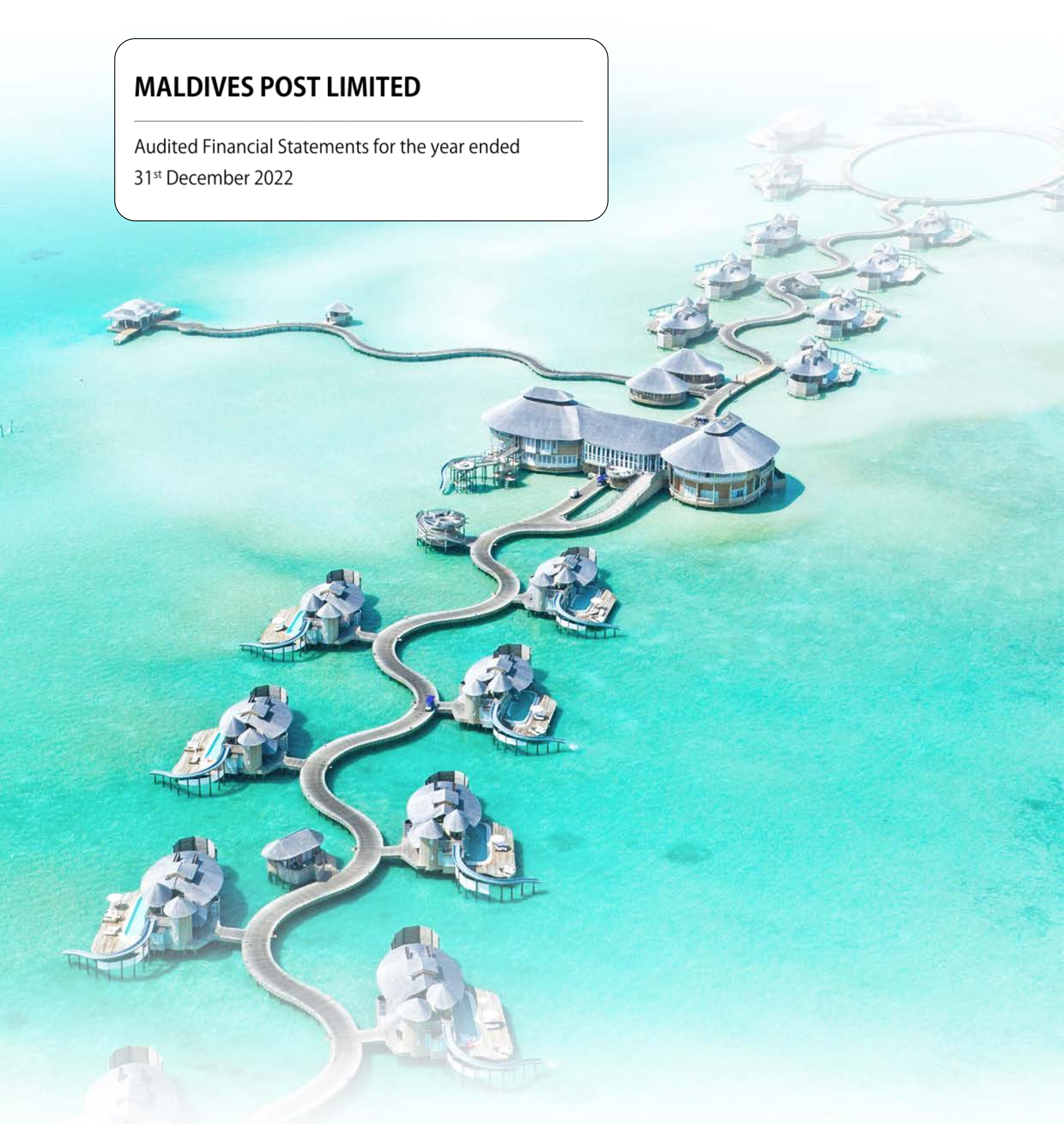
MALDIVES POST LIMITED

Audited Financial Statements for the year ended
31st December 2022



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CA Maldives approved audit firm

PARTNERS
Rifaath Jaleel, CPA
Saffan Ahmed, ACCA
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R GLOBAL - MEMBER FIRM

