption of International Financial Reporting Standards when first applying IFRSs. However, an entity that elects to apply IFRS 14 in its first IFRS financial statements must continue to apply it in subsequent financial statements. IFRS 14 cannot be applied by entities that have already adopted IFRSs.	
3	IFRS 15 Revenue from Contracts with Customers	Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2017
	IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.	The standard is not expected to have any impact on the Company's financial statements
	The five steps in the model are as follows:	
	Identify the contract with the customer	
	Identify the performance obligations in the contract	
	Determine the transaction price	
	Allocate the transaction price to the performance obligations in the contracts	
	Recognise revenue when (or as) the entity satisfies a performance obligation.	
	Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.	

B	New or revised pronouncement (AMENDMENTS)	
1	<p>Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)</p> <p>Amends IAS 32 Financial Instruments: Presentation to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas:</p> <ul style="list-style-type: none"> the meaning of 'currently has a legally enforceable right of set-off' the application of simultaneous realization and settlement the offsetting of collateral amounts the unit of account for applying the offsetting requirements. 	<p>1st January 2014</p> <p>The amendment to the standard is not expected to have any impact on the Company's financial statements</p>
2	<p>Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)</p> <p>Amends IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to:</p> <ul style="list-style-type: none"> provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated). 	<p>1st January 2014</p> <p>The amendment to the standard is not expected to have any impact on the Company's financial statements</p>
3	<p>Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)</p> <p>Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversal) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.</p>	<p>1st January 2014</p> <p>The amendment to the standard is not expected to have any impact on the Company's financial statements</p>
4	<p>Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)</p> <p>Amends IAS 39 Financial Instruments: Recognition and Measurement to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.</p> <p>A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.</p>	<p>1st January 2014</p> <p>The amendment to the standard is not expected to have any impact on the Company's financial statements</p>
5	<p>Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)</p> <p>Amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognized as a reduction in the service cost in the period in which the related service is rendered.</p>	<p>1st January 2014</p> <p>The amendment to the standard is not expected to have any impact on the Company's financial statements</p>
C	<p>Annual Improvements 2010-2012 Cycle</p> <p>Makes amendments to the following standards:</p>	
1	<p>IFRS 2 — Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'</p>	
2	<p>IFRS 3 — Requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date</p>	
3	<p>IFRS 8 — Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly</p>	
4	<p>IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)</p>	<p>The amendment to the standard is not expected to have any impact on the Company's financial statements</p>
5	<p>IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount</p>	
6	<p>IAS 24 — Clarify how payments to entities providing management services are to be disclosed</p>	
D	<p>Annual Improvements 2011-2013 Cycle</p> <p>Makes amendments to the following standards:</p>	
1	<p>IFRS 1 — Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only)</p>	
2	<p>IFRS 3 — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself</p>	<p>The amendment to the standard is not expected to have any impact on the Company's financial statements</p>
3	<p>IFRS 13 — Clarify the scope of the portfolio exception in paragraph 32</p>	
4	<p>IAS 40 — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property</p>	

