MALDIVES POST LIMITED

Audited Financial Statements for the year ended
31st December 2023

MHPA
Chartered Accountants & CPAs

MHPA L.L.P
Licensed by the Institute of
Chartered Accountants of Maldives

PARTNERS
Rifaath Jaleel, CPA, FCA
Saffan Ahmed, FCCA
www.mhpaonline.com

APPROVED ACCA EMPLOYER
Trainee Development - Gold

GLOBAL - MEMBER FIRM

PARTNERSHIP REGISTRATION #: P-T0006/2013 | AUDIT LICENSE #: ICAM-FL-OGP

MALDIVES POST LIMITED

Audited Financial Statements for the year ended 31st December 2023

MHPA Chartered Accountants & CPAs

MHPA L.L.P

Licensed by the Institute of Chartered Accountants of Maldives

PARTNERS

Rifaath Jaleel, CPA, FCA

Saffan Ahmed, FCCA

www.mhpaonline.com

PARTNERSHIP REGISTRATION #: P-T0006/2013 | AUDIT LICENSE #: ICAM-FL-OGP

COVER DESIGNS BY: LAM'AAN MOHAMED / INSTAGRAM: LAMAAN.DESIGN

August 21st, 2024

MHPA / 082-A/2024

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Maldives Post Limited,

Opinion

We have audited the financial statements of Maldives Post Limited (Company), comprising the statement of financial position as at December 31, 2023, 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 respects, the financial position of the Company as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Opinion

We conducted our audit in accordance with the 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
<u>Revenue Recognition</u> Maldives Post Limited's revenue is primarily derived from three key components of International Mail: Letter Post, Parcel Post, and EMS. Revenue recognition adheres to the UPU convention for international mail. Revenue from product sales is recognized when significant risks and rewards have been transferred to the customer, typically at the point of delivery. Service revenue is recognized upon completion of the service. Given the materiality and complexity of Maldives Post Limited's revenue streams, ensuring the completeness and accuracy of revenue recognition is a key audit matter.	• Evaluate the design and effectiveness of internal controls over revenue recognition. Test controls related to transaction processing, approval, and recording. • Review the company's revenue recognition process to ensure it aligns with IFRS. • Analyze revenue trends over multiple periods to identify significant fluctuations or patterns. • Compare current period revenue to historical data and investigate any substantial deviations. • Select a sample of transactions from each international mail component (Letter Post, Parcel Post, and EMS) and verify that revenue has been recognized as per the manual. • Examine transactions recorded near the period-end to ensure revenue is recognized in the correct accounting period. • Testing of accounts receivable by requesting confirmations from the company's customers and by reconciling payments received after the year-end against the accounts receivable balances at the year-end.
<u>Long-outstanding Receivables</u> Maldives Post Limited has long-standing receivables arising from fraud cases. The recoverability of these receivables is uncertain due to the passage of time, potential legal challenges, and the financial condition of the debtors.	• Assess the recoverability of the receivables by considering the collectability of the underlying debt, the financial condition of the debtors, and any legal or contractual obligations. • Ensure that the financial statements adequately disclose the nature, extent, and uncertainty of the long-standing receivables, including any related impairment charges or provisions

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.

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 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.
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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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

MALDIVES POST LIMITED

AUDITED FINANCIAL STATEMENTS

31 DECEMBER 2023

Maldives Post Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Audited 2023 MVR	Restated 2022 MVR
Revenue	6	77,408,186	39,925,025
Cost of Sales	28	(25,446,434)	(19,822,902)
Gross Profit		**51,961,752**	**20,102,123**
Other Income	7	9,708,651	3,917,341
Administrative Expenses	30	33,723,532	29,566,660
Distribution Cost and Finance Cost	29	1,597,244	2,280,606
Profit from Operating Activities		**26,349,627**	**(7,827,802)**
Finance Income	8	3,434,000	2,606,895
Finance Cost	8.1	(413,283)	(1,627,935)
Profit Before Tax		**29,370,344**	**(6,848,842)**
Tax Expense / (Tax income)	10	**4,417,172**	**(1,089,894)**
Profit and Total Comprehensive Income for the Year		**24,953,171**	**(5,758,948)**
Other Comprehensive Income			
Revaluation Gain/loss	12.1	204,994,790	-
Actuarial (Gain) or loss on PVDBO	22.2	474,342	172,690
Total Other comprehensive Income		**229,473,620**	**(5,931,638)**
(Loss)/earnings per share - Basis	11	105	(38)

The accounting policies and notes on pages 5 to 25 form an integral part of the financial statements.

