Report No: FIN-2022-12 (E)

2nd February 2022

MALDIVES POST LIMITED

FINANCIAL YEAR 2020

އޮޑިޓަރ ޖެނެރަލްގެ އޮފީސް

AUDITOR GENERAL'S OFFICE

TABLE OF CONTENTS

بسم الله الرحمن الرحيم

AUDITOR GENERAL'S OFFICE

AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF MALDIVES POST LIMITED

Opinion

We have audited the financial statements of Maldives Post Limited (MPL) ("the Company"), which comprises of the statement of financial position as at 31 December 2020, 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, the accompanying financial statements present fairly, in all material respect, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

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' International Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of 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 management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management 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.

27th January 2022

Hussain Niyazy
Auditor General

Maldives Post Limited
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2020

	Note	2020 MVR	2019 MVR
Revenue	6	27,259,710	80,644,970
Cost of sales		(18,652,183)	(26,616,634)
Gross profit		8,607,527	54,028,336
Other income	7	14,567,794	9,696,549
Administrative expenses		(23,508,806)	(27,775,409)
Distribution cost		(1,313,230)	(509,273)
(Loss) / profit from operating activities		(1,646,715)	35,440,204
Finance income	8	521,636	620,911
Finance cost	8.1	(266,796)	(207,823)
(Loss) / profit before tax		(1,391,875)	35,853,293
Income tax charge / (expense)	10	548,480	(6,350,765)
(Loss) / profit for the year		(843,395)	29,502,528
Other comprehensive income		-	-
Total other comprehensive income		(843,395)	29,502,528
(Loss)/earnings per share - Basis	11	(5.62)	197

The accounting policies and notes on pages 8 to 29 form an integral part of the financial statements.

MALDIVES POST LIMITED
FINANCE AND ACCOUNTS SECTION

AUDITOR GENERAL'S OFFICE

Maldives Post Limited
STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

Asset	Note	2020 MVR	2019 MVR
Non current assets			
Property plant and equipment	12	34,852,012	29,494,207
Investment property	13	10,943,852	16,836,695
Intangible assets	14	394,994	581,853
Right-of-use asset	15	5,684,789	4,091,463
Total non current assets		51,875,647	51,004,218
Current assets			
Inventories	16	844,771	1,060,844
Trade and other receivables	17	104,863,318	114,734,162
Financial asset at amortised cost	19	14,185,646	14,185,647
Cash and cash equivalents	18	16,166,845	23,581,505
Total current assets		136,060,580	153,562,158
Total assets		187,936,227	204,566,376
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	20	15,000,000	15,000,000
General reserves		8,798,027	8,798,027
Retained earnings		60,939,138	61,782,532
Total shareholders' equity		84,737,165	85,580,559
Non current liabilities			
Deferred tax liability	10.2	255,017	803,497
Lease liability	15.4	4,140,071	2,999,352
		4,395,088	3,802,849
Current liabilities			
Trade and other payables	21	97,041,913	113,982,612
Lease liability	15.4	1,762,061	1,200,356
		98,803,974	115,182,968
Total equity and liabilities		187,936,227	204,566,376

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 SHAFEEQ MOHAMED ....

The accounting policies and notes on pages 8 to 29 form an integral part of the financial statements.

27-Jan-2022
Male'

MALDIVES POST LIMITED
FINANCE AND ACCOUNTS SECTION

AUDITOR GENERAL'S OFFICE

Maldives Post Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020

	Share Capital MVR	General Reserve MVR	Retained Earnings MVR	Total MVR
Balance as at 01 January 2019	15,000,000	8,798,027	32,280,004	56,078,031
Profit for the year	-	-	29,502,529	29,502,529
Balance as at 31 December 2019	15,000,000	8,798,027	61,782,533	85,580,560
Loss for the year	-	-	(843,395)	(843,395)
Balance as at 31 December 2020	15,000,000	8,798,027	60,939,138	84,737,165

The accounting policies and notes on pages 8 to 29 form an integral part of the financial statements.