Standards Applicable for future periods and not yet effective	
1	<p>Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)</p> <p>Applicable to annual periods beginning on or after 1 January 2016 (see note in previous column)</p> <p>Amends IFRS 11 <i>Joint Arrangements</i> to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 <i>Business Combinations</i>) to:</p> <p>apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11</p> <p>disclose the information required by IFRS 3 and other IFRSs for business combinations.</p> <p>The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).</p> <p>Note: The amendments apply prospectively to acquisitions of interests in joint operations in which the activities of the joint operations constitute businesses, as defined in IFRS 3, for those acquisitions occurring from the beginning of the first period in which the amendments apply. Amounts recognised for acquisitions of interests in joint operations occurring in prior periods are not adjusted.</p> <p>The amendment to the standard is not expected to have any impact on the Company's financial statements</p>
2	<p>Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)</p> <p>Applicable to annual periods beginning on or after 1 January 2016</p> <p>Amends IAS 16 <i>Property, Plant and Equipment</i> and IAS 38 <i>Intangible Assets</i> to:</p> <p>clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment</p> <p>introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated</p> <p>add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.</p> <p>The amendment to the standard is not expected to have any impact on the Company's financial statements</p>
3	<p>Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)</p> <p>Applicable to annual periods beginning on or after 1 January 2016</p> <p>Amends IAS 16 <i>Property, Plant and Equipment</i> and IAS 41 <i>Agriculture</i> to:</p> <p>include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16</p> <p>introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales</p> <p>clarify that produce growing on bearer plants remains within the scope of IAS 41.</p> <p>The amendment to the standard is not expected to have any impact on the Company's financial statements</p>
4	<p>Equity Method in Separate Financial Statements (Amendments to IAS 27)</p> <p>Applicable to annual periods beginning on or after 1 January 2016</p> <p>Amends IAS 27 <i>Separate Financial Statements</i> to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.</p> <p>The amendment to the standard is not expected to have any impact on the Company's financial statements</p>
5	<p>Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)</p> <p>Applicable on a prospective basis to a sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016</p> <p>Amends IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:</p> <p>require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 <i>Business Combinations</i>)</p> <p>require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.</p> <p>These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.</p> <p>The amendment to the standard is not expected to have any impact on the Company's financial statements</p>
6	<p>Annual Improvements 2013-2014 Cycle</p> <p>Applicable to annual periods beginning on or after 1 July 2016</p> <p>Makes amendments to the following standards:</p> <p>IFRS 3 — Adds specific guidance in IFRS 3 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued</p> <p>IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements</p> <p>IAS 9 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid</p> <p>IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference</p> <p>The amendment to the standard is not expected to have any impact on the Company's financial statements</p>

		Page 12
7	Disclosure Initiative (Amendments to IAS 2)	Effective for annual periods beginning on or after 1 January 2016
	Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:	The amendment to the standard is not expected to have any impact on the Company's financial statements
	clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;	
	clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;	
	additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order as first listed in paragraph 124 of IAS 1.	
8	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	Effective for annual periods beginning on or after 1 January 2016.
	Amends IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:	The amendment to the standard is not expected to have any impact on the Company's financial statements
	The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.	
	A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.	
	When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.	
	An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.	
F	New and revised interpretations	
1	IFRIC 22 Levies	Applies to annual periods beginning on or after 1 January 2014
	Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.	The amendment to the standard is not expected to have any impact on the Company's financial statements
	The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:	
	The liability is recognised progressively if the obligating event occurs over a period of time	
	If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.	

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2015 or later periods, but which the Company has not yet adopted.

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

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

b) Property and Equipment

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

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

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

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

Expenditure on repairs or maintenance of property and operating equipment made to restore or maintain future economic benefits expected from the assets is recognised as an expense when incurred. Gains and losses on disposal of equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

c) Financial Instruments

Financial assets and liabilities are recognised on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument. The company's accounting policies in respect of the main financial instruments are set out below.

(i) Other receivables

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

(ii) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, deposits with one year maturity

(iii) Other payables

Other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method

(iv) Share capital

Ordinary shares are classified as equity

d) Retirement benefit obligations**Defined benefit plans**

The Company provides for payment of compensation to permanent employees for continuous service. The amount provisioned every year is based on the number of years the employee has worked after the last payment date. This type of employee benefit has the characteristics of a defined benefit plan. The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined obligation at the reporting date less fair value of plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. The Company does not do any actuarial valuation since the Directors have based themselves on the method as prescribed by the Employment Act and they have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

e) Taxation

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

f) Foreign currencies

Functional and presentation currency items included in the financial statements are measured using Seychelles Rupee, 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, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. 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.

g) Inventories

Inventories are carried at the lower of cost or net realisable value. Cost is based on the first-in, first-out principle and includes expenditure incurred in acquiring the 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.

h) 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.

i) Impairment of assets

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

j) 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.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect of its financial performance. A description of the significant risk factors is given below together with the risk management policies applicable.

a Market risk

i Currency risk

As at December 31, 2015, the Company's receivables and cash and cash equivalents include an amount of GBP 278,955 as foreign currency exposure. There were no major movements / fluctuations in the currency compared to SR and average conversion rate during the year was at 1GBP = SR 19.6458 and the closing rate at 1GBP = SR 19.6458.

ii Cash flow and fair value interest rate risk

The Company's income and operating cash flows are exposed to interest rate risk as it sometimes deposits surplus cash at short term rates. The Company does not have any other significant interest-bearing assets and consequently its income and operating cash flows are substantially independent of changes in market interest rates.

b Credit risk

The Company is presently not exposed to credit risk since majority of its trade receivables is receivable from International Post Offices which are routed through the Universal Postal Union billing system during the reporting period.

c Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Furthermore, management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows. The Company's financial assets and liabilities mature in less than one year.