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

MALDIVES POST LIMITED

Maldives Post Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2023

	Note	Audited 2023 MVR	Restated 2022 MVR
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	12	244,317,002	40,615,226
Investment Property	13	9,533,333	5,191,313
Intangible Assets	14	3,088,837	3,108,415
Right of Use Asset	15	6,049,196	7,922,021
Total Non-Current Assets		262,988,368	56,836,975
Current Assets			
Inventories	16	630,677	557,426
Trade & Other Receivables	17	104,888,835	66,152,894
Financial Assets at amortised cost	19	-	-
Deferred Tax Asset	10	261,547	4,678,719
Cash and Cash Equivalents	18	7,998,195	13,427,044
Total Current Assets		113,779,254	84,816,083
Total Assets		**376,767,622**	**141,653,058**
EQUITY & LIABILITIES			
Equity			
Share Capital	20	23,700,000	15,000,000
General Reserves		8,798,027	8,798,027
Revaluation Reserve		204,994,790	-
Retained Earnings		35,524,028	8,045,199
Total Equity		270,016,846	31,843,226
Current Liabilities			
Trade & Other Payables	21	38,576,756	38,789,992
Deferred Tax Liability	10	-	-
Lease Obligation	15.4	2,319,062	2,562,311
		40,895,818	41,352,303
Long-term Liabilities			
Lease Obligation	15.5	4,045,646	5,658,033
Amount Due to Other Post Offices	22.1	60,834,197	62,376,197
Defined Benefit Obligation		975,113	423,298
Total Equity and Liabilities		**376,767,622**	**141,653,058**

Ahmed Shafeeq Mohamed
Managing Director

Mahmood Rameez Abdul Rahman
Director

The accounting policies and notes on pages 5 to 25 form an integral part of the financial statements.

Maldives Post Limited

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Share Capital MVR	Revaluation Reserve	General Reserves MVR	Retained Earnings MVR	Total MVR
Balance as at 01.01.2022	**15,000,000**	**-**	**8,798,027**	**40,075,761**	**63,873,789**
Profit for the year	-	-	-	(5,758,948)	(5,758,948)
Dividends Declared	-	-	-	(25,369,460)	(25,369,460)
Effects due to error correction (Note 22.2)				(729,464)	(729,464)
OCI: Actuarial (Gain) or loss on PVDBO				(172,690)	(172,690)
Balance as at 31.12.2022	**15,000,000**	**-**	**8,798,027**	**8,045,199**	**31,843,226**
Profit for the Year	-	-	-	24,953,171	24,953,171
OCI: Actuarial (Gain) or loss on PVDBO				(474,342)	(474,342)
Land and Building Revaluation	-	204,994,790	-	-	204,994,790
Capital issued	8,700,000	-	-	-	8,700,000
Balance as at 31.12.2023	**23,700,000**	**204,994,790**	**8,798,027**	**32,524,028**	**270,016,846**

The accounting policies and notes on pages 5 to 25 form an integral part of the financial statements.

