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Report No: FIN-2021-57(E)

02 November 2021

MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION LIMITED

FINANCIAL YEAR 2020

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AUDITOR GENERAL'S OFFICE

Contents

AUDITOR GENERAL'S REPORT

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

Opinion

We have audited the financial statements of Maldives Integrated Tourism Development Corporation (the "Company") which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information set out in pages 8 to 34.

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Qualified opinion

1. As disclosed in Note 22 to the financial statements, the lease agreement of L.Baresdhoo signed between the Company and Ministry of Tourism states that the overdue annual rent of L.Baresdhoo shall incur liquidated damages of 0.5% of the amount outstanding in arrears calculated on daily basis for each day of delay. As of 31 December 2020, the liquidated damages on the overdue annual rent amounted to MVR 10,562,700. However, Company has not included this amount in the current liability portion of lease liability figure of MVR 12,285,000 in the financial statements. Thus, current liability and net loss for the year have understated by MVR 10,562,700.

2. We have observed that the development of L.Baresdhoo which was leased to the Company to undertake the integrated resort project in Laamu Atoll has been ceased since the project was assigned to the Company on 18 April 2018. As per IAS 36 "Impairment of Assets", the Company shall assess as at the end of each reporting period whether there are any indicators that an asset may be impaired. Given that the project was ceased and no development work was carried out for a long period of time, these factors should have been considered as impairment indicators. Whilst, MVR 21,694,939 has been incurred as capital work-in-progress related to Laamu Baresdhoo Project as at 31 December 2020, no impairment has been provided in respect of this project. Therefore, we were unable to determine whether any adjustments and resulting effect to the financial statements of this impairment.

3. Company has spent MVR 1,998,017 in the financial year ended 31 December 2016 as Corporate Social Responsibility (CSR) expenses. For the audits of financial years prior to 31 December 2019, owing to lack of sufficient and appropriate evidence, we were unable to get assurance that it was in fact a company's CSR activity. However, during the audit of financial year ended 31 December 2019 upon its analysis and evaluation, management informed us that this expenditure is made outside the scope of CSR activities of the Company and shall be recovered.

Based on the evidence that were provided to us, we suspect that these funds were spent on fabrication and renovation works of an office of a political party. However, this figure has not been included in Trade and Other Receivables figure of MVR 731,441 as at 31 December 2020. Therefore, accuracy and valuation and completeness of Trade Receivable as at 31 December 2020 is not truly and fairly stated.

4. As per Note 20.2 to the financial statements, MVR 1,921,887 is recorded under Trade & Other Payables as Corporate Social Responsibility (CSR) Funds. These were funds collected on behalf of the Ministry of Tourism (MoT) as CSR from different projects in Tourism industry and deposited to the CSR fund account maintained at MITDC. For the reason these were state revenue, per section 5.10 of the Public Finance Regulation (PFR), it should have been deposited to Public Bank account. In years prior to the 2019, the fund in this account was disbursed by MITDC to different public institutions as per instructions from the Ministry of Tourism. Thus, maintaining and operating this fund was a non-compliance with the said provision of the PFR.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion

Emphasis of Matter

1. We draw attention to Note 2.4 to the financial statements. The Company has incurred a loss of MVR 23,190,123/- during the year ended 31 December 2020 and accumulated losses of MVR 82,278,333/- as at 31 December 2020. Further, the Company's current liabilities excess its current assets by MVR 105,383,015/- and total liabilities exceeded its total assets by MVR 63,458,036 as at 31 December 2020. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

2. We draw attention to Note 17 to the financial statements. A contractor was awarded the project of construction of L. Baresdhoo – Integrated Tourism Island - on 24th April 2017 with an advance payment of MVR 15,034,500. As disclosed in the note, the contractor failed to carry out any work since. Thus, for the financial year ended 31 December 2019, the Company has made impairment of MVR 15,034,500/- against advance payment made to the contractor and is now in the process of filing the case against the contractor with the court for claiming back advance payment made.

