Report No: FIN-2020-3(E)

6 February 2020

MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION LIMITED

FINANCIAL YEAR 2018

AUDITOR GENERAL'S OFFICE

Contents

AUDITOR GENERAL'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of Maldives Integrated Tourism Development Corporation (the "Company") which comprise the statement of financial position as at 31 December 2018, 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 and other explanatory information set out in pages 4 to 26.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. As disclosed in note 9.2 of the financial statements, the Government of Maldives has transferred all the assets and liabilities attached to Baresdhoo project from Maldives Marketing and Public Relations Corporation (MMPRC) to the Company on 24th November 2016. The net assets' value of MVR 49,386,245 (assets less liabilities) at the time of takeover of the Project is recognised as an advance received against the share capital. However, we have identified that assets and liabilities taken over in respect to Baresdhoo project have not been assessed for their completeness and accuracy at the time of takeover. And owing to the nature of the company's records, we were unable to extend our audit procedures to verify completeness and accuracy of the said MVR 49,386,245. Accordingly, we were unable to determine whether any adjustments might have been necessary on the amounts shown in the financial statement as work-in progress, land acquisition cost receivable, trade and other payables and advance received against share capital.

   Moreover, the aforementioned net assets value of MVR 49,386,245 includes MVR 34,617,900/- pertaining to the advances collected from the investors represented by work-in progress and cash and cash equivalents. However, the company has not recognised the corresponding liability – advance collected from investors - for the said amount.

2. As disclosed in note 7 of the financial statements, at the reporting date, the Company has Land Acquisition Cost (LAC) receivable and advance payment made to suppliers of MVR10,485,600 and MVR15,034,500 respectively. These amounts have been outstanding for more than one year. However, the Company has neither made an assessment nor made

any allowance for impairment of these figures. In addition, we have not received responses to balance confirmations circulated to trade debtors. And there was no evidence to indicate whether the Company has taken necessary actions to confirm the existence and to collect the outstanding trade receivable balances. Accordingly, we were unable to confirm the existence, accuracy, valuation and allocation of Land Acquisition Cost (LAC) receivable and advance payments made to suppliers totalling MVR 25,520,100 as at 31 December 2018.

3. As disclosed in the note 6 of the financial statements, the operations of the projects reported under capital work-in progress of MVR 52,430,280/- were ceased due to financial difficulty. Apart from L. Baresdhoo Project, the company does not have any legal right/ownership of land to carry out the projects. There is no indication to continue these projects in a near future. Additionally, we were unable to determine any adjustments that might be required to capital work-in-progress.

4. On behalf of the Ministry of Tourism (MoT) the company has collected public funds of MVR 15,673,521 from stakeholders of tourism industry towards Corporate Social Responsibility (CSR). MoT informed to the Company that these funds shall be disbursed for tourism-related projects. Of these funds, MVR 14,462,372 has been disbursed to public institutions; not for tourism-related projects, but chiefly for capital expenditures upon instructions of MoT. Furthermore, the Company has utilised MVR 348,901 for its own operations out of these funds and charged a commission of MVR1,304,532 as administration fee. The remaining cash balance of the CSR collections of MVR 1,806,717 as at 31 December 2018 is disclosed in Note 10.2 to the financial statements as payables.

   Whilst it is not within the mandate of the Company to collect, manage and disburse CSR funds of MoT, owing to lack of sufficient and appropriate records and information provided to us by the Company and MoT, we were unable to determine the legality of collection and disbursements of these funds. Therefore, we were unable to determine whether any adjustments might be required and resulting impact to the financial statements of the company as a result of these transactions.

5. Pursuant to paragraph 18 of the IAS 24, Related Party Disclosures, if an entity has related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. However, the Company has not complied with the said requirement. Accordingly, we were unable to determine whether any adjustments might be required to and any impact on the financial statements as at 31 December 2018.

Responsibilities of management and those charge 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.