Maldives Post Limited
STATEMENT OF CASH FLOWS
Year ended 31 December 2023

	Audited 2023	Restated 2022
Cash Flows from Operating Activities		
(Loss)/profit before taxation	29,370,344	(6,848,842)
Adjustments to reconcile profit to net cash flows:		
Interest	413,283	331,630
Interest income	-	-
Depreciation	2,355,430	2,237,965
Amortisation	517,044	320,850
Carrying value adjustment	-	-
Provision for obsolete inventory	(117,599)	4,427
Provision for impairment loss on trade receivables	(2,356,580)	(786,326)
Reversal of provision for impairment loss on other receivables	(46,372)	(1,013,910)
WIP - UPU Advance Write off	-	-
Gain on Lease modification	(51,093)	-
Foreign exchange gain	(534,746)	-
Revaluation gain	(4,482,325)	-
Operating Profit before Working Capital Changes	**25,067,386**	**(5,754,206)**
(Increase)/Decrease in Inventories	(73,251)	(126,649)
(Increase)/Decrease in Trade & Other Receivables	(37,246,640)	(34,595,015)
Increase/(Decrease) in Trade & Other Payables	13,063,478	10,693,843
Tax paid during the year	-	(952,045)
Lease interest paid during the year	(413,283)	(331,630)
Net cash flows used in operating activities	**(24,669,696)**	**(25,311,496)**
Acquisition of Property, Plant and Equipment	(922,109)	(1,256,843)
Acquisition of Intangible Assets	(648,409)	(1,495,467)
Redemptions During the Year	-	4,948,581
Investments	-	30,508,168
Interest Income received	-	-
Net cash (used in) / from investing activities	**(1,570,518)**	**32,704,439**
Cash flows used in financing activities		
Service obtained / (repayments) of amount due to other post office	(1,542,000)	(2,698,500)
Lease payments	(2,714,021)	(2,567,514)
Net Cash used in Financing Activities	**(4,256,021)**	**(5,266,014)**
Net (Decrease)/Increase in Cash & Cash Equivalents	(5,428,849)	(3,627,277)
Cash & Cash Equivalents at the beginning of the Year	13,427,044	17,054,321
Cash & Cash Equivalents at the end of the Year	**7,998,195**	**13,427,044**

The accounting policies and notes on pages 5 to 25p 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.

2.5 Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed in Note 4 to the financial statements.

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

MALDIVES POST LIMITED

3. CHANGES IN MATERIAL ACCOUNTING POLICIES

The Company adopted Disclosure of Accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1st January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.
The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. However, this change had not impact to the Company's financial statements for the year ended 31st December 2023.
In addition, a number of new standards are effective from pt January 2023, but they do not have a material effect on the Company's financial statements.

4. MATERIAL 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, the currency in which the financial statements are presented. Transactions in foreign currencies are initially recorded at the exchange rate ruling at the date of the transaction.

Transactions in foreign currencies are initially recorded by the Company at their respective exchange rates at the date the transaction first qualifies for recognition. Cash and cash equivalents, and accounts receivable and payable denominated in foreign currencies are retranslated at the exchange rate on the reporting date.

Exchange rate gains or losses arising from the settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured at 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 items measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item.

4.2. Revenue recognition

Postal revenue from terminal dues, EMS imbalances, and parcel post is recognized upon confirmation of mail weight by the designated postal operator each quarter, as per Universal Postal Union (UPU) regulations. The UPU assigns a designated postal operator in each country with the exclusive right to provide postal services. This ensures a high level of creditworthiness for outstanding receivables from these operators.

4.3. Tax expense

a) Current taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date.

4.4. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax is not recognised for the temporary differences on the initial recognition of assets or liabilities in a transaction that does not affects neither accounting nor taxable profit or loss and (if) does not give rise to equal taxable and deductible temporary differences at the time of the transaction.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plan of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

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

MALDIVES POST LIMITED

4.5. Property, plant and equipment

4.5.1 Recognition and measurement

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

4.5.2 Measurement

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.

4.5.3 Cost model

Maldives post applies cost model to property, plant and equipment except for freehold land and building and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and accumulated impairment losses.

4.5.4 Revaluation model

Maldives post applies the revaluation model to the entire class of freehold land and building. Such properties are carried at a revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Freehold land and building of the company are to be valued every 3-5 years. On revaluation of an asset any increase in the carrying amount is recognized in "other comprehensive income" and accumulated in equity under "revaluation reserve" or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the statement of comprehensive income. In this circumstance, the increase is recognized as income to the extent of the previous write down.

Any decrease in the carrying amount is recognised as an expense in the statement of comprehensive income or debited in other comprehensive income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease in recognized in other comprehensive income reduces the accumulated equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

4.5.5 Subsequent cost

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.