MALDIVES POST LIMITED

Audited Financial Statements for the year ended
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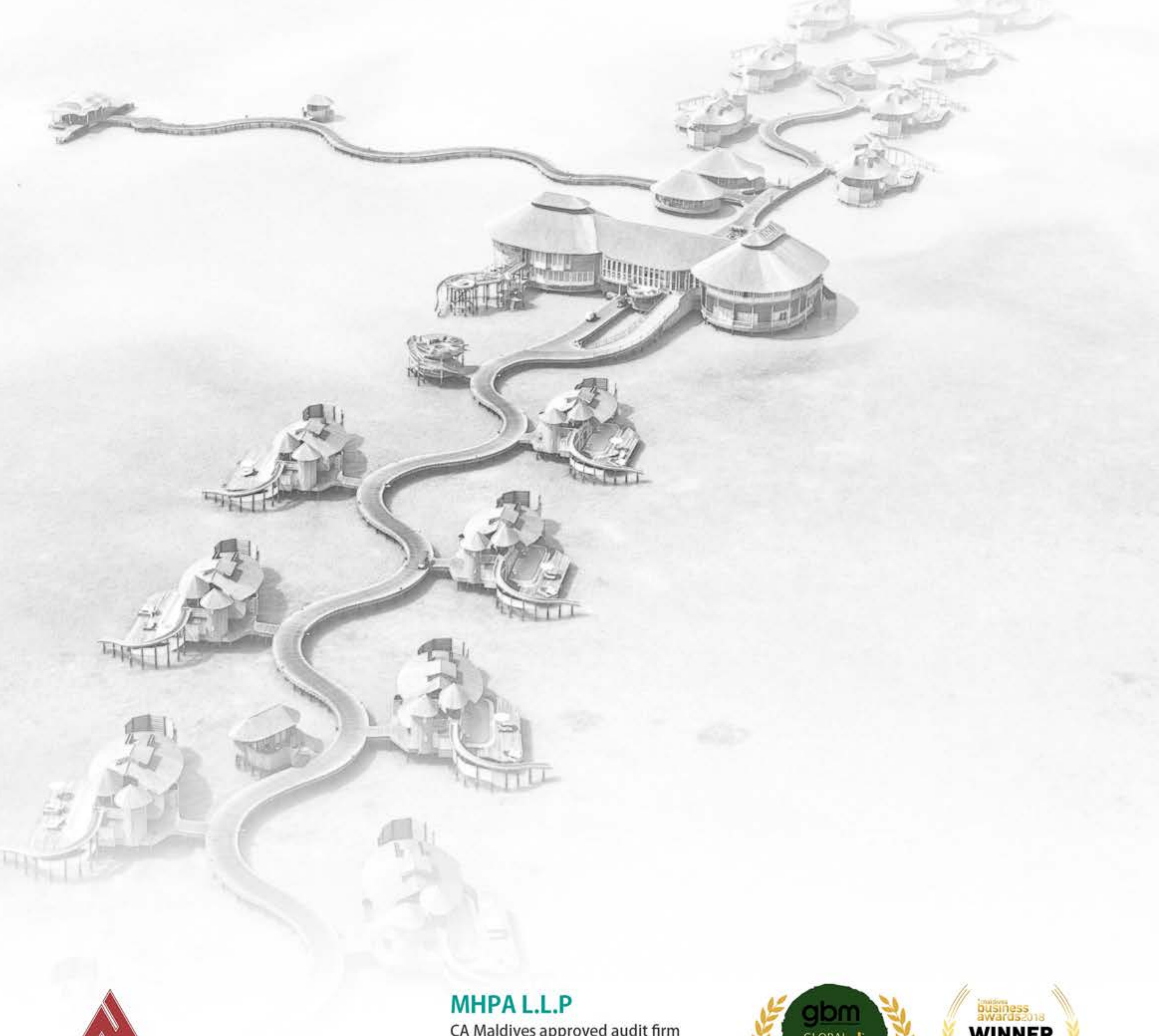

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07th June, 2023

MHPA/037-A/2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Maldives Post Limited,

Qualified Opinion

We have audited the financial statements of Maldives Post Limited, which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, statement of changes in equity, and 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 effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, 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 (IFRSs).

Basis for Qualified Opinion

The internal policies of the Company state that it is liable to pay a lump sum payment to its employees at retirement. Based on the recognition and measurement criteria of International Accounting Standard 19 – "Employee Benefits" this policy is required to be measured using the projected unit credit method and the resulting actuarial gains or losses are required to be recognized in other comprehensive income for the year. However, the Company has not recorded post-employment benefits as at 31st December 2022 and the comparative year as per the standard. Had the company recorded the post-employment benefits, elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity, and statement of cash flow would have been materially affected.

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), and we have fulfilled other ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error. Management is responsible for assessing the company's ability to continue as a going concern.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or on the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.
- Conclude on the appropriateness of management's 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 appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

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.

Rifaath Jaleel, CPA, FCA
License No: ICAM-IL-DHD
MHPA LLP
Chartered Accountants & CPAs

Limited Liability Partnership * P-0006/2013 * MHPA
MHPA
Certified Practicing Accountants

MALDIVES POST LIMITED

AUDITORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2022

Maldives Post Limited
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2022 MVR	2021 MVR
Revenue	**6**	39,925,025	28,121,329
Cost of Sales		(19,822,902)	(20,377,464)
Gross Profit		**20,102,123**	**7,743,865**
Other Income	**7**	2,652,901	4,017,491
Administrative Expenses	**15**	30,063,685	26,857,299
Distribution Cost and Finance Cost	**16**	2,280,606	1,256,480
Profit from Operating Activities		**(9,589,267)**	**(16,352,423)**
Finance Income	**8**	2,606,895	4,371,896
Finance Cost	**8.1**	(1,609,766)	(12,726,692)
Profit Before Tax		**(8,592,138)**	**(24,707,219)**
Tax Expense / (Tax income)	**10**	**(1,089,894)**	**(3,843,842)**
Profit and Total Comprehensive Income for the Year		**(7,502,244)**	**(20,863,377)**
Other Comprehensive Income		-	-
Total Other comprehensive Income		**(7,502,244)**	**(20,863,377)**
(Loss)/earnings per share - Basis	**11**	(50.03)	(139.24)

The accounting policies and notes on pages 8 to 31 form an integral part of the financial statements.