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

Auditor's responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditors' report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

6th February 2020

Hassan Ziyath
Auditor General

MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION LTD

FINANCIAL STATEMENT

FOR THE YEAR ENDING 31 DECEMBER 2018

mitdc

MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION (MITDC)

Statement of Financial Position

(All the amounts are stated in Maldives Rufiyaa MVR)

	Note	2018 AS AT 31 DEC	RESTATED 2017 AS AT 31 DEC
ASSETS			
Non- Current Assets			
Property, Plant & Equipment	4	1,050,994	1,264,302
Intangible Assets	5	47,379	79,972
Work- in Progress (WIP)	6	52,430,280	24,766,902
		53,528,653	**26,111,176**
Current Assets			
Trade & Other Receivables	7	26,103,689	23,815,412
Cash & Cash Equivalents	8	993,682	6,449,578
		27,097,370	**30,264,989**
TOTAL ASSETS		**80,626,023**	**56,376,165**
EQUITY & LIABILITIES			
Share Capital & Reserves			
Share Capital	9	11,000,000	6,000,000
Advance Received against Share Capital	9	49,386,245	49,386,245
Retained Earnings		(30,505,838)	(12,893,547)
		29,880,407	**42,492,698**
Current Liabilities			
Trade & Other Payables	10	35,325,616	13,883,467
Short Term Borrowings	11	15,420,000	-
		50,745,616	**13,883,467**
TOTAL EQUITY AND LIABILITIES		**80,626,023**	**56,376,165**

These financial statements were approved by the Board of Directors on 05th February 2020 and signed on its behalf by;

Mohamed Raaidh
Managing Director

Abdulla Naseer Mohamed
Chairperson

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C1043/2018

AUDITOR GENERAL'S OFFICE

The accounitng policies and notes on page 8 through 26 is an integral part of the financial statements.

MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION (MITDC)

Statement of Comprehensive Income

(All the amounts are stated in Maldives Rufiyaa MVR)

	Note	2018 FYE 31 DEC	RESTATED 2017 FYE 31 DEC
Revenue	12	19,811	371,208
Gross Profit		**19,811**	**371,208**
Administrative Expenses	13	(17,229,878)	(6,677,017)
Sales & Marketing Expenses	14	(1,707,006)	(3,741,262)
Operating Profit/ (Loss)		**(18,917,073)**	**(10,047,072)**
Other Income	15	1,304,782	4,818
Net Profit / (Loss)		**(17,612,291)**	**(10,042,254)**
Earning Per Share (in Rufiyaa)		(16.01)	(16.74)

The accounitng policies and notes on page 8 through 26 is an integral part of the financial statements.

MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION (MITDC)

Statement of Cash flow for the period ending

(All the amounts are stated in Maldives Rufiyaa MVR)

	2018	RESTATED 2017
	AS AT 31 DEC	AS AT 31 DEC
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/ (Loss)	(17,612,291)	(10,042,254)
Adjustment for		
Depreciation	308,138	262,386
Operating Profit before Working Capital Changes	**(17,304,153)**	**(9,779,867)**
Trade & Other Receivables	(2,288,277)	(2,921,312)
Trade & Other Payables	21,442,149	11,373,646
Short Term Borrowing	15,420,000	-
Net Cash From (Used in) Operating Activities	**17,269,719**	**(1,327,533)**
Cash Flows from Investing Activities		
Purchase of Property, Plant & Equipment	(62,237)	(600,318)
Disposals	-	-
Work-in Progress	(27,663,378)	(6,422,516)
Intangible Assets	-	(97,778)
Net Cash Used in investing Activities	**(27,725,615)**	**(7,120,611)**
Cash flow from Financing Activities		
Share Capital	5,000,000	4,000,000
Net Cash flows From Financing Activities	**5,000,000**	**4,000,000**
Net Increase / in Cash and Cash Equivalents	**(5,455,896)**	**(4,448,144)**
Cash and Cash Equivalents at the Beginning of the period	6,449,578	10,897,721
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**993,682**	**6,449,577**

The accounitng policies and notes on page 8 through 26 is an integral part of the financial statements.

MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION (MITDC)

Statement of Changes in Equity

(All the amounts are stated in Maldives Rufiyaa MVR)

	2018 AS AT 31 DEC	RESTATED 2017 AS AT 31 DEC
Advance Share Capital		
Opening	49,386,245	49,386,245
Changes during the period	-	-
Closing	49,386,245	49,386,245
Share Capital		
Opening	6,000,000	2,000,000
Share Issued during the period	5,000,000	4,000,000
Closing	11,000,000	6,000,000
Retained Earnings		
Opening	(12,893,547)	(2,851,293)
Profit/(Loss) for the period	(17,612,291)	(10,042,254)
Closing	(30,505,838)	(12,893,547)
TOTAL EQUITY	**29,880,407**	**42,492,698**

The accounitng policies and notes on page 8 through 26 is an integral part of the financial statements.

1. Reporting entity and statutory base

Maldives Integrated Tourism Development Corporation LTD ("the Company") is a company incorporated in the Republic of Maldives on 27th October 2016 bearing registration no. C-1043/2016.

Principal activities and nature of operations

Company has been mandated with the development of integrated tourism in the Maldives.

Number of employees

The number of employees at the end of the reporting period was 18.

Authorization for issue

The financial statements of the Company for the year ended 31 December 2018 were authorized for issue on 05 February 2020.

2. Basis of preparation and other significant accounting policies

2.1. Basis of preparation

The financial statements of the Company as at 31 December 2018 and for the year then ended are prepared in accordance with the International Financial Reporting Standards. The financial statements are prepared on the historical cost basis, unless and otherwise identified in a specific accounting policy.

2.2. Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018.

2.3. New and amended standards and interpretations

In these financial statements, the Company has applied IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial instruments and IFRS 7R, effective for annual periods beginning on or after 1 January 2018, for the first time which require restatement of previous financial statements.

IFRS 9 and IFRS 7R

IFRS 15, IFRS 9 and IFRS 7R together with several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the financial statements of the Company and no requirement of previous financial statement restatement.

IFRS 15

The Company has adopted IFRS 15 Revenue from contract with customers for the first time in 2018. The standard introduces a new five-step approach to measuring and recognizing revenue from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company has elected to apply the full retrospective method in adopting IFRS 15. The adoption of new revenue standard has no material changes to the financial statement of the Company. Hence no requirement of previous finance statement restatement.

AUDITOR GENERAL'S OFFICE

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MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION
C1043/2016

2.4. Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading. Hence the financial statements have been prepared under the going concern basis.

2.5. Functional & presentation currency

All balances presented in the Financial Statements are in Maldivian Rufiyaa (MVR) unless otherwise indicated. MVR is the currency of the country in which the Company is domiciled.

2.6. Summary of significant accounting policies

The accounting policies set out below have been applied consistently, to all periods presented in these financial statements, by the Company.

a. Conversion of Foreign Currencies

The Company's financial statements are presented in MVR which is the Company's functional and presentation currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the end of the reporting period. All differences are taken to the profit or loss.

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.

b. Materiality and Aggregation

In compliance with IAS 1 Presentation of Financial Statements, each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or functions are presented separately, unless they are immaterial.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously.

Income and expenses are not offset in the profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

AUDITOR GENERAL'S OFFICE

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c. Current Versus Non-Current Classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is

- Expected to be realized or intended to sell or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d. Leases

Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added at the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Company as lessee

A lease is classified at the inception date as finance lease or operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognized as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

e. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Rental Income

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income.

AUDITOR GENERAL'S OFFICE

mitdc MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION C1043/2018

f. Expenditure Recognition

Expenses are recognized in the statements of comprehensive Income on the basis of direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

g. Taxes

Current Business Profit Tax

Current business profit tax assets and liabilities for the current period 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, at the end of the reporting period.

Current business profit tax relating to items recognized directly in equity is recognized in equity and not in the income statement. 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.

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 end of the reporting period.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference s will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized, 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)

AUDITOR GENERAL'S OFFICE

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MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION
C1043/2018

The carrying amount of deferred tax assets is reviewed at end of each reporting period 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 utilized. Unrecognized deferred tax assets are reassessed at end of each reporting period and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized 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.

Sales Tax

Revenue and expenses are recognized based on the net of the amount of sales tax. Receivable 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 of payables in the statement of financial position.

h. Property, Plant and Equipment

Property plant and equipment are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met.