Maldives Post Limited
STATEMENT OF CASH FLOWS
Year ended 31 December 2020

	Note	2020 MVR	2019 MVR
Cash Flows from Operating Activities			
(Loss)/profit before taxation		(1,391,875)	35,853,293
Adjustments to reconcile profit to net cash flows			
Lease interest	15.4	266,796	207,823
Interest income	8	-	(620,911)
Depreciation	12.2	2,382,350	1,881,685
Amortisation	15.3	2,220,062	2,335,417
Provision for impairment loss on trade receivables	17.2	1,003,525	754,533
Reversal of provision for impairment loss on other receivables		-	(709,662)
Provision write off		-	1,812,068
Operating profit before working capital changes		4,480,858	41,514,245
Decrease/(increase) in inventories	16	216,072	(279,577)
Decrease/(increase) in trade and other receivables	17	8,867,319	(32,102,366)
Decrease in trade and other payables	21	(12,138,329)	(36,144,057)
Tax paid during the year	10.4	(4,803,642)	(3,327,342)
Lease interest paid during the year	15.4	(266,796)	(207,823)
Net cash flows used in operating activities		(3,644,518)	(30,546,920)
Acquisition of property, plant and equipment	12	(2,268,226)	(2,367,432)
Acquisition of intangible assets	14	(31,400)	(4,350)
Redemptions during the year	19	-	1,958,586
Interest income received	8	-	620,911
Net cash (used in) / from investing activities		(2,299,626)	207,716
Cash flows used in financing activities			
Lease payments	15.4	(1,470,515)	(1,141,771)
Net cash used in financing activities		(1,470,515)	(1,141,771)
Net decrease in cash and cash equivalents		(7,414,659)	(31,480,976)
Cash and cash equivalents at the beginning of the year		23,581,505	55,062,481
Cash and cash equivalents at the end of the year	18	16,166,846	23,581,505

The accounting policies and notes on pages 8 to 29 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

There are no any key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. 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 estimate 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 arms 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.

MALDIVES POST LIMITED
FINANCE AND ACCOUNTS SECTION

AUDITOR GENERAL'S OFFICE

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 a straight-line basis to write off the cost over the estimated useful life of the assets as follows:

Buildings	50 years
Furniture and fittings	05 years
Motor vehicles	05 years
Computer and Peripherals	03 years
Office equipment	04 years
Other Equipment	04 years
Software	03 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.

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 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.

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.

MALDIVES POST LIMITED FINANCE AND ACCOUNTS SECTION

AUDITOR GENERAL'S OFFICE

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.

MALDIVES POST LIMITED FINANCE AND ACCOUNTS SECTION

AUDITOR GENERAL'S OFFICE

5. NEW AND AMENDED STANDARDS AND INTERPREPTATIONS (CONTINUED)

Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

MALDIVES POST LIMITED FINANCE AND ACCOUNTS SECTION

AUDITOR GENERAL'S OFFICE

		2020 MVR	2019 MVR
6	Revenue		
	Terminal dues, EMS & parcel post income	20,950,640	62,586,385
	Sales from postage and stamp sales	2,324,701	8,388,412
	Revenue stamps sales	2,391,861	5,843,032
	E-commerce	917,438	1,123,667
	Other post reated income (Note 6.1)	245,307	1,060,060
	Post shop	249,561	904,916
	Commission income	180,202	738,498
		27,259,710	80,644,970
	Less: discounts allowed	-	-
		27,259,710	80,644,970

		2020 MVR	2019 MVR
6.1	Other post related income		
	Fax income	196	1,169
	Handling charges	107,103	281,372
	Service charge	138,008	738,033
	Postage of return Items	-	39,486
		245,307	1,060,060

		2020 MVR	2019 MVR
7	Other income		
	Money exchange income	6,027	26,947
	Profit from sale of phone cards (Note 7.1)	35,364	44,223
	Rent income	1,663,142	2,289,675
	Royalty income	555,120	832,680
	Passport service charges	6,435	52,415
	Custom duty processing charges	125,456	330,672
	Miscellaneous income	716,005	4,301,451
	Discount received	12,182	52,829
	Compensation received	18,396	128,003
	QSF donation	1,045,255	1,322,789
	Foreign exchange gain	10,346,139	314,865
	Gain on lease modification	1,271	-
	Provision reversal	37,002	-
		14,567,794	9,696,549

		2020 MVR	2019 MVR
7.1	Profit from sale of phone cards		
	Phone cards sales	191,124	519,378
	Less: cost associated with phone cards	(155,760)	(475,154)
		35,364	44,223

MALDIVES POST LIMITED
FINANCE AND ACCOUNTS SECTION

AUDITOR GENERAL'S OFFICE

8 Finance income	2020 MVR	2019 MVR
Interest income	923	1,000
Interest on overdue bills	3,426	14,841
Interest on treasury bills	517,287	605,070
	521,636	620,911

8.1 Finance cost

Interest expense on lease liability	266,796	207,823
	266,796	207,823

9 Profit before tax

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

	2020 MVR	2019 MVR
Directors' remuneration	522,192	522,192
Rent expenses	-	235,807
Depreciation on property, plant and equipment	2,382,350	1,881,685
Amortization of intangible assets	218,259	276,545
Personnel costs (Note 9.1)	9,552,215	25,803,835