Maldives Post Limited
STATEMENT OF FINANCIAL POSITION

	Note	2022 MVR	2021 MVR
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	12	40,615,226	41,596,347
Investment Property	13	5,191,313	5,331,619
Intangible Assets	14	3,108,415	1,630,358
Right of Use Asset	15	7,922,021	4,778,590
Total Non-Current Assets		56,836,975	53,336,914
Current Assets			
Inventories	16	557,427	430,777
Trade & Other Receivables	17	64,888,454	41,698,892
Financial Assets at amortised cost	19	-	35,456,749
Deferred Tax Asset	10.2	4,678,719	3,588,825
Cash and Cash Equivalents	18	13,427,044	17,054,321
Total Current Assets		83,551,644	98,229,564
Total Assets		**140,388,618**	**151,566,478**
EQUITY & LIABILITIES			
Equity			
Share Capital	20	15,000,000	15,000,000
General Reserves		8,798,027	8,798,027
Retained Earnings		7,204,057	40,075,761
Total Equity		31,002,085	63,873,789
Current Liabilities			
Trade & Other Payables	21	101,166,189	82,643,622
Deferred Tax Liability	10.2	-	-
Lease Obligation	15.4	2,562,311	1,689,045
		103,728,500	84,332,667
Long-term Liabilities			
Lease Obligation	15.4	5,658,033	3,360,023
Total Equity and Liabilities		**140,388,618**	**151,566,478**

The Board of directors is responsible for these financial statements. Signed for and on behalf of the board by:

Name of the Director	**Signature**
Mohamed Abdulla	....
Ahmed Adhuham	....

The accounting policies and notes on pages 8 to 31 form an integral part of the financial statements.

06-June-2023
Male'

MALDIVES POST LIMITED

MHPA Limited Liability Partnership P-0006/2013

Maldives Post Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2022

	Share Capital MVR	General Reserve MVR	Retained Earnings MVR	Total MVR
Balance as at 01 January 2021	**15,000,000**	**8,798,027**	**60,939,138**	**84,737,165**
Profit/ (Loss) for the year	-	-	(20,863,377)	(20,863,377)
Balance as at 31 December 2021	**15,000,000**	**8,798,027**	**40,075,761**	**63,873,789**
Profit/ (Loss) for the year	-	-	(7,502,244)	(7,502,244)
Dividend Declared			(25,369,460)	(25,369,460)
Balance as at 31 December 2022	**15,000,000**	**8,798,027**	**7,204,057**	**31,002,085**

The accounting policies and notes on pages 8 to 31 form an integral part of the financial statements.

MHPA Limited Liability Partnership P-0006/2013 Certified Practising Accountants

MALDIVES POST LIMITED

Maldives Post Limited
STATEMENT OF CASH FLOWS
Year ended 31 December 2022

	Note	2022 MVR	2021 MVR
Cash Flows from Operating Activities			
(Loss)/profit before taxation		(8,592,138)	(24,707,219)
Adjustments to reconcile profit to net cash flows			
Lease interest	**15.4**	313,461	277,158
Interest income	**8**	-	-
Depreciation	**12.2**	2,237,965	2,056,783
Amortisation	**15.3**	320,850	97,065
Carrying value adjustment		-	(1,698,632)
Provision on obsolete inventory		4,427	(74,359)
Provision for impairment loss on trade receivables	**17.2**	(786,326)	506,349
Reversal of provision for impairment loss on other receivables		250,530	246,292
Provision write-off		-	-
Operating profit before working capital changes		**(6,251,231)**	**(23,296,563)**
Decrease/(increase) in inventories	**16**	(126,650)	413,994
Decrease/(increase) in trade and other receivables	**17**	(34,116,159)	62,411,318
Decrease in trade and other payables	**21**	10,693,843	(13,769,238)
Tax paid during the year	**10.4**	(952,045)	-
Lease interest paid during the year	**15.4**	(313,461)	(277,158)
Net cash flows used in operating activities		**(24,814,471)**	**(48,778,916)**
Acquisition of property, plant and equipment	**12**	(1,256,843)	(1,699,712)
Acquisition of intangible assets	**14**	(1,495,467)	(771,000)
Redemptions during the year	**19**	4,948,581	9,237,065
Investment		30,508,168	(30,508,168)
Interest income received	**8**	-	-
Net cash (used in) / from investing activities		**32,704,439**	**(23,741,815)**
Cash flows used in financing activities			
Service obtained / (repayments) of amount due to other post office		(2,698,500)	
Lease payments	**15.4**	(2,567,514)	(853,063)
Net cash used in financing activities		**(5,266,014)**	**(853,063)**
Net decrease in cash and cash equivalents		(3,627,277)	(887,475)
Cash and cash equivalents at the beginning of the year		17,054,321	16,166,846
Cash and cash equivalents at the end of the year	**18**	**13,427,044**	**17,054,321**

The accounting policies and notes on pages 8 to 31p form an integral part of the financial statements.