The cost of the self-constructed assets includes the cost of materials, direct lab our cost and appropriate proportion of production overheads. The cost of property, plant and equipment acquired by the Company includes cost of acquisition together with any incidental expenses incurred in bringing the assets to its working condition for the intended use.

When a major inspection of plant and machinery is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are met. 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:

Island Infrastructure	50 years
Buildings	25 years
Furniture & Fittings	10 years
Motor Vehicles	05 years
Plant & Equipment	10 years
Office Equipment	05 years
Other Assets	10 years

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C1043/2015

AUDITOR GENERAL'S OFFICE

Depreciation is charged from the date asset put into use for operational activities. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset isderecognized.

If there is any indication that previously recognized impairment losses may no longer exist or may have decreased, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior years.

i. Impairment of Non-Financial Assets

The carrying amounts of the Company's assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the profit or loss.

An asset's recoverable amount is the higher of an asset 's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using discount rates that reflects current market assessments of the time value of money and the risks specific to the assets.

j. 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

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized 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.

AUDITOR GENERAL'S OFFICE

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In order for a financial asset to be classified and measured at amortized 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.

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

(ii) Subsequent measurement

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

- Financial assets at amortized 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

(iii) Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized 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 amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes trade receivables, included under other non-current financial assets.

(iv) Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

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.

AUDITOR GENERAL'S OFFICE

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MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION
C1043/2018

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have debt instruments which required to recognize at fair value through OCI.

(v) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by -instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have equity instruments which required to recognize at fair value through OCI.

(vi) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

The Company does not have financial assets which required to recognize at fair value through profit or loss.

AUDITOR GENERAL'S OFFICE

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MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION
C1043/2016

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(vii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (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 the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes 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.

(viii) 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 recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

AUDITOR GENERAL'S OFFICE

mitdc
MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION

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

Financial liabilities

(i) Initial recognition and measurement

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

All financial liabilities are recognized 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 trade and other payables.

(ii) Subsequent measurement

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

Loans and borrowings

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

Amortized 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 amortization is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

De-recognition

Financial liability is de-recognized 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 recognized in the statement of comprehensive income.

k. Trade and Other Receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due, according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement within selling and marketing costs. Trade receivables are carried at anticipated realizable value. A general provision is made for doubtful receivables based on a review of all outstanding amounts from customers at the year end. Bad debts are written off during the year in which they are identified.

AUDITOR GENERAL'S OFFICE

mitdc
MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION
C1043/2018

l. 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 recognized for the earned consideration that is conditional.

m. Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and cash in hand, other short-term highly liquid investments with original maturities of three months or less. For the purpose of cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Cash flow statement is prepared in "indirect method".

n. Other Liabilities and Provisions

All known liabilities have been accounted for in preparing the financial statements. The materiality of the events occurring after the reporting period have been considered and appropriate adjustments and provisions have been made in the financial statements where necessary.

Liabilities classified as current liabilities in the statement of financial position are those which fall due for payment on demand or within one year from the end of the reporting period. Non-current liabilities are those balances, which fall due for payment after one year from the end of reporting.

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event , it is probable that an out flow 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, for example, under an insurance contract, 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 statement of comprehensive income net of any reimbursement.

o. 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 recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

p. Defined Contribution Plans

Employees are eligible for Maldives Retirement Pension Scheme in line with the respective statutes and regulations. The Company contributes 7% of basic salary of Maldivian employees to Maldives Retirement Pension Scheme.

AUDITOR GENERAL'S OFFICE

mitdc MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION C1043/2018

2.7. Summary of significant accounting judgments, estimates and assumptions

a. Operating lease commitments - Company as lessee

The Company has entered into an Island lease with the Government of Maldives. The Company has determined based on an evaluation of the terms and conditions of the sub-lease agreements that all the significant risks and rewards of ownership of the Islands rests with the Government. Therefore, the lease is treated as an operating lease.

b. Operating lease commitments - Company as lessor

The Company has entered into Island leases with the third parties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases .

c. Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

d. 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. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

e. Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, tax laws, and the amount and timing of future taxable income. Given the range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as differing interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Maldives.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

3. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective

IFRS 16 - Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today 's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Company does not access the impact on adaption of IFRS16 as end of the financial year 31 December 2018.

mitdc
MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION

AUDITOR GENERAL'S OFFICE

	2018 AS AT 31 DEC	2017 AS AT 31 DEC
4 Property, Plant & Equipment		
Cost		
Office Equipment		
Opening Balance	602,984	359,551
Changes During the Period	42,977	243,433
Closing Balance	645,961	602,984
Office Interior		
Opening Balance	574,729	303,065
Changes During the Period	-	271,664
Closing Balance	574,729	574,729
Furniture and Equipment		
Opening Balance	333,335	248,114
Changes During the Period	19,260	85,221
Closing Balance	352,595	333,335
Total Cost	**1,573,285**	**1,511,048**
Depreciation		
Office Equipment		
Opening Balance	109,200	117
Changes During the Period	126,143	109,083
Closing Balance	235,343	109,200
Office Interior		
Opening Balance	103,930	500
Changes During the Period	114,946	103,430
Closing Balance	218,876	103,930
Furniture and Equipment		
Opening Balance	33,615	1,548
Changes During the Period	34,457	32,067
Closing Balance	68,072	33,615
Total Depreciation	**522,291**	**246,746**
Net Book Value of Assets		
Office Equipment	410,618	493,783
Office Interior	355,854	470,799
Furniture and Equipment	284,523	299,720
Net Book Value of Property, Plant & Equipment	**1,050,994**	**1,264,302**

AUDITOR GENERAL'S OFFICE

mitdc
MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION
C1043/2018

		2018 AS AT 31 DEC	RESTATED 2017 AS AT 31 DEC
5	**Intangible Assets**		
	Cost		
	Opening Balance	97,778	-
	Changes During the Period	-	97,778
	Closing Balance	97,778	97,778
	Amortisation		
	Opening Balance	17,806	-
	Changes During the Period	32,593	17,806
	Closing Balance	50,398	17,806
	Net Book Value of Intangible Assets	**47,379**	**79,972**
6	**Work- in Progress**		
	L.Baresdhoo Project		
	Opening Balance	20,724,587	18,344,386
	Changes During the Period	861,641	2,380,201
	Closing Balance	21,586,228	20,724,587
	Project Palm		
	Opening Balance	3,613,006	-
	Changes During the Period	-	3,613,006
	Closing Balance	3,613,006	3,613,006
	Addu Integrated Tourism Project		
	Opening Balance	373,308	-
	Changes During the Period	52,292	373,308
	Closing Balance	425,600	373,308
	Galufalhu Project		
	Opening Balance	-	-
	Changes During the Period	-	-
	Closing Balance	-	-
	Kaashidhoo Project		
	Opening Balance	-	-
	Changes During the Period	26,721,446	-
	Closing Balance	26,721,446	-
	Fuvahmulah Project		
	Opening Balance	28,000	-
	Changes During the Period	-	28,000
	Closing Balance	28,000	28,000
	Kelaa Project		
	Opening Balance	28,000	-
	Changes During the Period	28,000	28,000
	Closing Balance	56,000	28,000
	Total Work- in Progress	**52,430,280**	**24,766,902**

AUDITOR GENERAL'S OFFICE

mitdc MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION

		2018	RESTATED 2017
7	**Trade & Other Receivables**	**AS AT 31 DEC**	**AS AT 31 DEC**
	Accounts Receivables	38,402	2,887
	LAC Receivables	10,485,600	11,256,600
	Rent Receivables	-	-
	Advance payments to Suppliers	15,034,500	12,181,800
	Prepayment	24,672	11,102
	Other Receivable	6,091	50,935
	GST Refundable	514,424	312,086
		26,103,689	**23,815,412**

Land acquisition cost receivable includes, receivables against sub lease land Plots and rent receivables including Guest House, Spa and Bar as at 30th September 2018.
Advance payments made to suppliers includes advance payments settled to Jausa Construction Maldives Pvt Ltd for the construction works of L.Baresdhoo Project with reference to the agreement dated April 2017.