Our opinion is not modified in respect of these two matters**.**

Responsibilities of management and those charged with governance for the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of m0anagement's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

02 November 2021

H. Niyazy

Hussain Niyazy
Auditor General

MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION LTD

FINANCIAL STATEMENT

FOR THE YEAR ENDING 31st DECEMBER 2020

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MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION LIMITED
STATEMENTS OF COMPREHENSIVE INCOME

For the year ending 31st December	Note	2020 MVR	2019 MVR
Revenue	6	180,000	30,000
Gross Profit		**180,000**	**30,000**
Administrative Expenses	7	(7,829,781)	(27,422,641)
Sales & Marketing Expenses	8	(27,169)	(63,537)
Operating Profit/ (Loss)		**(7,676,950)**	**(27,456,177)**
Financing Cost	9	(15,513,174)	(14,547,785)
Other Income	10	-	6,191
Net Profit/ (Loss) Before Tax		**(23,190,123)**	**(41,997,771)**
Tax Expense	11	-	-
Net Profit/ (Loss) After Tax		**(23,190,123)**	**(41,997,771)**
Earning Per Share (in Rufiyaa)		(10.61)	(25.20)

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Corporation set out on pages 8 to 29. The Report of the Independent Auditor is given on pages 1 to 3.

AUDITOR GENERAL'S OFFICE

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MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION

MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION

As at 31st December	Note	2020 MVR	2019 MVR
ASSETS			
Non- Current Assets			
Property, Plant & Equipment	12	393,479	536,031
Right-of-use Assets	13	1,114,981	1,723,153
Investment Property	14	130,394,278	132,742,049
Intangible Assets	15	-	14,787
Work- in Progress (WIP)	16	26,721,446	26,721,446
		158,624,183	**161,737,465**
Current Assets			
Trade & Other Receivables	17	731,441	666,434
Cash & Cash Equivalents	18	1,340,332	1,007,244
		2,071,773	**1,673,678**
TOTAL ASSETS		**160,695,956**	**163,411,143**
EQUITY & LIABILITIES			
Share Capital & Reserves			
Share Capital	19	21,862,052	16,666,530
Advance Received against Share Capital	19	(3,041,755)	(3,041,755)
Retained Earnings		(82,278,333)	(59,088,209)
		(63,458,036)	**(45,463,434)**
Non-Current Liabilities			
Lease Liability	22	116,699,204	117,326,030
		116,699,204	**117,326,030**
Current Liabilities			
Trade & Other Payables	20	64,329,788	63,843,547
Short Term Borrowings	21	15,420,000	15,420,000
Lease Liability	22	27,705,000	12,285,000
		107,454,788	**91,548,547**
TOTAL EQUITY AND LIABILITIES		**160,695,956**	**163,411,143**

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Corporation set out on pages 8 to 29. The Report of the Independent Auditor is given on pages 1 to 3.

These Financial Statements were approved by the Board of Directors and signed of its behalf by:

Mohamed Raaidh
Managing Director

02nd November 2021

Mohamed Kinaanath
Chairperson

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MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION
C1043/2016

AUDITOR GENERAL'S OFFICE

MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY

For the year ending 31st December	2020 MVR	2019 MVR
Advance Share Capital		
Opening as at 01st January	(3,041,755)	(3,041,755)
Closing as at 31st December	(3,041,755)	(3,041,755)
Share Capital		
Opening as at 01st January	16,666,530	11,000,000
Share Issued during the period	5,195,522	5,666,530
Closing as at 31st December	21,862,052	16,666,530
Retained Earnings		
Opening as at 01st January	(59,088,209)	(17,090,438)
Profit/(Loss) for the period	(23,190,123)	(41,997,771)
Closing as at 31st December	(82,278,333)	(59,088,209)
TOTAL EQUITY	**(63,458,036)**	**(45,463,434)**

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Corporation set out on pages 8 to 29. The Report of the Independent Auditor is given on pages 1 to 3.