9.1 Personnel costs

Staff salaries and wages	5,125,427	13,264,522
Allowances	3,248,036	10,452,609
Overtime	51,311	531,877
Staff training	132,928	619,737
Staff uniforms	74,156	64,424
Provident fund contribution	920,357	870,666
	9,552,215	25,803,835

10 Income tax expense	2020 MVR	2019 MVR
Current tax expense	-	5,071,975
(Over) / under provision in respect of prior years	-	737,721
Deferred tax on temporary differences (Note 10.2)	(548,480)	541,069
	(548,480)	6,350,765

10.1 Reconciliation between accounting profit and taxable Income :

	2020 MVR	2019 MVR
(Loss)/profit before tax	(1,391,875)	35,853,293
Aggregate disallowable items	6,368,849	7,317,152
Aggregate allowable items	(7,727,508)	(9,107,278)
Loss carried forward	(2,750,534)	34,063,168
Tax free allowance	-	(250,000)
Taxable Income for the Year	-	33,813,168
Income tax expense on taxable profit @ 15%	-	5,071,975

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

	2020 MVR	2019 MVR
At 1 January	803,497	262,428
Recognized during the Year	(548,480)	541,069
As at 31 December	255,017	803,497

10.3 Deferred tax

	2020 MVR	2019 MVR
Temporary difference on property, plant and equipment	841,534	341,590
Temporary difference on investment property	146,479	631,376
On accumulated losses	(412,580)	-
On voluntary retirement provision	(11,597)	(11,178)
On debtors provision	(265,830)	(115,301)
On stock provision	(42,989)	(42,989)
Deferred tax liability as at 31 December	255,017	803,497

10.4 Income tax payable

	2020 MVR	2019 MVR
At 1 January	6,454,385	3,972,031
(Over) / under provision in respect of prior years	-	737,721
Income tax provision for the year	-	5,071,975
Payment made during the year	(4,803,642)	(3,327,342)
Balance as at 31 December	1,650,743	6,454,385

MALDIVES POST LIMITED
FINANCE AND ACCOUNTS SECTION

AUDITOR GENERAL'S OFFICE

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;

	2020 MVR	2019 MVR
(Loss)/profit for the year	(843,395)	29,502,528
Weighted average number of ordinary shares	150,000	150,000
Basic (loss)/earnings per share	(5.62)	196.68

12 Property, plant and equipment

12.1 Gross carrying amounts at cost

	Balance as at 01.01.2020 MVR	Addtiions during the year MVR	Transfer during the year MVR	Balance As at 31.12.2020 MVR
Building	32,319,250	-	7,015,289	39,334,539
Computer equipment	5,302,115	162,233	-	5,464,348
Furniture & fittings	7,958,230	32,945	-	7,991,175
Motor vehicle	1,631,059	1,307,242	-	2,938,301
Office equipments	8,085,278	190,539	-	8,275,817
Other equipment	886,085	575,271	-	1,461,356
	56,182,017	2,268,230	7,015,289	65,465,536

12.2 Accumulated depreciation

	Balance As at 01.01.2020 MVR	Charge for the Year MVR	Transfer during the year MVR	Balance As at 31.12.2020 MVR
Building	6,463,850	646,385	1,543,364	8,653,599
Computer equipment	4,901,745	244,792	-	5,146,537
Furniture & fittings	7,596,941	125,699	-	7,722,640
Motor vehicle	1,118,240	330,280	-	1,448,520
Office equipments	5,829,430	867,192	-	6,696,622
Other equipment	777,604	168,002	-	945,606
	26,687,810	2,382,350	1,543,364	30,613,524
Net book value	29,494,207			34,852,012

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.

		2020	2019
13	Investment property	MVR	MVR
13.1	Cost		
	As at 1st January	21,045,869	21,045,869
	Transferred to property plant and equipment	(7,015,289)	-
	As at 31st December	14,030,580	21,045,869
13.2	Accumulated depreciation		
	As at 1st January	4,209,174	3,400,320
	Charge for the Year	420,918	808,854
	Transferred to property plant and equipment	(1,543,364)	-
	As at 31st December	3,086,728	4,209,174
	Net book value	10,943,852	16,836,695

		Balance as at 01.01.2020	Additions/ Transfers	Balance As at 31.12.2020
14	Intangible asset			
14.1	Cost	MVR	MVR	MVR
	Software	1,438,190	31,400	1,469,590
		1,438,190	31,400	1,469,590