1. CORPORATE INFORMATION

1.1 General

Maldives Post Limited (the "Company") is a Company incorporated and domiciled in the Republic of Maldives as a limited liability company since 30th July 2008 and governed under the Companies Act No. 10 of 1996, with its registered office of the Company being located at No 26, Boduthakurufaanu Magu, 20026, Male', the Republic of Maldives. The Company is 100% owned by the Government of Maldives and domiciled in the Maldives.

1.2 Principal activities and nature of operation

The principal activity of the Company during the period was to provide postal service and related activities in the Republic of Maldives.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The statements of profit or loss and other comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity together with accounting policies and notes form the financial statements ("financial statements") of the Company. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

2.2 Basis of measurement

The financial statements are prepared under the historical cost basis in accordance with International Financial Reporting Standards. The financial statements are presented in Maldivian Rufiyaa and all values are rounded to the nearest integer except when otherwise indicated. No adjustment is made for inflationary factors affecting these financial statements.

2.3 Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has recourse to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainty.

2.4 Comparative information

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. Further, comparative information is reclassified wherever necessary to comply with the current year presentation.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

a) Judgements

In the process of applying the Company's accounting policies, management has made the judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

b) Estimates and assumptions

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Useful life-time of the Property, Plant and Equipment

The Company reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Management estimates these values, rates, methods and hence they are subject to uncertainty.

Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its Fair Value Less Costs to Sell and its Value in Use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Company in preparing its financial statements:

4.1 Foreign currency translation

The financial statements are presented in Maldivian Rufiyaa, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Revenue recognition

Postal Revenue (Terminal Dues, EMS Imbalances, Parcel Post) are recognized when the designated postal operator confirms the weightage of the mails exchanged between the country of origin on a quarterly basis. This is in accordance with the rules and regulations of the Universal Postal Union.

The designated postal operator of each country is assigned by the government to provide postal service in that specific country. Therefore, the payment for the outstanding receivables from these designated postal operators is guaranteed and highly credit-worthy.

Others

Other income is recognised on an accrual basis.

4.3 Expenses

All expenditure incurred in the running of the business has been charged to statement of comprehensive income in arriving at the profit for the year. Repairs and renewals are charged to statement of comprehensive income to in the year in which the expenditure is incurred.

4.4 Tax expense

a) Current taxes

Income Tax on Business Profit assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Income Tax on Business Profit relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

4.5 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside statement of comprehensive income is recognised outside statement of comprehensive income. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

a) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

- Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4.6 Property, plant and equipment

a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

b) Owned assets

The cost of property, plant and equipment includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

c) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the day-to-day servicing of property, plant and equipment are recognised in statement of comprehensive income as incurred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Derecognition
The carrying amount of an item of property, plant and equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Gains and losses on derecognition are recognised in statement of comprehensive income and gains are not classified as revenue.

e) Depreciation
Depreciation is recognised in statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized. Depreciation on property plant and equipment of the company is charged on straight-line basis to write off the cost over the estimated useful life of the asset as follows:

Buildings	50 years
Furniture and fittings	10 years
Motor vehicles	10 years
Computer and Peripherals	5 years
Office equipment	8 years
Other Equipment	8 years
Software	7 years

4.7 Investment properties

Investment property are properties held either to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost less accumulated depreciation and impairment losses. The Depreciation on investment properties is recognized on a straight-line basis over the 50 years estimated useful lifetime, either subsequent recognitions or derecognitions of investment properties are by using the fair value method. On the disposal on an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss.

4.8 Intangible assets
Intangible assets with finite lives are amortised over the useful economic life (3 years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

4.9 Leases

The company assesses at the inception of the contract whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease

4.10 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow-moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost of each category of inventory is determined at actual cost on FIFO basis.

MHPA Limited Liability Partnership P-0006/2013 Certified Practising Accountants

MALDIVES POST LIMITED

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Impairment of non- financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

a) Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, 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. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

a) Impairment/ reversal of impairment

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in statement of comprehensive income.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.12 Financial Instruments - Initial recognition and subsequent measurement

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

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. 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, in the case of a financial asset not at fair value through profit or loss, 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 determined under IFRS 15.

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.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

  And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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 profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

  Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement ; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company applies a simplified approach in calculating ECLs for local trade receivables and contract assets. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. For international trade receivables the company recognizes a loss allowance based on lifetime ECL at each reporting date, the company also takes into account the credit rating of the country to which the designated postal operator belongs to in case of international receivables.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial instruments – initial recognition and subsequent measurement.

Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include interest bearing loans and borrowings, trade and other payables.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

c) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Derecognition

Financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

4.13 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts if any. Investments with short maturities i.e., three months or less from the date of acquisition are also treated as cash equivalents.

4.14 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where 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.

When the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

4.15 Retirement Benefit Obligations

a) Maldives Retirement Pension

Defined contribution plans – Maldives Retirement Pension Scheme all local (Maldivian National) employees are eligible for Maldives Retirement Pension Scheme (MRPS) contribution according to the terms of the Maldives pension Act Law No. 8/2009 handled by Maldives Pension Administration Office (MPAO) from May 2011.

b) Other employee benefits

Short-term employee benefit obligations of the Company are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

5. NEW AND AMENDED STANDARDS AND INTERPREPTATIONS

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below. None of the new or amended pronouncements are expected to have a material impact on the financial statements of the Company in the foreseeable future. The Company intends to adopt these amended standards, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

5. NEW AND AMENDED STANDARDS AND INTERPREPTATIONS (CONTINUED)

A number of new standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the company has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the company's financial statements.