AUDITOR GENERAL'S OFFICE

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MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION

MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION LIMITED
STATEMENT OF CASH FLOWS

For the year ending 31st December	Note	2020 MVR	2019 MVR
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/ (Loss)		(23,190,123)	(41,997,771)
Adjustment for			
Depreciation	7	3,238,785	2,851,526
Gain/ Loss on Disposal	7	-	337,396
Capital Work-in Progress Written off	7	-	4,122,606
Interest on Lease	9	15,513,174	14,294,212
Provision for Impairment for Advance Payments	7	-	15,034,500
Operating Profit/ (Loss) Before Working Capital Changes		**(4,438,164)**	**(5,357,532)**
Changes in Trade & Other Receivables		(65,007)	(82,845)
Changes in Trade & Other Payables		486,241	(9,069)
Changes in Short Term Borrowing		-	-
Cash Generated From / (Used In) Operating Activities		**(4,016,931)**	**(5,449,446)**
Lease Liabilities Paid	22	(720,000)	(120,000)
Net Cash From/ (Used in) Operating Activities		**(4,736,931)**	**(5,569,446)**
Cash Flows From Investing Activities			
Acquisition of Property, Plant & Equipment		(16,792)	(83,522)
Acquisition and Development of Investment Property		(108,711)	-
Investment in Work-in Progress		-	-
Net Cash Used in Investing Activities		**(125,503)**	**(83,522)**
Cash Flow From Financing Activities			
Share Capital	19.1	5,195,522	5,666,530
Net Cash Flows From Financing Activities		**5,195,522**	**5,666,530**
Net Increase / (Decrease) in Cash and Cash Equivalents		**333,088**	**13,562**
Cash and Cash Equivalents at the Beginning of the period		1,007,244	993,682
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD		**1,340,332**	**1,007,244**

The Financial Statements are to be read in conjunction with the related notes which form an integral part of the Financial Statements of the Corporation set out on pages 8 to 29. The Report of the Independent Auditor is given on pages 1 to 3.

AUDITOR GENERAL'S OFFICE

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MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION
C1043/2016

For the year ending 31 December 2020

1. Reporting Entity and Statutory Base

Maldives Integrated Tourism Development Corporation LTD ("the Corporation") is a 100% state owned enterprise, incorporated and residing in the Republic of Maldives on 27th October 2016 bearing registration no. C-1043/2016.

Principal activities and nature of operations
The Corporation 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 15.

Authorization for issue
The financial statements of the Corporation for the year ended 31st December 2020 were authorized for issue on 02nd November 2021.

2. Basis of Preparation

2.1 Statement of Compliance
The financial statements of the Corporation are prepared in accordance with the International Financial Reporting Standards (IFRS).

2.2 Basis of Measurement
The financial statements are prepared on the historical cost basis, unless and otherwise identified in a specific accounting policy.

2.3 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 Corporation's annual Financial Statements for the year ended 31st December 2019.

2.4 Going Concern
The Corporation has incurred a loss of MVR 23,190,123 during the year ended 31 December 2020 and accumulated losses of MVR 82,278,333 as at 31st December 2020. Further, the Corporation's current liabilities excess its current assets by MVR 105,383,015 and total liabilities exceeded its total assets by MVR 63,458,036 as at 31st December 2020. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Corporations' ability to continue as a going concern. However, the shareholders of the Company have confirmed by letter that they will continue to provide financial support to the Corporation to enable it to meet its obligations as they fall due.

The Directors have made an assessment of the Corporation'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 Corporation is domiciled.

3 Significant Changes in Accounting Policies

In May 2020, the International Accounting Standards Board (IASB) issued Covid-19-Related Rent Concessions (Amendment to IFRS 16 Leases). The pronouncement amended IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment has no impact on the Corporations Financial Statements.

4 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 Corporation.

4.1 Conversion of Foreign Currencies

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

Transactions in foreign currencies are initially recorded by the Corporation 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 as a financing cost.

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.

4.2 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 off set 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 Corporation.