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. At December 31, 2014, the Company was debt free.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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 functional currency has been assumed by the Directors to be the Seychelles Rupee.

b) Retirement benefit obligations

The cost of defined benefit pension plans has been determined using the method as per the 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.

5 Property, plant & equipment

	Buildings Cost SR	Office Equipments Cost SR	Furniture & Fittings Cost SR	Motor Vehicles Cost SR	Total SR
Cost					
At January 1, 2015	11,730,000	1,869,593	212,534	1,531,000	15,343,127
Additions	-	356,046	606,955	452,566	1,415,567
Disposals	-	-	-	-	-
At December 31, 2015	<u>11,730,000</u>	<u>2,225,639.02</u>	<u>819,489</u>	<u>1,983,566</u>	<u>16,758,694</u>
Accumulated depreciation					
At January 1, 2015	1,675,600	1,080,583	198,369	1,135,283	4,089,836
Depreciation for the year	469,200	476,407	197,057	389,170	1,531,834
Impairment	-	-	-	-	-
Adjustments	-	-	-	-	-
Disposals	-	-	-	-	-
At December 31, 2015	<u>2,144,800</u>	<u>1,556,990</u>	<u>395,426</u>	<u>1,524,453</u>	<u>5,621,670</u>
Capital Work In Progress / Capital Advances*	-	-	-	-	-
Carrying amount					
At December 31, 2015	<u>9,585,200</u>	<u>668,648.67</u>	<u>424,063</u>	<u>459,113</u>	<u>11,137,025</u>
At December 31, 2014	<u>10,054,400</u>	<u>789,010</u>	<u>466,604</u>	<u>635,954</u>	<u>11,945,968</u>

6 Investment in Financial Asset

	31/12/15	31/12/14
Opening Balance	1,300,000	300,000
Less: Redeemed during the year	-	300,000
	<u>1,300,000</u>	<u>-</u>
Add: Investment during the year	-	1,300,000
Available for sale - Investment in Bond - carried at cost	<u>1,300,000</u>	<u>1,300,000</u>
Current Portion	-	-
Non Current Portion	<u>1,300,000</u>	<u>1,300,000</u>

7 Deferred Tax Asset

a) Deferred taxes are calculated on all temporary differences under the liability method at applicable rates as mentioned in note 18.

	31/12/15	31/12/14
b) Deferred Tax Asset		
	Retirement Benefit Obligation	Retirement Benefit Obligation
Carrying amount	402,492	1,224,849
Tax Effect on carrying amount	112,698	342,958
Amount recognised in statement of profit or loss	(230,260)	59,414
c) Opening Balance of Deferred Tax Asset	342,958	283,544
Add / (Less) Movement during the year	(230,260)	59,414
	<u>112,698</u>	<u>342,958</u>

8 Inventories

Stock of traded goods (at cost or realisable value)	6,419,250	6,343,016
	<u>6,419,250</u>	<u>6,343,016</u>

9 Trade and Other Receivables

Trade Receivables	5,250,286	4,851,610
	<u>5,250,286</u>	<u>4,851,610</u>

10 Loans and Advances

Staff Advances Receivables	100,385	166,469
	<u>100,385</u>	<u>166,469</u>

11 Other Assets

Prepayments	51,402	645,431
Refundable Deposits	72,000	
	<u>123,402</u>	<u>645,431</u>

12 Cash and Cash Equivalents

Cash in hand	450,688	385,411
Bank Balance	4,201,675	8,271,535
in Bank Fixed Deposits with 1 Year Maturity	1,379,557	1,332,830
	<u>6,031,921</u>	<u>9,989,775</u>

13 Share Capital

13.1 Issued and fully paid		
1,000 ordinary shares of SR.100 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

13.2 Ownership

	Ratio	No. of shares
Government of Seychelles	99.99%	999
Société Seychelloise d'Investissement	0.01%	1

14 Capital and Other Reserves

Capital Reserve		
Opening Balance	28,598,705	28,598,705
Add / (Less) Changes in the reserve	-	-
	<u>28,598,705</u>	<u>28,598,705</u>