- IFRS 17, 'Insurance contracts'
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1
- Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 16
- Reference to the Conceptual Framework - Amendments to IFRS 3
- Onerous Contracts - Cost of Fulfilling a Contract Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018 - 2020
- Disclosure Initiative: Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction
- Definition of Accounting Estimates (Amendments to IAS 8)
- Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)
- Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient

		2022 MVR	2021 MVR
6	**Revenue**		
	Terminal dues, EMS & parcel post income	32,984,728	19,872,397
	Sales from postage and stamp sales	4,426,750	4,020,817
	Revenue stamps sales	-	1,595,288
	E-commerce	1,259,969	1,200,185
	Other post related income (Note 6.1)	240,024	123,189
	Post shop	952,385	428,416
	Commission income	55,309	51,972
	Consignment Income	5,860	829,065
		39,925,025	**28,121,329**
	Less: discounts allowed	-	-
		39,925,025	**28,121,329**

		2022 MVR	2021 MVR
6.1	**Other post related income**		
	Fax income	158	158
	Handling charges	176,405	64,645
	Service charge	63,461	58,386
		240,024	**123,189**

		2022 MVR	2021 MVR
7	**Other income**		
	Money exchange income	15,687	6,165
	Profit from sale of phone cards (Note 7.1)	32,437	23,797
	Rent income	1,074,918	1,309,518
	Royalty income	-	231,300
	Passport service charges	-	715
	Custom duty processing charges	167,722	141,526
	Miscellaneous income	19,530	196,590
	Discount received	-	21,891
	Compensation received	364,628	280,544
	QSF Income	261,016	- -
	UPU relief fund Income	13,330	-
	Provision Reversal	535,795	- -
	Late Fine	167,838	32,453
	Carrying value adjustment	-	1,698,632
	Provision expense for inventory	-	74,360
		2,652,901	**4,017,491**

		2022 MVR	2021 MVR
7.1	**Profit from sale of phone cards**		
	Phone cards sales	86,883	265,596
	Less: cost associated with phone cards	(54,446)	(241,799)
		32,437	23,797

8 Finance income

	2022 MVR	2021 MVR
Interest income	12	880
Interest on overdue bills	-	12,270
Interest on treasury bills	207,251	441,578
Investment income	2,399,632	3,917,168
	2,606,895	**4,371,896**

8.1 Finance cost

Interest expense on lease liability	313,461	277,158
Foreign Exchange loss	1,296,305	12,449,534
	1,609,766	**12,726,692**

9 Profit before tax

Profit before tax is stated after charging all the expenses including the following;

	2022 MVR	2021 MVR
Directors' remuneration	868,959	425,100
Rent expenses	-	
Depreciation on property, plant and equipment	2,237,965	2,056,783
Amortization of intangible assets	320,850	97,065
Personnel costs (Note 9.1)	11,569,494	11,004,678

9.1 Personnel costs

Staff salaries and wages	5,833,733	6,005,127
Allowances	4,473,131	3,763,004
Overtime	297,540	191,257
Staff training	245,495	85,652
Staff uniforms	69,298	-
Provident fund contribution	950,297	959,638
	11,569,494	**11,004,678**

10 Income tax expense

	2022 MVR	2021 MVR
Current tax expense	-	-
(Over) / under provision in respect of prior years	-	-
Deferred tax on temporary differences (Note 10.2)	(4,678,719)	(3,843,842)
	(4,678,719)	**(3,843,842)**

10.1 Reconciliation between accounting profit and taxable Income:

	2022 MVR	2021 MVR
(Loss)/profit before tax	(8,592,138)	(24,707,219)
Aggregate disallowable items	6,659,260	4,468,349
Aggregate allowable items	(7,580,526)	(6,018,785)
Loss carried forward	**(9,513,404)**	**(26,257,655)**
Tax free allowance	-	-
Taxable Income for the Year	-	-
Income tax expense on taxable profit @ 15%	-	-

Income tax has been calculated at 15% on the taxable profit for the year ended in accordance with the income Tax Act No.25/2019. A reconciliation between tax expense and the product of accounting profit multiplied by Maldives's domestic tax rate for the year ended on 31 December are as follows.