4.3 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.

4.4 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.

4.5 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.

4.6 Taxes
Income Tax
Income tax expense comprises current and deferred tax. It is recognized in Statements of Comprehensive Income except to the extent that it relates to a business combination, or items recognized directly in equity or in Other Comprehensive Income (OCI). The Corporation has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(a) Current tax
Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities and any adjustment to the tax payable or receivable in respect of previous years. 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 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.

(b) 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).

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.

4.7 Property, Plant and Equipment

(a) Recognition and Measurement

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

Cost includes expenditure that is 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 assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as 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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in Statements of Comprehensive Income.

(b) Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in Statements of Comprehensive Income as incurred.

(c) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in Statements 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.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Corporation will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

A full month's depreciation is provided in the first full calendar month after the date of ready to use while, full depreciation is provided in the month of disposal.

(d) Capital Work in Progress

Assets under construction as at the year-end represents the costs incurred or accrued for the assets which have not been commenced the usage as at the end of the fiscal year.

4.8 Leases

At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION

AUDITOR GENERAL'S OFFICE

For the year ending 31 December 2020

(a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease component on the basis of its relative standalone prices.

The Corporation recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method for the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Corporation by the end of the lease term or the cost of the right of use asset reflects that the Corporation will exercise the purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate. The Corporation determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease.

The lease payments included in the measurement of the lease liability comprise the following,

- fixed payments, including in-substance fixed payments.
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in Statements of Comprehensive Income if the carrying amount of the right of use asset has been reduced to zero.

The Corporation presents right of use assets that do not meet the definition of investment property as separately and lease liabilities separately in the Statement of Financial Position.

COVID-19 Related Rent Concession

The Corporation has applied COVID-19 Related Concessions – Amendments to IFRS 16 Lease. The Corporation applied the practical expedient allowing it not to assess whether eligible rent concessions that are direct consequence of the COVID-19 pandemic are lease modifications.

(b) As a lessor

At inception or on modification of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Corporation acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Corporation makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

As part of this assessment, the Corporation considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Corporation is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Corporation applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Corporation applies IFRS 15 to allocate the consideration in the contract. The Corporation applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Corporation further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Corporation recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of other revenue.

4.9 Impairment of Non-Financial Assets

The carrying amounts of the Corporation'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 Statements of Comprehensive Income.

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.

4.10 Financial Instruments

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

(a) 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 Statements of Comprehensive Income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Corporation's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Corporation has applied the practical expedient, the Corporation initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through Statements of Comprehensive Income, transaction costs. Trade receivables that do not contain a significant financing component or for which the Corporation 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 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 Corporation'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.

(b) 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

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

The Corporation 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 Statements of Comprehensive Income when the asset is derecognized, modified or impaired.

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

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

The Corporation 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the Statements of Comprehensive Income 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 Statements of Comprehensive Income.

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

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

Upon initial recognition, the Corporation 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 Statements of Comprehensive Income. Dividends are recognized as other income in the Statements of Comprehensive Income when the right of payment has been established, except when the Corporation 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 Corporation does not have equity instruments which required to recognize at fair value through OCI.

(f) 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 Statements of Comprehensive Income.

The Corporation does not have financial assets which required to recognize at fair value through Statements of Comprehensive Income.

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 Statements of Comprehensive Income.

(g) 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 Corporation's Statement of Financial Position) when;

- The rights to receive cash flows from the asset have expired, or
- The Corporation 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,
    - (i) the Corporation has transferred substantially all the risks and rewards of the asset, or
    - (ii) the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Corporation 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 Corporation continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Corporation 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 Corporation 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 Corporation could be required to repay.

(h) Impairment of financial assets

The Corporation applies a simplified approach in calculating ECLs for trade receivables and contract assets. Therefore, the Corporation does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Corporation 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.

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, loans 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 corporation's financial liabilities include trade and other payables.

(j) Subsequent measurement

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

(k) 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.

(l) 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.