		Balance As at 01.01.2020	Charge for the Year	Balance As at 31.12.2020
14.2	Accumulated amortisation	MVR	MVR	MVR
	Software	1,045,016	218,259	1,263,275
		1,045,016	218,259	1,263,275
	Net book value	393,174		206,315

		Balance as at 01.01.2020	Additions/ Transfers	Balance As at 31.12.2020
14.3	Work in progress	MVR	MVR	MVR
	Mail carriage and delivery system	188,679	-	188,679
		188,679	-	188,679
	Net book value	581,853		394,994

15 Lease

15.1 Lease rent

The Company has entered into 15 lease agreements with regards to the office bulidings having the lease periods from 2 to 5 years. The Company has serveral contracts for the use of buildings. The Company's obligations under its leases are secured by the lessors' title to the leased assets.

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

15.2	Right of use asset	2020 MVR	2019 MVR
	As at 01 January	5,341,479	-
	Additions	3,174,211	5,341,479
	As at 31 December	8,515,690	5,341,479
15.3	Accumulated depreciation		
	As at 01 January	1,250,016	-
	Depreciation for the year	1,580,885	1,250,016
	As at 31 December	2,830,901	1,250,016
	Carrying value	5,684,789	4,091,463

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

15.4	Lease liabilities	2020 MVR	2019 MVR
	As at 01 January	4,199,708	-
	Additions	3,172,939	5,341,479
	Interest expense	266,796	207,823
	Payments	(1,737,311)	(1,349,594)
	As at 31 December	5,902,132	4,199,708

	Interest rate	2020 MVR	2019 MVR
Current	5%	1,762,061	1,200,356
Non - current	5%	4,140,071	2,999,352
		5,902,132	4,199,708

16	Inventories	2020 MVR	2019 MVR
	Revenue stamps	454,009	594,284
	Phone cards	248,629	306,374
	Post shop	356,929	379,825
	Transit account	4,843	-
	Others	66,957	66,957
		1,131,367	1,347,440
	Provision for obsolete inventory	(286,596)	(286,596)
		844,771	1,060,844

MALDIVES POST LIMITED FINANCE AND ACCOUNTS SECTION

AUDITOR GENERAL'S OFFICE

17	Trade and other receivables	2020 MVR	2019 MVR
	Trade receivables	106,567,596	116,286,180
	Provision for impairment loss on trade receivables (Note 17.2)	(3,521,254)	(2,517,728)
		103,046,342	113,768,453
	Other Receivables	7,368,973	7,558,234
	Provision for impairment loss on other receivables (Note 17.2)	(5,551,997)	(6,592,525)
		1,816,976	965,710
		104,863,318	114,734,162

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
2020	2,033,850	2,214,818	1,421,753	29,508,239	71,388,936	106,567,596
2019	6,616,303	5,874,471	4,996,658	59,142,975	39,655,773	116,286,180

17.2 Provision for impairment of trade receivables

	Other receivables		Trade receivables	
	2020 MVR	2019 MVR	2020 MVR	2019 MVR
Balance as at 1st January	6,592,525	9,114,256	2,517,728	1,763,195
Provision for the year	-	-	1,003,525	754,533
Write off during the year	(1,040,528)	(2,521,731)	-	-
Balance as at 31 December	5,551,997	6,592,525	3,521,253	2,517,728

18	Cash and cash equivalents	2020 MVR	2019 MVR
	Cash in hand	442,801	1,325,380
	Cash at bank	15,724,044	22,256,125
		16,166,845	23,581,505

19	Financial asset at amortised cost		
	MMA treasury bills	14,185,646	14,185,647
		14,185,646	14,185,647

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

20	Share capital	2020 MVR	2019 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

MALDIVES POST LIMITED FINANCE AND ACCOUNTS SECTION

AUDITOR GENERAL'S OFFICE

		2020	2019
21	Trade and other payables	MVR	MVR
	Trade payables	22,509,273	29,701,922
	Accruals and other payables (Note 21.1)	7,807,200	12,751,607
	Amount due to other post offices (Note 21.2)	65,074,697	65,074,697
	Current tax payables	1,650,743	6,454,385
		97,041,913	113,982,612

21.1	Accruals and other payables		
	Other payables	955,715	1,636,499
	Accrued expenses	84,138	296,638
	Dividend payable	6,321,966	6,321,966
	Other current liabilities	357,505	2,576,944
	Xpress money payables	-	1,749,370
	Xpress provision	7,077	7,078
	Etukuri payable	76,100	109,034
	Bill collection payables	4,699	54,079
		7,807,200	12,751,607