10.2 Movement in deferred tax

	2022 MVR	2021 MVR
At 1 January	(3,588,825)	255,017
Recognized during the Year	(1,089,894)	(3,843,842)
As at 31 December	**(4,678,719)**	**(3,588,825)**

10.3 Deferred tax

	2022 MVR	2021 MVR
Temporary difference on property, plant and equipment	(248,151)	2,280,101
Temporary difference on investment property	-	
On accumulated losses	1,417,751	(4,351,228)
On voluntary retirement provision	-	(11,978)
On debtors' provision	(80,369)	(1,473,884)
On stock provision	664	(31,836)
Deferred tax liability as at 31 December	**1,089,894**	**3,588,825**

10.4 Income tax payable

	2022 MVR	2021 MVR
At 1 January	952,045	1,650,743
(Over) / under provision in respect of prior years	-	-
Income tax provision for the year	-	-
Payment made during the year	(952,045)	(698,698)
Balance as at 31 December	-	**952,045**

11 (Loss)/ earnings per share

Basic (loss)/ earnings per share

The calculation of the basic and diluted earnings per share is based on the (loss)/profit for the year attributable to ordinary shareholders and weighted average number of shares outstanding during the year and calculated as follows;

	2022 MVR	2021 MVR
(Loss)/profit for the year	(7,502,244)	(20,863,377)
Weighted average number of ordinary shares	150,000	150,000
Basic (loss)/ earnings per share	**(50.03)**	**(139.24)**

12 Property, plant and equipment

12.1 Gross carrying amounts at cost

	Balance as at 01.01.2022 MVR	Additions during the year MVR	Transfer during the year MVR	Balance As at 31.12.2022 MVR
Building	46,349,829	-	-	46,349,829
Computer equipment	5,760,546	346,602	-	6,107,148
Furniture & fittings	8,649,779	271,886	-	8,921,665
Motor vehicle	2,938,302	-	-	2,938,302
Office equipment	8,989,617	498,049	-	9,487,666
Other equipment	1,492,465	-	-	1,492,465
	74,180,538	**1,116,537**	-	**75,297,075**

12.2 Accumulated depreciation

	Balance As at 01.01.2022 MVR	Charge for the Year MVR	Transfer during the year MVR	Balance As at 31.12.2022 MVR
Building	11,123,959	926,996	-	12,050,955
Computer equipment	5,172,157	233,848	-	5,406,005
Furniture & fittings	7,662,500	139,658	-	7,802,158
Motor vehicle	1,192,866	195,237	-	1,607,106
Office equipment	6,300,935	500,005	-	6,800,940
Other equipment	912,769	101,914	-	1,014,683
	32,584,189	**2,097,658**	-	**34,681,847**
Net book value	**41,596,347**			**40,615,226**

12.3 The building included under Property, plant and equipment are constructed on a land given to the Company by the Government on a nominal fee.

13	Investment property	2022 MVR	2021 MVR
13.1	**Cost**		
	As at 1st January	7,015,290	14,030,580
	Transferred to property plant and equipment	-	(7,015,289)
	As at 31st December	**7,015,290**	**7,015,289**
13.2	**Accumulated depreciation**		
	As at 1st January	1,683,670	3,086,728
	Charge for the Year	140,305	280,612
	Transferred to property plant and equipment	-	(1,683,670)
	As at 31st December	**1,823,975**	**1,683,670**
	Net book value	**5,191,313**	**5,331,619**

14 INTANGIBLE ASSETS

14.1 COST	Balance As at 01.01.2022 MVR	Additions / Transfers MVR	Disposals MVR	Balance As at 31.12.2022 MVR
Lease Hold Investment Cost	351,974	1,644,964		1,996,938
Software Costs	2,240,590	3,000		2,243,590
	2,592,564	**1,647,964**		**4,240,528**

14.2 Amortisation	Balance As at 01.01.2022 MVR	Charge for the Year MVR	Transfer during the year MVR	Balance As at 31.12.2022 MVR
Acc Dep'n - Lease Hold Investment	6,851	123,222	-	130,073
Acc Dep'n - Software	1,144,034	197,628	-	1,341,662
	1,150,885	**320,850**	-	**1,471,735**
Net Book Value	**1,441,679**			**2,768,793**

13.3 Work in progress	Balance as at 01.01.2022 MVR	Additions/ Transfers MVR	Balance As at 31.12.2022 MVR
Mail carriage and delivery system	188,679	150,943	339,622
Net book value	**1,630,358**		**3,108,415**

14 Lease

14.1 Lease rent

The Company had ongoing 18 lease agreements at the start of the financial year and entered in to two new lease agreements during the year, having the lease periods from 2 to 6 years. The Company has several contracts for the use of buildings. The Company's obligations under its leases are secured by the lessors' title to the leased assets.

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The amortisation of Right of Use asset (ROU) and the lease creditors are as follows;

		2022 MVR	2021 MVR
15.2	**Right of use asset**		
	As at 01 January	4,778,590	8,515,690
	Additions	5,425,328	978,866
	As at 31 December	**10,203,918**	**9,494,556**
15.3	**Accumulated depreciation**		
	As at 01 January	4,715,964	2,830,901
	Depreciation for the year	2,281,897	1,885,063
	As at 31 December	**6,997,861**	**4,715,964**
	Carrying value	**7,922,021**	**4,778,590**

Set out below are the carrying amounts of rent labilities and the movements during the year.