4.11 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 Corporation 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 Statement of Comprehensive Income 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.

4.12 Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Corporation 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.

4.13 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".

4.14 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.

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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 Corporation 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 Corporation 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.

4.15 Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Corporation has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Corporation 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 Corporation performs under the contract.

4.16 Defined Contribution Plans

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

4.17 Share Capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

4.18 Events Occurring After the Reporting Date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and provisions have been made in the Financial Statements wherever necessary.

4.19 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Corporation has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Corporation's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Corporation measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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If there is no quoted price in an active market, then the Corporation uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a

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transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Corporation measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received.

If the Corporation determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

5 Standards Issued but Not Still Effective

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

The following amended standards and interpretations are not expected to have a significant Impact on the Corporation's Financial Statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- IFRS 17 Insurance Contracts and amendments of IFRS 17 Insurance Contracts.

	For the year ending 31st December	2020	2019
6	**Revenue**	MVR	MVR
	Other Revenue	180,000	30,000
		180,000	**30,000**

		2020	2019
7	**Administrative Expenses**	MVR	MVR
	Bank Charges	5,537	4,990
	Cleaning Expenses	48,440	48,838
	Depreciation & Amortisation Expenses	3,238,785	2,851,526
	Legal & Professional Fees	96,000	243,066
	License & Permits	956	18,459
	Meals and Entertainments	1,182	6,197
	Office Supplies	26,089	51,351
	Repair and Maintenance	25,184	144,118
	Director's Remunerations	916,026	766,932
	Payroll Expenses	2,188,539	2,546,267
	Pension	104,558	100,551
	Stationeries	9,327	22,788
	Staff Training Expenses	9,221	6,000
	Staff Ramadan allowance	45,000	48,000
	Telephone Charges	34,041	32,518
	Travelling Expenses	20,954	204,783
	Internet Expenses	59,134	81,601
	Withholding Tax	463	-
	Fine Expenses	914,280	731,924
	Utilities	86,062	18,231
	Loss on Impairment	-	15,034,500
	Loss on Disposal	-	337,396
	Capital Work-in Progress Written Off	-	4,122,606
		7,829,781	**27,422,641**

		2020	2019
8	**Sales & Marketing Expenses**	MVR	MVR
	Marketing Consultancy	-	75,000
	Event Management Expense	27,169	-
	Fair Participation	-	(12,684)
	Travelling Expense	-	1,220
		27,169	**63,537**

		2020	2019
9	**Financing**	MVR	MVR
	Interest on Borrowings	-	253,573
	Interest on Lease	15,513,174	14,294,212
		15,513,174	**14,547,785**

		2020	2019
10	**Other Income**	MVR	MVR
	Other Income	-	6,191
		-	**6,191**

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		2020	2019
11			
11.1	**Business Profit Tax**	**MVR**	**MVR**
	Profit/ (Loss) Before Tax (Accounting Profit)	(23,190,123)	(41,997,771)
	Add: Disallowable Expenses	15,791,864	30,313,090
	Less: Allowable Expenses	(15,774,442)	(15,250,324)
	Taxable Profit/ (Loss) Before Threshold Allowance	(23,172,702)	(26,935,005)
	Less: Tax-free Threshold	(500,000)	(500,000)
	Taxable Profit	-	-
	Business Profit Tax on Taxable Profit at 15%	-	-

		2020	2019
11.2	**Accumulated Tax Loss**	**MVR**	**MVR**
	Taxable loss carried forward from the previous year	(43,924,597)	(18,531,592)
	Adjustment (Note: 24)	-	1,542,000
	Taxable loss for the period	(23,172,702)	(26,935,005)
	Accumulated tax loss at the end of the period	**(67,097,299)**	**(43,924,597)**

In accordance with the provisions of the Business Profit Tax Act No. 5 of 2011, relevant regulations and subsequent amendments thereto, the Corporation is liable for income tax on its taxable profits at the rate of 15%.