15 Retained Earnings

Opening Balance	3,351,484	1,993,736
Add: Profit for the year	(4,589,221)	1,357,748
	(1,237,737)	3,351,484
Deferred tax asset	-	-
	<u>(1,237,737)</u>	<u>3,351,484</u>

16 Retirement Benefit Obligation

Provision for staff terminal Benefits	402,492	1,224,849
	<u>402,492</u>	<u>1,224,849</u>

17 Trade and other payables

Trade Payables	-	-
	<u>-</u>	<u>-</u>

18 Current tax liabilities

Tax on the company's profit before taxation

- a) differs from the basic tax rate of the Company as follows:

Profit before taxation	(4,408,139)	1,963,305
Add:		
Disallowance for provision for retirement obligation	1,050,109	556,217
	(3,358,030)	2,519,522
Less:		
Allowance for provision for retirement obligation paid	1,871,635	344,026
Taxable Profit	0	2,175,496
Current Tax on profit	0	602,649

- b) Applicable tax rates under Business Tax Act, 2009 are as follows:

Taxable Income	Tax Rates		
Upto 1,000,000	25%	0	250,000
Above 1,000,000	30%	0	352,649

- c) Tax Expense for the year

Current Tax	0	602,649
CSR Tax	59,986	66,589
Deferred Tax	230,260	(59,414)
	<u>290,246</u>	<u>609,824</u>

Provisional Business Tax Paid as at December 31, 2015 is SR 31,053/-

19 Other liabilities

Advances from customers	253,956	465,007
Provision for expenses payable	2,357,550	1,242,533
	<u>2,611,506</u>	<u>1,707,541</u>

20 Revenue

Revenue from Postal Services	22,165,488	24,920,116
Revenue from Philatelic Shop	1,669,055	1,553,422
Income from Commission	160,020	102,780
	<u>23,994,563</u>	<u>26,576,318</u>

21 Direct Operating Expenses

Cost of goods sold	5,236,417	4,422,573
Mail Conveyance Charges	1,710,966	1,958,081
	<u>6,947,383</u>	<u>6,380,654</u>

22 Other Income

Interest on Bond and employee advances	121,287	92,020
Gain/ (Loss) on disposal of Property, plant and equipment		
Exchange Difference (net)	(790,165)	20,855
	<u>(668,879)</u>	<u>112,875</u>

23 Employee Benefits expenses

Staff Salaries	13,405,840	12,414,912
Directors Fees	96,000	99,000
Retirement Benefits	1,050,109	556,217
Contribution to pension fund	238,353	235,139
Staff Welfare	132,571	93,033
	<u>14,922,873</u>	<u>13,398,301</u>

24 General and administrative expenses

Audit Fees	50,000	50,000
Electricity and water Charges	414,469	451,362
Bank Charges	27,292	25,172
Professional Charges	224,339	92,205
Repairs and maintenance	617,612	264,826
Office Expenses	1,208,643	1,126,743
Transportation Cost	510,880	552,675
Workshop and Seminar expenses	149,187	115,856
Commission expenses	90,310	81,996
Rent	416,120	444,220
License and Insurance charges	222,928	172,935
Communication Charges	293,817	299,695
Corporate Social Responsibility Tax - Donation	59,986	66,589
Other expenses	-	500
	<u>4,285,583</u>	<u>3,744,775</u>

25 CAPITAL COMMITMENTS

There were no capital commitments as at December 31, 2015 (2014: NIL)

26 CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2015 (2014: NIL)

27 RELATED PARTY TRANSACTIONS

	31/12/15	31/12/14
- Government of Seychelles	-	-
- State owned or controlled enterprises	-	-
- Directors		
Remuneration		
Mr. Eroi Dias	626,474	537,818
Director Fees	96,000	99,000
	<u>722,474</u>	<u>636,818</u>
Key management personnel		
Salaries and other benefits	1,018,172	858,378
Pension costs	31,680	28,368
	<u>1,049,852</u>	<u>886,746</u>

- 28** The company commenced operations as from the 1st of June 2011. There was no financial consideration paid for the takeover of the independent postal services entity. There was an amount shown as capital reserve in the Statement of Financial Position of the independent postal services entity on the takeover date. This represents the difference between the assets and liabilities taken over from the Ministry of Finance on the 1st of January 2011. This amount was taken over by the company and shown as capital reserve. Refer Note No: 14