4.5.6 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.

4.5.7 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

4.6 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.

4.7 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.

4.8 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.

4.8.1 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.

4.8.2 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.

4.8.3 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.

4.8.4 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

4.9 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.

4.10 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.

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:

MHPA Limited Liability Partnership P-0006/2013 MHPA

MALDIVES POST LIMITED

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.

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.

4.11 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.

4.12 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.

4.13 Retirement Benefit Obligations

a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position

b) Other long-term employee benefit obligations

Maldives Post operates both a defined benefit and defined contribution pension plans

Defined Benefit Obligation

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. However, in Maldives there is no deep market in such bonds and therefore market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

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.

		Audited 2023 MVR	Restated 2022 MVR
6	**Revenue**		
	Terminal Dues, EMS & Parcel Post Income	68,360,034	32,984,728
	International Accounts Adjustment	840,953	-
	Sales from postage and stamp sales	4,305,070	4,426,750
	Revenue Stamps	-	-
	E-commerce	1,482,365	1,259,969
	Other post related income (Note 1.1)	281,605	240,024
	Post Shop	2,107,561	952,385
	Commission income	30,598	55,309
	Consignment Income	-	5,860
		77,408,186	**39,925,025**
	Less: Discounts Allowed	-	-
	Total Revenue	**77,408,186**	**39,925,025**
6.1	**Other post related income**		
	Fax income	38	158
	Handling charges	220,730	176,405
	Service charge	60,837	63,461
		281,605	**240,024**
7	**Other Income**		
	Money exchange income	35,270	15,687
	Profit from sale of phone cards (Note 2.1)	(8,242)	32,437
	Rent income	1,197,023	1,074,918
	Royalty income	-	-
	Passport service charges	-	-
	Custom duty processing charges	293,604	167,722
	Miscellaneous income	19,803	19,530
	Discount received	-	-
	Compensation received	64,523	364,628
	QSF Income	289,279	261,016
	UPU relief fund Income	-	13,330
	Provision Reversal	2,402,953	1,800,235
	Post Shop Gain/Loss	-	-
	Late Fine	228,675	167,838
	Foreign Exchange Gain	534,746	-
	Carrying value adjustment	-	-
	Provision Expense for Inventory	117,599	-
	Gain on Lease Modification	51,093	-
	Revaluation gain on Investment property	4,482,325	
		9,708,651	**3,917,341**
7.1	**Profit from sale of Phone cards**		
	Revenue Phone card	61,540	86,883
	Less: Cost associated with Phone cards	(69,782)	(54,446)
		(8,242)	**32,437**

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

MALDIVES POST LIMITED

		Audited 2023 MVR	Restated 2022 MVR
8	**Finance Income**		
	Interest income	-	12
	Interest on overdue bills	-	-
	Interest on treasury bills	-	207,251
	Investment Income	3,434,000	2,399,632
		3,434,000	**2,606,895**

8.1	**Finance Cost**		
	Interest expense on lease liability	(371,517)	(313,461)
	DBO Interest Cost (Note 22.2)	(41,766)	(18,169)
	Foreign Exchange Loss	-	(1,296,305)
		(413,283)	**(1,627,935)**

9 Profit before tax

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

	Audited 2023 MVR	Restated 2022 MVR
Directors' remuneration	731,939	868,959
Rent expenses	-	-
Depreciation on property, plant and equipment	2,355,430	2,237,965
Amortization of intangible assets	517,044	320,850
Personnel costs (Note 9.1)	13,705,842	11,569,494

9.1 Personnel costs

Staff salaries and wages	6,554,116	5,833,733
Allowances	5,321,777	4,473,131
Overtime	261,637	297,540
Staff training	392,824	245,495
Staff uniforms	35,710	69,298
Provident fund contribution	1,139,778	950,297
	13,705,842	**11,569,494**

10 Income tax expense	2023 MVR	2022 MVR
Current tax expense	-	-
(Over) / under provision in respect of prior years		-
Deferred tax on temporary differences (Note 10.2)	4,417,172	(1,089,894)
	4,417,172	**(1,089,894)**