		2020	2019
11.3	**Deferred Tax on Temporary Differences**	**MVR**	**MVR**
	Deferred tax asset (Note 11.4)	3,475,905	4,040,586
	Deferred tax liability	-	-
	Deffered tax asset as at 31st December	**3,475,905**	**4,040,586**

		2020	2019
11.4	**Deferred tax assets /(liability) are attributed to the following**		
	Deferred Tax Asset	**MVR**	**MVR**
	Taxable Loss for the period	23,172,702	26,935,005
	Temporary difference from capital allowance	2,235	2,235
		23,174,937	26,937,240
	Business Profit Tax of 15%	3,475,905	4,040,586

The deferred tax asset resulting from carried forward tax losses has not been recognised in these financial statements since it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

	For the year ending 31st December	2020	2019
12	**Property, Plant & Equipment**	**MVR**	**MVR**
	Cost		
	Office Equipment		
	Opening Balance	635,099	645,961
	Changes During the Period	16,792	(10,862)
	Closing Balance	651,891	635,099
	Office Interior		
	Opening Balance	-	574,729
	Changes During the Period	-	(574,729)
	Closing Balance	-	-
	Furniture and Equipment		
	Opening Balance	323,249	352,595
	Changes During the Period	-	(29,346)
	Closing Balance	323,249	323,249
	Total Cost	**975,140**	**958,347**
	Accumulated Depreciation		
	Office Equipment		
	Opening Balance	341,693	331,108
	Changes During the Period	127,020	10,585
	Closing Balance	468,712	341,693
	Office Interior		
	Opening Balance	-	218,876
	Changes During the Period	-	(218,876)
	Closing Balance	-	-
	Furniture and Equipment		
	Opening Balance	80,624	68,072
	Changes During the Period	32,325	12,551
	Closing Balance	112,949	80,624
	Total Accumulated Depreciation	**581,661**	**422,316**
	Net Book Value		
	Office Equipment	183,179	293,406
	Office Interior	-	-
	Furniture and Equipment	210,300	242,625
	Net Book Value of Property, Plant & Equipment	**393,479**	**536,031**

	For the year ending 31st December	2020	2019
13	**Right-of-use Asset**	**MVR**	**MVR**
	Cost		
	Opening Balance (as at 01 Jan)	1,824,515	-
	Additions during the period	-	1,824,515
	Closing Balance	**1,824,515**	**1,824,515**
	Accumulated Depreciation		
	Opening Balance (as at 01 Jan)	101,362	-
	Additions during the period	608,172	101,362
	Closing Balance	**709,534**	**101,362**
	Net Book Value of Right-of-use Asset	**1,114,981**	**1,723,153**

On 01st November 2019, the Corporation moved its Head Office from Velanage 5th Floor to a privately owned office space. The office space lease agreement has been recognised as an Right-of-use Asset during the year 2019.

		2020	2019
14	**Investment Properties**	**MVR**	**MVR**
14.1	**Right-of-use Asset: Baresdhoo**		
	Cost		
	Opening Balance (as at 01 Jan)	113,612,303	-
	Adjustment due to initial application of IFRS 16	-	113,612,303
	Additions during the period	-	-
	Closing Balance	**113,612,303**	**113,612,303**
	Accumulated Depreciation		
	Opening Balance (as at 01 Jan)	2,456,482	-
	Adjustment due to initial application of IFRS 16	-	-
	Additions during the period	2,456,482	2,456,482
	Closing Balance	**4,912,964**	**2,456,482**
	Net Book Value of Right-of-use Asset	**108,699,339**	**111,155,821**

On 01st January 2019, IFRS 16 Lease was initially applied in the preparation of the Corporations Financial Statements (Note 3). L. Baresdhoo headlease was recognised as a Right-of-use Asset on 01st January 2019.