		2022 MVR	2021 MVR
15.4	**Lease liabilities**		
	As at 01 January	5,049,069	5,902,132
	Additions	5,425,328	978,866
	Interest expense	313,461	277,159
	Payments	(2,567,514)	(2,109,088)
	As at 31 December	**8,220,344**	**5,049,069**

	Interest rate	2022 MVR	2021 MVR
Current	5%	2,562,311	1,689,045
Non - current	5%	5,658,033	3,360,023
		8,220,344	**5,049,069**

		2022 MVR	2021 MVR
16	**Inventories**		
	Revenue stamps	-	
	Phone cards	157,612	211,511
	Post shop	317,806	367,099
	Transit account	-	
	Others	298,673	64,404
		774,091	**643,014**
	Provision for obsolete inventory	(216,664)	(212,237)
		557,427	**430,777**

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17 Trade and other receivables

	2022 MVR	2021 MVR
Trade receivables	67,927,554	44,156,278
Provision for impairment loss on trade receivables (Note 17.2)	(3,241,277)	(4,027,603)
	64,686,277	**40,128,675**
Other Receivables	6,250,996	7,368,506
Provision for impairment loss on other receivables (Note 17.2)	(6,048,819)	(5,798,289)
	202,177	**1,570,217**
	64,888,454	**41,698,892**

17.1 As at 31 December, the ageing analysis of trade receivables is as follows:

	<30 days MVR	31 - 60 days MVR	61 - 90 days MVR	91 - 365 days MVR	> 365 days MVR	Total MVR
2022	4,334,093	4,776,119	3,704,368	22,153,260	32,959,714	67,927,554
2021	4,259,114	2,338,947	2,102,597	24,391,153	11,064,468	44,156,278

17.2 Provision for impairment of trade receivables

	Other receivables		Trade receivables	
	2022 MVR	2021 MVR	2022 MVR	2021 MVR
Balance as at 1st January	5,798,289	5,551,997	4,027,603	3,521,253
Provision for the year	250,530	246,292	786,326	506,350
Write off during the year	-		-	-
Balance as at 31 December	**6,048,819**	**5,798,289**	**3,241,277**	**4,027,603**

18 Cash and cash equivalents

	2022 MVR	2021 MVR
Cash in hand	272,245	348,775
Cash at bank	13,154,799	16,705,546
	13,427,044	17,054,321

19 Financial assets at amortised cost

	2022	2021
MMA treasury bills	-	4,948,581
Investment	-	30,508,168
	-	**35,456,749**

The effective interest rate of short-term treasury bills is 7.80% for MMA per annum with the maturity period

During the year the company entered into three investment agreements recognized at amortised cost, two of which were not mature at the reporting date.

20 Share capital

	2021 MVR	2020 MVR
Authorised share capital		
250,000 ordinary shares of Rf. 100/- each	**25,000,000**	**25,000,000**
Issued and fully paid		
150,000 ordinary shares of Rf. 100/- each	**15,000,000**	**15,000,000**

		2022	2021
		MVR	MVR
21	**Trade and other payables**		
	Trade payables	5,562,114	7,675,963
	Accruals and other payables (Note 21.1)	33,227,878	8,940,917
	Amount due to other post offices (Note 21.2)	62,376,197	65,074,697
	Current tax payables (Note 10.4)	-	952,045
		101,166,189	**82,643,622**
21.1	**Accruals and other payables**		
	Other payables	911,640	1,531,728
	Accrued expenses	251,497	74,093
	Dividend payable	31,691,426	6,321,966
	Other current liabilities	373,315	962,500
	Xpress money payables	-	-
	Xpress provision	-	
	E-tukuri payable	-	50,630
	Bill collection payables	-	
		33,227,878	**8,940,917**
21.2	**Amount due to other post office**		
	As at 1st January	65,074,697	65,074,697
	Repayments during the year	2,698,500	-
	As at 31st December	**62,376,197**	**65,074,697**

23 Financial risk management objectives and policies

The Company's principle financial liabilities are trade and other payables. The main purpose of these financial liabilities is to raise finance for Company's operations. The Company has financial assets such as trade receivables, cash and balances with banks, which arise directly from its operations. The main risks arising from the Company's financial instruments are foreign currency risk, liquidity risk and credit risk. The policies for managing each of these risks are summarised below,

23.1 Foreign currency risk

The Company incurs currency risk on services, purchases that are denominated in foreign currency. Foreign exchange risk arises from future commercial transactions and is recognised assets and liabilities.

23.2 Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans and bank overdrafts. As a part of its overall prudent liquidity management, the Company maintains sufficient level of cash and cash equivalents to meet its working capital requirement.

23.3 Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

23.4 Fair value of financial assets and financial liabilities

The fair value of short-term financial assets and liabilities approximate their carrying value because of their immediate or short-term maturity. Directors believe that the fair value of long-term financial assets would not differ significantly from their carrying amount recorded in the statement of financial position.

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24 Capital management

Capital includes the equity share capital and accumulated reserves. The Company's objective is to maintain a healthy capital ratio in order to support the business and maximise the shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in the Company's operations. The Company manages its capital structure and makes adjustments to it in light of changes in the Company's operations.

25 Events occurring after the reporting date

There have been no material events occurring after the reporting period, that require adjustments to or disclosure in the financial statements.

26 Capital commitment and contingent liabilities

The Company had no significant capital commitments or contingent liabilities as at 31 December 2022.