		2018	2017
8	**Cash & Cash Equivalent**	**AS AT 31 DEC**	**AS AT 31 DEC**
	Cash at Bank	988,895	6,444,784
	Cash in Hand	4,786	4,794
		993,682	**6,449,578**

		2018	2017
9			
9.1	**Share Capital**	**AS AT 31 DEC**	**AS AT 31 DEC**
	Opening Balance (as at 01 Jan)	6,000,000	2,000,000
	Additions during the period	5,000,000	4,000,000
		11,000,000	**6,000,000**

The authorized capital of the company is MVR 1,000,000,000 divided into 100,000,000 ordinary shares with a par value of MVR 10 per share. The Company has issued 600,000 ordinary shares at par value as at 31st December 2017 and MVR 5,000,000 during the year 2018.

		2018	2017
9.2	**Advance received against the share capital**	**AS AT 31 DEC**	**AS AT 31 DEC**
	Value of Assets Transferred	53,328,233	53,328,233
	Value of Liabilities Transferred	(3,941,988)	(3,941,988)
	Net Value of Assets Transferred	**49,386,245**	**49,386,245**

The Government of Maldives has transferred all the assets and liabilities attached to Baresdhoo project from MMPRC to MITDC as of 24th November 2016. The Total Value net of assets and liabilities transferred to MITDC is recognised as an advance received against the share capital.

AUDITOR GENERAL'S OFFICE

mitdc
MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION
C1043/2018

		2018	RESTATED 2017
10			
10.1	**Trade & Other Payables**	**AS AT 31 DEC**	**AS AT 31 DEC**
	Trade Payables	14,175,616	6,949,297
	Accrued Expenses	61,210	147,792
	GST Payable	-	-
	Advance Rent	8,899,701	4,886,646
	Refund Payable	9,402,345	-
	Accrued Interest	980,027	-
	Other Payables	-	(368)
	CSR Funds	1,806,717	1,900,101
		35,325,616	**13,883,467**

As per the agreement between MITDC and Jausa Construction Pvt Ltd dated, April 2017 20% of the labour component shall be settled in 3 (Three) instalments to Jausa Construction pvt Ltd, 1st Payment dated on signing the contract, 2nd Payment within 15 days from signing contract and 3rd Payment within 45 Days from the date of signing the contract MVR 13,029,900 was due as of 31st December 2018.

		2018	2017
10.2	**CSR Funds**	**AS AT 31 DEC**	**AS AT 31 DEC**
	Opening Balance	1,900,101	-
	Additions during the period	15,673,521	15,728,400
	Disbursements During the Period	(14,462,372)	(13,828,299)
	10% Commission Charges	(1,304,532)	-
	Closing Balance	1,806,717	1,900,101

CSR Funds are funds provided by Ministry of Tourism, that needs to be disbursed as per their instructions. MITDC board decided to charge 10% commission for all the funds that were remitted to MITDC from June 2018 onwards as administration charges.

		2018	2017
11	**Short Term Borrowing**	**AS AT 31 DEC**	**AS AT 31 DEC**
	Loan from Government	15,420,000	-
		15,420,000	**-**

A Loan agreement was signed by MITDC and MOFT on 26th April 2018 as MITDC intends to acquire a loan of MVR 15,420,000 at an interest rate of 8% (Per annum) for integrated tourism development project's on the island of Kaashidhoo in Male', Atoll. The loan shall be repaid in 1 (One) year time from the date of disbursement.

AUDITOR GENERAL'S OFFICE

mitdc
MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION

MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION (MITDC)

Notes to the Financial Statement

(All the amounts are stated in Maldives Rufiyaa MVR)