21.2	Amount due to other post office		
	As at 1st January	65,074,697	65,074,697
	Repayments during the year	-	-
	As at 31st December	65,074,697	65,074,697

MALDIVES POST LIMITED
FINANCE AND ACCOUNTS SECTION

AUDITOR GENERAL'S OFFICE

22 Money remittance service as per a requirement from MMA

			2020 MVR	2019 MVR
Income				
Xpress money comission income			129,862	650,420
Service charge			138,007	738,033
Postage of return items			-	39,486
			267,869	1,427,939
Expenses	Estimated	Base		
Salary	9,362,747	1%	93,627	250,833
Administrative Costs	12,015,826	1%	120,159	309,101
Total Expenses			213,786	559,934
Net Profit			54,083	868,005

	2020 MVR	2019 MVR
Cash and Cash Equivalents		
Xpress money cash at bank	(31,275)	788,512
Trade Receivables		
Xpress money receivables	-	6,579
Xpress money receivables provision	7,078	7,078
Trade and other payables		
Xpress money payables	-	1,749,370
Remittance tax payables	-	368,848

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.

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 2020.

27 Reclassification of operational staff costs

Staff costs which are directly attributable to the cost of sales has been reclassified as operational staff cost for a better presentation.

	As presented in 2019 financials	Reclassification	Reclassification in the 2020 financials
	MVR	MVR	MVR
Operational staff costs	14,711,975	582,491	15,294,466
Staff costs	11,957,659	(582,491)	11,375,168

Maldives Post Limited
DETAILED STATEMENT OF EXPENSES
Year ended 31 December 2020

		2020	2019
		MVR	MVR
i	Cost of sales		
	Operational staff costs	14,940,799	15,294,466
	Cost associated with stamps	2,308,339	5,327,107
	International air and Internal conveyance	283,180	1,453,361
	Local mail carriage	514,635	1,677,918
	Adecouvert expenses	-	231,097
	EMS imbalance expenses	76,316	245,411
	Letter post expenses	171,517	923,598
	Parcel post expenses	46,787	305,284
	Mail delivery and sorting allowance	6,277	89,223
	Stamp costs	120,276	21,117
	Supplementary remuneration expense	979	4,472
	Cost of Sales - phone Cards	-	21,201
	Cost of sales - post shop products	68,826	262,910
	Operating expenses	114,252	759,470
		18,652,183	26,616,634
ii	Distribution cost		
	Marketing and advertising expenses	926,656	464,403
	Bad and doubtful expenses	-	44,870
	Bad debt write-off	386,574	-
		1,313,230	509,273

MALDIVES POST LIMITED
FINANCE AND ACCOUNTS SECTION

AUDITOR GENERAL'S OFFICE

Maldives Post Limited
DETAILED STATEMENT OF EXPENSES
Year ended 31 December 2020

		2020	2019
iii	Administrative expenses	MVR	MVR
	Staff costs	10,008,360	11,375,168
	Repair and maintenance	690,088	1,462,278
	License and professional fees	315,901	425,635
	Utility expenses	2,249,461	3,197,276
	Traveling expenses	13,951	161,664
	UPU and APPU Contribution expenses	1,056,972	917,432
	Stationaries	131,409	326,818
	Fuel Expenses	-	1,205
	Carriage & Rent	16,312	45,045
	Land & Building Rent	116,475	1,836,201
	Miscellaneous expenses	9,696	13,868
	Monitoring Alarms and Security	270,215	271,066
	Stamp Committee allow	3,000	9,000
	Insurance	62,687	68,772
	Waste , Deposal & Cleaning	446,014	384,053
	Directors Fees & Expenses	524,180	539,196
	Agency Post Office Allowance	1,057,113	1,655,975
	EMS Corporative Contribution	17,001	15,968
	Compensation	3,838	-
	E-Tukuri Expenses	897,946	1,275,062
	Internet Charges	157,548	175,079
	CSR - Corporate Social Responsibility	-	17,000
	Post Anniversary	12,367	33,912
	Depreciation and amortisation	4,645,000	2,920,103
	Bank Charges	104,528	-
	GST Expense	437,205	561,759
	Flag Expenses	-	10,740
	Research cost	-	74,553
	Fine	5,107	581
	Write off	5,632	-
	Land Fee	250,800	-
		23,508,806	27,775,409

Ghaazee Building, Ameeru Ahmed Magu
Male', Republic of Maldives
Tel: +960 332 3939
Email: info@audit.gov.mv
www.audit.gov.mv