		2020	2019
14.2	**Work-In Progress: Baresdhoo**		
	Opening Balance	21,586,228	21,586,228
	Changes During the Period	108,711	-
	Closing Balance	**21,694,939**	**21,586,228**
	Right-of-use Asset: Baresdhoo	108,699,339	111,155,821
	Work-In Progress: Baresdhoo	21,694,939	21,586,228
	Total of Investment Properties	**130,394,278**	**132,742,049**

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	For the year ending 31st December	2020	2019
15	**Intangible Assets**	MVR	MVR
	Cost		
	Opening Balance	97,778	97,778
	Changes During the Period	-	-
	Closing Balance	97,778	97,778
	Amortisation		
	Opening Balance	82,991	50,398
	Changes During the Period	14,787	32,593
	Closing Balance	97,778	82,991
	Net Book Value of Intangible Assets	**-**	**14,787**

		2020	2019
16	**Work-In Progress**	MVR	MVR
	Project Palm		
	Opening Balance	-	3,613,006
	Changes During the Period	-	(3,613,006)
	Closing Balance	-	-
	Addu Integrated Tourism Project		
	Opening Balance	-	425,600
	Changes During the Period	-	(425,600)
	Closing Balance	-	-
	Kaashidhoo Project		
	Opening Balance	26,721,446	26,721,446
	Changes During the Period	-	-
	Closing Balance	26,721,446	26,721,446
	Fuvahmulah Project		
	Opening Balance	-	28,000
	Changes During the Period	-	(28,000)
	Closing Balance	-	-
	Kelaa Project		
	Opening Balance	-	56,000
	Changes During the Period	-	(56,000)
	Closing Balance	-	-
	Total Work-In Progress	**26,721,446**	**26,721,446**

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	For the year ending 31st December	2020	2019
17	**Trade & Other Receivables**	**MVR**	**MVR**
	Accounts Receivables	82,387	44,570
	Other Receivable	74,032	60,000
	GST Refundable	575,022	561,864
	Advance payments to Suppliers	15,034,500	15,034,500
	Provision for Impairment for Advance Payments	(15,034,500)	(15,034,500)
		731,441	**666,434**

Advance payments made to suppliers include an advance payment settled to Jausa Construction Maldives Pvt Ltd amounting to MVR 15,034,500.00 for the construction works of L.Baresdhoo Project with reference to the agreement dated April 2017. Dispite the advance payment made to Juasa Construction Maldives Pvt Ltd, there has been no significant work carrried out. Therefore, the Corporation plans to terminate the contract, through court of law and the Corporation is in the process of preparing for the litigation process to claim the advance amount paid.

In 2019, an impairment allowance was created for this advance payment to Jausa Construction Maldives Pvt Ltd.

		2020	2019
18	**Cash & Cash Equivalent**	**MVR**	**MVR**
	Cash at Bank	1,337,105	1,007,170
	Cash in Hand	3,226	74
		1,340,332	**1,007,244**

		2020	2019
19			
19.1	**Share Capital**	**MVR**	**MVR**
	Opening Balance (as at 01 Jan)	16,666,530	11,000,000
	Additions during the period	5,195,522	5,666,530
		21,862,052	**16,666,530**

The Authorized Share Capital of the Corporation is MVR 1,000,000,000 divided into 100,000,000 Ordinary Shares with a par value of MVR 10 per share. The Corporation has issued 566,653 Ordinary Shares at par for the year ending 31st December 2019 and 519,552 for the year ending 31st December 2020.

		2020	2019
19.2	**Advance Received Against the Share Capital**	**MVR**	**MVR**
	Value of assets Transferred	32,434,133	32,434,133
	Value of Liabilities Transferred	(35,475,888)	(35,475,888)
	Net Value of assets Transferred	**(3,041,755)**	**(3,041,755)**

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.