		2018	RESTATED 2017
12	**Revenue**	**FYE 31 DEC**	**FYE 31 DEC**
	Bid Income	19,811	371,208
		19,811	**371,208**

		2018	RESTATED 2017
13	**Administrative Expenses**	**FYE 31 DEC**	**FYE 31 DEC**
	Bank Charges	142,757	21,228
	Bid Expenses	3,000	24,112
	Cleaning Expenses	49,330	50,358
	Depreciation & Amortisation Expenses	308,138	262,386
	Insurance Expenses	4,766	540
	Legal & Professional Fees	522,419	1,218,050
	License & Permits	84,283	63,608
	Refunds of Land Acquisition Cost (LAC)	11,873,400	1,542,000
	Meals and Entertainments	24,746	22,639
	Office Supplies	79,932	145,751
	Other Expenses	281	1,196
	Repair and Maintenance	380	26,021
	Director's Remunerations	1,051,250	1,098,000
	Payroll Expenses	2,667,369	1,630,381
	Pension	108,485	83,640
	Postage and Delivery	929	825
	Stationeries	47,437	35,572
	Staff Training Expenses	84,497	1,500
	Staff welfare expenses	6,715	-
	Telephone Charges	115,707	78,810
	Travelling Expenses	15,279	17,629
	Caretaker Allowance	-	59,340
	Internet Expenses	34,680	24,793
	Withholding Tax	3,997	268,639
	Fine Expenses	100	-
		17,229,878	**6,677,017**

		2018	RESTATED 2017
14	**Sales & Marketing Expenses**	**FYE 31 DEC**	**FYE 31 DEC**
	Accommodation	34,754	17,836
	Marketing Consultancy	204,200	218,900
	Promotional Expenses	148,334	2,002,027
	Sponsor	85,582	138,359
	Event Management services	117,960	-
	Fare Participation	860,116	-
	Travelling Expense	256,060	1,364,140
		1,707,006	**3,741,262**

AUDITOR GENERAL'S OFFICE

mitdc MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION C1043/2018

		2018	RESTATED 2017
15	**Other Income**	**FYE 31 DEC**	**FYE 31 DEC**
	Gain on Disposal	-	-
	CRS Commission	1,304,532	(1)
	Discount Received	250	4,818
	Other Income	-	-
		1,304,782	**4,818**

16 Prior Year Adjustments

16.1 Maldives Marketing and Public Relation Corporation Ltd (MMPRC) was the lessee (Leasehold Owner) of the L. Baresdhoo Island, pursuant to the agreement signed between MMPRC and the Government of Maldives represented by Ministry of Tourism on 30th March 2015 to lease the island of Baresdhoo in L. Atoll to undertake the development of an integrated resort.

A letter from the Ministry of Tourism to MITDC dated 12th February 2017 approves the transfer of lease hold rights of Baresdhoo Island in Laamu Atoll, which was previously with MMPRC for a period of 50 years, upon the payment of lease transfer administrative fee of MVR 1,542,000 (USD100,000), in addition to any levies/taxes payable to the Government of Maldives and claims made by third parties.

MMPRC and MITDC entered into a sales and purchase agreement in respect of the island on 12th September 2017 pursuant to which MITDC contractually acquired all rights and obligation of the head lease from MMPRC. The MITDC, MMPRC and Ministry of Tourism (MoT) have further entered into a deed of assignment in respect of the head lease of the Island on 30th April 2018, pursuant to which MMPRC has assigned and transferred the Head Lease to MITDC. Accordingly MITDC became and is now the lessee of the Island of Baresdhoo in Laamu Atoll
This Administrative fee was classified incorrectly as a lease Hold Right and amortised for the rest of the Lease period in Financials of 2017.
In the 2018 financials, prior year 2017 has been restated, by reclassifying the administrative fee as a Working Progress cost for Baresdhoo. The amortisation of the Lease hold Right has been reversed.

16.2 Tax Refundable for claims on tax, was disclosed under Trade and Other Payables in the Financials of 2017. This has been now reclassified and disclosed under Trade and Other Receivables.

16.3 Discount Received, was disclosed under Revenue in Financials of 2017, This has been reclassified, disclosed under Other Income.

16.4 Annual Fees previously disclosed under Administrative Expenses, has now been reclassified, this amount is now part of Legal and Professional Fees.

16.5 Staff Travels related to Marketing and Sales and General Administrative Travels both were disclosed under Administrative Expenses - Staff Travelling Expenses. Staff Travels related to Marketing and Sales is now disclosed separately under Sales and Marketing Expenses.

AUDITOR GENERAL'S OFFICE

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MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION

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