MHPA Limited Liability Partnership P-0006/2013

MALDIVES POST LIMITED

Maldives Post Limited
DETAILED STATEMENT OF EXPENSES
Year ended 31 December 2022

		2022 MVR	2021 MVR
i	**Cost of sales**		
	Operational staff costs	16,004,416	15,381,759
	Cost associated with stamps	-	1,553,740
	International air and Internal conveyance	760,006	1,070,078
	Local mail carriage	801,882	535,142
	Adecouvert expenses	4,294	-
	EMS imbalance expenses	265,181	309,902
	Letter post expenses	205,245	85,455
	Parcel post expenses	83,962	151,094
	Mail delivery and sorting allowance	-	
	Stamp costs	19,738	
	Supplementary remuneration expense	136	893
	Return of Undeliverable items	77	-
	E-tukuri expenses	945,259	919,126
	Closed transit	-	15,975
	Cost of sales - post shop products	293,508	138,441
	Operating expenses	439,196	215,859
		19,822,902	**20,377,464**
ii	**Distribution cost**		
	Marketing and advertising expenses	1,016,165	1,256,446
	Bad debt write-off	1,264,441	34
		2,280,606	**1,256,480**

Maldives Post Limited
DETAILED STATEMENT OF EXPENSES
Year ended 31 December 2022

		2022 MVR	2021 MVR
iii	**Administrative expenses**		
	Staff costs	12,138,548	11,487,482
	Employee Health Insurance	500,653	540,278
	Stationaries	80,309	312,496
	Electricity Charges	1,801,170	1,517,191
	Telephone Charges	794,125	956,891
	Water Charges	113,168	94,741
	Repair & Maintenance of Building	27,991	106,067
	Vehicle Repair & maintenance	99,024	57,806
	Carriage & Rent	1,347	6,749
	Land & Building Rent	158,932	158,666
	Miscellaneous expenses	-	366
	Monitoring Alarms, Security& & Fire System	326,972	313,609
	Stamp Committee allow	1,500	1,500
	Repair & Maintenance-Others	910,091	740,568
	Software Maintenance	-	333,312
	Insurance	27,581	67,118
	Staff Training	245,495	85,652
	Waste, Deposal & Cleaning	474,986	430,258
	License fee & Registration fee	979,939	138,129
	Directors Fees & Expenses	868,959	425,100
	Professional & Legal Fees	165,807	360,180
	Audit Fee	86,524	65,720
	Staff Uniform	69,298	-
	Staff Recreation	141,231	63,640
	Agency Post Office Allowance	1,317,241	1,288,283
	EMS Corporative Contribution	8,645	-
	UPU Contribution	1,054,358	1,119,936
	APPU Contribution	81,726	81,726
	APP Membership Fee	74,016	74,016
	Internet Charges	356,152	139,163
	CSR - Corporate Social Responsibility	1,440	35,925
	Post Anniversary	3,950	-
	Depreciation	2,237,965	2,056,783
	Amortization	320,850	97,065
	Provision Expense for Inventory	4,428	-
	Round Up Error (Unidentified amount)	29	78
	Domestic Travel	64,957	19,098
	International Travel	135,086	132,714

MHPA

MALDIVES POST LIMITED

Maldives Post Limited
DETAILED STATEMENT OF EXPENSES
Year ended 31 December 2022

Bank Charges	166,846	138,109
Flag Expenses	475	165
Staff Refreshment	94,472	106,266
Research & Development Cost	485,730	-
GST Expense	574,060	408,016
Fine	(22,286)	7,216
ROU Amortization Expense	2,281,897	1885,065
Bad and Doubtful Expenses	-	752,642
Post Shop Gain/Loss	-	714
General Expense	45,529	-
Employee Retirement	511,669	-
Land Fee	250,800	250,800
	30,063,685	**26,857,299**

MHPA Limited Liability Partnership P-0006/2013 Certified Practicing Accountants

MALDIVES POST LIMITED

About MHPA

MHPA is a CA Maldives approved audit firm registered in the Republic of Maldives providing audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. Initially registered in 2008, MHPA was the first 100% Maldivian owned and operated professional audit firm with qualified professionals to offer specialized professional assurance and advisory services such as Internal Audits, External Audits, Valuation Services, Feasibility Studies and Due Diligence Services to the micro, small and medium sized business enterprises in the country.

MHPA is a firm with a DIFFERENCE. We pride ourselves in knowing exactly what businesses want and need for successful growth. Our trained professional staff keeps up to date with the latest information in legislation, business management practices and technology so your business can be kept fully informed. A one-stop solution for all your financial requirements, MHPA is an extension of your business and that's what makes the difference. With international affiliations, MHPA brings world-class capabilities and deep local expertise to help clients succeed wherever they operate.

MHPA's professionals are unified by a collaborative culture that fosters integrity, outstanding value to markets and clients, commitment to each other, and strength from each other. They enjoy an environment of continuous learning, challenging experiences, and enriching career opportunities. MHPA's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities.

Our people are based throughout Maldives serving clients that range from Maldives' largest companies to smaller businesses with ambition to grow.

MHPA's experts draw on best practice and innovative methodologies from around the world. A long track record and a wealth of international research into the needs of growing organisations has made MHPA one of the country's leading advisor to emerging businesses. For more information about MHPA LLP, visit our website www.mhpaonline.com

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CA Maldives approved audit firm

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