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For the year ending 31st December

		2020	2019
20			
20.1	**Trade & Other Payables**	**MVR**	**MVR**
	Trade Payables	14,019,245	14,056,754
	Accrued Expenses	530,206	21,236
	Advance Rent - Baresdhoo Rent Model	4,972,836	4,972,836
	Advance Deposit - Baresdhoo LAC Model	26,985,000	26,985,000
	Refund Payable	13,020,810	13,920,310
	Accrued Interest	2,879,804	1,965,524
	CSR Funds	1,921,887	1,921,887
		64,329,788	**63,843,547**

		2020	2019
20.2	**CSR Funds**	**MVR**	**MVR**
	Opening Balance	1,921,887	1,806,717
	Additions during the period	-	-
	Disbursements During the Period	-	-
	Adjustments	-	115,170
	10% Commission Charges	-	-
	Closing Balance	**1,921,887**	**1,921,887**

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.

		2020	2019
21	**Short Term Borrowing**	**MVR**	**MVR**
	Loan from Government	15,420,000	15,420,000
		15,420,000	**15,420,000**

A Loan agreement was signed between MITDC and Ministry of Finance on 26th April 2018 for a short term borrowing of MVR 15,420,000 at an interest rate of 8% (per annum) for integrated tourism development project on the island of Kaashidhoo in Male', Atoll. The loan shall be repaid in 1 (One) year time from the date of disbursement. Late fines associated with this loan is recognised as Fine Expenses under Administrative Expense in Note 07.

For the year ending 31st December	2020	2019
22 Lease Liability	**MVR**	**MVR**
Opening Balance (as at 01 Jan)	129,611,030	-
Adjustment due to initial application of IFRS 16	-	113,612,303
Additions during the period	-	1,824,515
Interest charge for the period	15,513,174	14,294,212
Payment made during the period	(720,000)	(120,000)
Closing Balance	**144,404,204**	**129,611,030**
Current Lease Liability	27,705,000	12,285,000
Non-Current Lease Liability	116,699,204	117,326,030
Total Lease Liability	**144,404,204**	**129,611,030**

As per the head lease agreement that was transferred from MMPRC to MITDC, the construction period ended on 29th March 2020. The annual rents that falls due quarterly in advance for the three quarters of 2020 is over due as of 31st December 2020. This amount sums up to MVR 11,565,000, which is reflected in the current lease liabilities.

As per the head lease agreement, the overdue annual rent shall incur liquidated damages on arrears at a rate of 0.5% per day. As of 31st December 2020, the liquidated damages amount sums up to MVR 10,562,700. This amount is not recognised in books as of 31st December 2020. MITDC is in negotiations with the Government of Maldives to extend the lease, as when deed of transfer of the headlease of L. Baresdhoo was finalised, 3 years of the lease has elapsed. Additionally, the Tourism Act had no clauses that allows the development of integrated tourism in the island. The 10th Amendment brought to the Tourism Act, dated 07th January 2021 has only allowed MITDC to be able to develop the island of L. Baresdhoo in the integrated tourism model.

AUDITOR GENERAL'S OFFICE

mitdc MALDIVES INTEGRATED TOURISM DEVELOPMENT CORPORATION

23 Related Party Transactions

The Government of Maldives is the sole shareholder (100%) of the issued shares of the Corporation as at the end of the reporting period. The transactions incurred with other state owned enterprises of Maldives during the year and outstanding balances at the end of the reporting period are as follows:

	2020 MVR	2019 MVR
Bank of Maldives		
Services Obtained for the period	3,390	3,694
Outstanding at the end of the period	-	-
Dhiraagu		
Services Obtained for the period	91,698	94,146
Outstanding at the end of the period	-	13,382
Island Aviation Services Limited		
Services Obtained for the period	24,486	42,344
Outstanding at the end of the period	4,452	38,191
Male' Water and Sewerage Company Limited		
Services Obtained for the period	10,637	643
Outstanding at the end of the period	-	-
Maldives Ports Limited		
Services Obtained for the period	-	-
Outstanding at the end of the period	73,682	73,682
State Electric Company		
Services Obtained for the period	74,956	7,414
Outstanding at the end of the period	22,116	14,855
State Trading Organisation		
Services Obtained for the period	545	-
Outstanding at the end of the period	-	-
Waste Management Corporation		
Services Obtained for the period	-	2,408
Outstanding at the end of the period	-	-

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