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

MALDIVES POST LIMITED

10.1 Reconciliation between accounting profit and taxable Income:

	2023	2022
	MVR	MVR
(Loss)/profit before tax	233,890,792	-8,592,138
Aggregate disallowable items	6,276,341	6,659,260
Aggregate allowable items	(214,753,326)	-7,580,526
Taxable Income/ (loss) for the Year	**25,413,807**	**-9,513,404**
Loss carried forward	(38,459,859)	-
Taxable Income for the Year	**(13,046,052)**	-
Less: Tax free allowance	(500,000)	(500,000)
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	2023 MVR	2022 MVR
At 1 January	(4,678,719)	(3,588,825)
Recognized during the Year	4,417,172	(1,089,894)
As at 31 December	**(261,547)**	**(4,678,719)**

10.3 Deferred tax	MVR	MVR
Temporary difference on property, plant and equipment	(227,019)	(248,151)
Temporary difference on investment property	-	-
On accumulated losses	(3,812,071)	1,417,751
On voluntary retirement provision	-	-
On debtors' provision	(360,443)	(80,369)
On stock provision	(17,640)	664
Deferred tax liability as at 31 December	**(4,417,172)**	**1,089,894**

10.4 Income tax payable	2023 MVR	2022 MVR
At 1 January	-	952,045
(Over) / under provision in respect of prior years	-	-
Income tax provision for the year	-	-
Payment made during the year	-	(952,045)
Balance as at 31 December	-	-

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;

	Audited FS 2022 MVR	Restated FS 2022 MVR
Basic (loss)/ earnings per share		
(Loss)/profit for the year	24,953,171	(5,758,948)
Weighted Average number of Ordinary Shares	237,000	150,000
Basic earnings per share	**105**	**(38)**

12 Property, plant and equipment

12.1 Gross carrying amounts at cost

	Balance As at 01.01.2023 MVR	Additions during the year MVR	Revaluation during the year MVR	Balance As at 31.12.2023 MVR
Land	-	-	162,100,000	162,100,000
Building Costs	46,349,828	-	29,916,839	76,266,667
Computer Equipment at cost	6,107,148	459,705		6,566,853
Furniture & Fittings Costs	8,921,665	209,292		9,130,957
Motor Vehicle Costs	2,719,299	-		2,719,299
Office Equipment Costs	9,487,666	253,112		9,740,778
Bicycles Cost	219,003	-		219,003
Other Equipment Costs	1,492,465	-		1,492,465
Total Value of Depreciable Assets	**75,297,074**	**922,109**	**192,016,839**	**268,236,022**

12.2 Accumulated depreciation

	Balance As at 01.01.2022 MVR	Charge for the Year MVR	Revaluation during the year MVR	Balance As at 31.12.2023 MVR
Building Costs	12,050,955	926,997	(12,977,952)	-
Computer Equipment at cost	5,406,005	263,778		5,669,783
Furniture & Fittings Costs	7,802,158	160,774		7,962,932
Motor Vehicle Costs	1,388,103	195,102		1,583,205
Office Equipments Costs	6,800,940	566,620		7,367,560
Bicycles Costs	219,003	-		219,003
Other Equipment Costs	1,014,683	101,854		1,116,537
	34,681,848	**2,215,124**	**(12,977,952)**	**23,919,020**
Net Book Value	**40,615,226**			**244,317,002**

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

MALDIVES POST LIMITED

13 Investment Property

		2023	2022
13.1	**Cost**	MVR	MVR
	As at 1st January	7,015,289.60	7,015,290
	Transferred to property plant and equipment	-	-
	Re-valuation	2,518,043.40	-
	As at 31st December	**9,533,333**	**7,015,290**
13.2	**Accumulated Depreciation**	MVR	MVR
	As at 1st January	1,823,975	1,683,670
	Charge for the year	140,305	140,305
	Transferred to property plant and equipment	-	-
	Re-valuation	- 1,964,280	-
	As at 31st December	**-**	**1,823,975**
	Net Book Value	**9,533,333**	**5,191,313**

14 Intangible Assets

14.1 Gross carrying amounts at cost

	Balance As at 01.01.2022 MVR	Additions/ Transfers MVR	Disposals MVR	Balance As at 31.12.2023 MVR
Lease Hold Investment Cost	1,996,938	186,579		2,183,517
Software Costs	2,243,590	461,830		2,705,420
	4,240,528	**648,408,9**	**-**	**4,888,937**

14.2 Accumulated Amortisation

	Balance As at 01.01.2022 MVR	Charge for the Year MVR	Transfer during the year MVR	Balance As at 31.12.2023 MVR
Acc Dep'n - Lease Hold Investment	130,073	254,057		384,160
Acc Dep'n - Software	1,341,662	262,957		1,604,619
	1,471,735	**517,044**	**-**	**1,988,779**
Net Book Value	**2,768,793**			**2,900,158**

14.3 Work in progress

	Balance As at 01.01.2022 MVR	Additions/ Transfers MVR	Disposals MVR	Balance As at 31.12.2023 MVR
Mail carriage and delivery system	339,622.00	-150,943		188,679
Total	**3,108,415**			**3,088,837**

MHPA Limited Liability Partnership P-0006/2023 Certified Practicing Accountants

MALDIVES POST LIMITED

15. Lease

15.1. 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.

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

15.2. RIGHT OF USE ASSET	2023 MVR	2022 MVR
As at 01 January	14,919,910	4,778,590
Additions during the year	537,661	10,141,320
As at 31 December	**15,457,571**	**14,919,910**
Accumulated amortisation		
As at 01 January	6,997,889	4,715,992
Amortisation for the year	2,410,486	2,281,897
As at 31 December	**9,408,375**	**6,997,889**
Carrying value	**6,049,196**	**7,922,021**

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

15.3.	**Lease Liabilities**	Audited 2023 MVR	Restated 2022 MVR
	Lease liabilities		
	As at 01 January	8,220,343	5,049,068
	Additions	486,870.47	5,425,328
	Interest expense	371,517	313,461
	Payments	(2,714,021)	(2,567,514)
	As at 31 December	**6,364,709**	**8,220,343**

		Interest Rate	2023 MVR	2022 MVR
15.4	Current	5%	2,319,062	2,562,311
15.5	Non- Current	5%	4,045,647	5,658,033
			6,364,709	**8,220,344**

16	**Inventories**	Audited 2023 MVR	Restated 2022 MVR
	Phone Cards	119,980	157,612
	Post Shop	366,801	317,806
	Others	242,962	298,673
		729,742	**774,090**
	Provision for inventory	(99,065)	(216,664)
		630,677	**557,426**

17 Trade and other receivables

Trade Receivables	104,804,430	67,927,554
Provision for impairment loss on trade receivables (Note 17.2)	(884,697)	(3,241,277)
	103,919,733	**64,686,277**
Other Receivables	5,707,109	6,250,996
Provision for impairment loss on other receivables (Note 17.2)	(4,738,007)	(4,784,379)
	969,102	**1,466,617**
	104,888,835	**66,152,894**

Other Receivables include amounts related to legal settlements involving two former employees following misappropriation of funds dating back to the year 1998 amounting MVR 2,818,901. The Company is taking steps to recover these balances and will assess any changes in their collectability.

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
2023	8,013,137	7,274,505	6,535,277	48,822,563	39,511,500	110,156,982
2022	4,399,139	10,084,774	3,708,312	22,150,669	32,960,001	73,302,895

17.1

Current year comparative balances in the financials	As per 2022 Audited Financial statements	Reclassification	Reclassified Amount
Provision for other receivables	(6,048,819.00)	(1,264,440)	(4,784,379)
Bad and doubtful debts	535,795	(1,264,440)	(1,800,235)

During the preparation of the financial statements for the year ended December 31, 2023, it was identified that provisions for the year 2022 had been overstated by MVR 1,264,440 due to an error. In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the error has been corrected by restating the previous figures. The impact of this correction is reflected in the restated financial statements for the year 2022.

17.2 Provision for impairment of trade receivables

	Other Receivables		Trade Receivables	
	2023 MVR	2022 MVR	2023 MVR	2022 MVR
Balance as at 1st January	4,784,379	5,798,289	3,241,277	4,027,603
Provision for the year	(46,372)	250,530	(2,356,580)	786,326
Write off during the year		(1,264,440)		-
Balance as at 31 December	**4,738,007**	**4,784,379**	**884,697**	**3,241,277**

18 Cash and cash equivalents

	2023 MVR	2022 MVR
Cash on Hand	627,112	272,245
Cash at Bank	7,371,083	13,154,799
	7,998,195	**13,427,044**

19 Financial Assets at amortised cost

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	2023 MVR	2022 MVR
	Authorised share capital		
	250,000 ordinary shares of Rf. 100/- each	**25,000,000**	**25,000,000**
	Issued and fully paid		
	237,000 ordinary shares of Rf. 100/- each	**23,700,000**	**15,000,000**

21	Trade and other payables	2023 MVR	2022 MVR
	Trade Payables	4,488,833	5,562,114
	Accruals and other payables (Note 12.1)	34,087,923	33,227,878
	Current Tax Payables	-	-
		38,576,756	**38,789,992**

21.1.	Accruals and other payables		
	Other payables	1,705,282	911,640
	Accrued expenses	317,900	251,497
	Dividend payable	31,691,426	31,691,426
	Other current liabilities	373,315	373,315
	E-tukuri payable	-	-
		34,087,923	**33,227,878**

22	Long Term Liabilities		
	Lease Obligation	6,364,709	8,220,344
	Amount Due to Other Post Offices	60,834,197	62,376,197
	Defined Benefit Obligation	975,113	423,298
		68,174,019	**71,019,839**

22.1 Amount Due to Other Post Offices		
As at 01 January	62,376,197	65,074,697
Repayments during the year	1,542,000	2,698,500
As at 31st December	**60,834,197**	**62,376,197**

22.2	Defined Benefit Obligation		
	Present Value of Obligation as at 01 January	423,298	729,464
	Interest Cost	41,766	18,169
	Current Service Cost	35,706	14,644
	Benefit paid / payable for those who left during the period	-	(511,669)

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

MALDIVES POST LIMITED

Actuarial (Gain) Loss on PVDBO	474,342	172,690
Present Value of Obligation as at 31 December	**975,113**	**423,298**

The adjustment is made on statement of changes in equity	**2022**
Opening retained earnings	40,075,761
Reclassification of Defined benefit obligation	729,464

23 Effects Due to Error Correction

The Company identified and corrected an error in prior years' financial statements. A defined benefit obligation for the employee plan implemented in 2016 was not recognized. Retained earnings have been restated to reflect the initial recognition at fair value on that date, with corresponding adjustments made throughout the financial statements as detailed below.

Current year comparative balances in the financials	**As per 2022 Audited Financial statements**	**Reclassification**	**Reclassified Amount**
Employee Retirement	511,669	-	-
Current Service Cost	-	14,644	14,644
DBO Interest Cost	-	18,169	18,169
Actuarial (Gain) Loss on PVDBO	-	172,690	172,690

24 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,

24.1 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.

24.2 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.

24.3 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.

24.4 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.

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

MALDIVES POST LIMITED

25 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.

26 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.

27 Capital commitment and contingent liabilities

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

28 Cost of Sales

	Audited FS 2023 MVR	Restated FS 2022 MVR
International air/Internal Conveyance	645,189	740,497
Local mail carriage	982,097	801,882
Adecouvert expenses	4,738	4,294
EMS imbalance expenses	172,147	265,181
Letter post expenses	111,473	205,245
Parcel post expenses	55,548	83,962
Mail delivery & sorting allowance	-	-
Stamp costs	-	19,738
Supplementary remuneration expense	1,726	136
International Internal Conveyance	1,572	19,509
Return of undeliverable items	(15)	77
Indemnity CN48	1,464	-
Import Duty	-	-
Operational Staff Cost	21,129,806	16,004,416
Cost of sales - post shop products	603,407	293,508
Inventory write off/back	-	-
E-Tukuri Expenses	1,147,108	945,259
Closed Transit	40,245	-
Cargo Expenses	-	-
Post Shop Gain/Loss	-	-
Operating Expenses	668,227	439,196
Cost of Sales - Revenue Stamps	-	-
	25,446,434	**19,822,902**

29 Distribution and Finance Cost

Marketing & Advertising Expenses	1,597,244	1,016,165
Write off	-	1,264,441
	1,597,244	**2,280,606**

30 Administrative Cost

	2023	2022
Staff Costs	13,986,395	12,138,548
Employees Health Insurance	980,335	500,653
Stationaries	97,111	80,309
Electricity Charges	1,952,599	1,801,170
Telephone Charges	743,388	794,125
Water Charges	234,887	113,168
Repair & Maintenance of Building	392,570	27,991
Vehicle Repair & maintenance	76,362	99,024
Carriage & Rent	2,725	1,347
Land & Building Rent	134,801	158,932
Miscellaneous expenses	-	-
Monitoring Alarms, Security& & Fire System	390,323	326,972
Stamp Committee allow	-	1,500
Repair & Maintenance-Others	1,114,359	910,091
Software Maintenance	-	-
Insurance	104,210	27,581
Staff Training	392,824	245,495

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

MALDIVES POST LIMITED

Maldives Post Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

OTHER ADMINISTRATIVE EXPENSES	MVR	MVR
Waste, Deposal & Cleaning	689,257	474,986
License fee & Registration fee	1,085,222	979,939
Directors Fees & Expenses	731,939	868,959
Professional & Legal Fees	201,405	165,807
Audit Fee	68,704	86,524
Dhoani Rent	-	-
Staff Uniform	35,710	69,298
Staff Recreation	112,750	141,231
Staff Meeting Expenses	-	-
EMS Operating Expenses	-	-
Agency Post Office Allowance	1,512,253	1,317,241
EMS Corporative Contribution	9,664	8,645
UPU Contribution	865,670	1,054,358
APPU Contribution	85,830	81,726
APP Membership Fee	74,016	74,016
Compensation	-	-
Expenses on Fine	-	-
Internet Charges	418,464	356,152
Donations	-	-
CSR - Corporate Social Responsibility	-	1,440
Post Anniversary	14,540	3,950
Mail Operations Expenses	-	-
Sales Operations Expenses	-	-
Depreciation	2,355,430	2,237,965
Amortisation	517,044	320,850
Provision Expense for Inventory	-	4,428
Round Up Error (Unidentified amount)	25	29
Board Expenses	-	-
Contingency Loss	-	-
Domestic Travel	27,722	64,957
International Travel	601,742	135,086
Guest Expenses	-	-
Bank Charges	235,111	166,846
GST Adjustment	-	-
Flag Expenses	-	475
Staff Refreshment	77,476	94,472
Research & Development Cost	-	485,730
GST Expense	699,827	574,060
Fine	17,096	(22,286)
ROU Amortisation Expense	2,410,486	2,281,897
Bad and Doubtful Expenses	-	-
General Expense	133,054	45,529
Employee Retirement	-	-
Land Fee	104,500	250,800
Current Service Cost (Note 22.2)	35,706	14,644
	33,723,532	**29,566,660**

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

Our representative offices are in:
Male' (Maldives) - Colombo (Sri Lanka) - Kuala Lumpur (Malaysia)
Sydney - Wagga Wagga (Australia)

MHPA
Chartered Accountants & CPAs
Audits . Consultancy . Feasibility Studies . Tax . Valuations

MHPA L.L.P
Licensed by the Institute of Chartered Accountants of Maldives

PARTNERS
Rifaath Jaleel, CPA, FCA
Saffan Ahmed, FCCA

LOCATION:

MHPA LLP
MA.Rangiri, 1st Floor, Rahdhebai Magu,
Male' 20159, Republic of Maldives
Fax: +960 3339001, Tel: +960 3339002
Mobile: +960 7782416, +960 9901234

gbm GLOBAL AWARDS WINNER 2020

business awards 2018 WINNER Excellence in Professional Services

APPROVED EMPLOYER ACCA Trainee Development - Gold

GLOBAL - MEMBER FIRM