# STATE ELECTRIC COMPANY LIMITED
# (INCORPORATED IN THE REPUBLIC OF MALDIVES)

## FINANCIAL STATEMENTS
## FOR THE YEAR ENDED
## 31ST DECEMBER 2021

STATE ELECTRIC COMPANY LIMITED
STELCO
C-0486/2012
MALE', MALDIVES

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**STATE ELECTRIC COMPANY LIMITED**
**(INCORPORATED IN THE REPUBLIC OF MALDIVES)**
**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 2021**

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**Independent Auditors' Report**
**To the Shareholders of State Electric Company Limited**

## Qualified Opinion

We have audited the accompanying financial statements of State Electric Company Limited (the "Company"), which comprise the statement of financial position as at 31st December 2021, the statements of comprehensive income, changes in equity and 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 5 to 40.

In our opinion, except the possible effects of the matters described in the Basis of 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 31st December 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

## Basis for Qualified Opinion

1. As per IAS 16, if an item of property, plant and equipment is revalued, the entire class of property, plant and equipment to which that asset belongs should be revalued. Further, revaluations should be kept sufficiently up to date so that the carrying amount in the general ledger does not differ materially from the fair value. Without considering the above applicable accounting guidance, a part of property, plant and equipment with a net book value of MVR 434,455,893/- has been revalued by an external valuer for MVR 847,932,997/- and a revaluation surplus of MVR 413,477,104/- has been recognized in the financial statements as at 31st December 2011. The revaluation has excluded assets carrying a net book value of MVR 26,661,392/- as at 31st December 2011 and the Company continued to account these assets at their respective netbook values based on historical costs. Further, a subsequent revaluation has not been performed since 2011. These accounting practices are not inline with IAS 16. Furthermore, we were unable to determine whether any adjustment might be required with respect of depreciation expense, property plant and equipment, revaluation reserve and retained earnings recognized in the financial statements as at and for the year ended 31st December 2021, and for the comparative year ended 31st December 2020.

2. As disclosed in Note 22.2 to the Financial Statements, the Company has recorded a loan taken by the Ministry of Finance of Maldives from Ministry of Foreign Affairs of Denmark ("DANIDA") on behalf of the Company with respect of 4th generation power project as loans and borrowings. The Company has recorded a total capital outstanding and interest payable balance of MVR 1,231,413,243/- as at 31st December 2021. An interest expense of MVR 56,411,645/- has been recognized for the year ended 31st December 2021 and an accumulated interest expense of MVR 492,852,209/- has been recorded from 15th January 2009 to 31st December 2021. However, due to lack of legal contract between the parties, we were unable to verify the completeness, existence and accuracy of loans and borrowings, retained earnings and interest expenses as at and for the year ended 31st December 2021, and for the comparative year ended 31st December 2020.

**Basis for Qualified Opinion (Continued)**

3. As disclosed in Note 8, 13 and 23 to the financial statements, the Company has recognized interest on leases, Lease liabilities and ROU assets as at and for the year ended 31st December 2021. However, the leasing arrangements with respect to "Male' powerhouse" and "Villingili powerhouse" have not been considered for application of IFRS 16 due to the dispute in rent payable to the Government of Maldives. As a result, we were unable to determine any adjustments might be required with respect of finance cost, amortization of right of use asset, lease liability and retained earnings to the financial statements as at and for the year ended 31st December 2021, and for the comparative year ended 31st December 2020.

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' (including International Independence Standards) (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Maldives 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 – Ongoing Litigation against the Company**

We draw our attention to Note 31 to the financial statements, which presents information regarding an ongoing litigation against the Company for the year ended 31st December 2021. Our opinion is not modified in respect of above matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

**Revenue Recognition - Accuracy of revenue recorded**

Refer Note 6 "Revenue" and significant accounting policies in Note 4.2 "Revenue" of the financial statements.

| **Risk Description** | ***Our Response*** |
|---|---|
| The Company has recorded a revenue of MVR 2,115,414,277/- for the year ended 31st December 2021.<br><br>Revenue recognition is the key focus area in the audit since,<br><br>- Errors of revenue recognition can go undetected due to the volume. | Our audit procedures included;<br><br>- Evaluating the appropriateness of selection and application of accounting treatments based on the requirements of IFRSs, our business understanding and industry practice.<br><br>- Obtaining an understanding and assessing the design, implementation and operating effectiveness of management's key internal controls over the billing system. |

**Key Audit Matters (Continued)**

**Revenue Recognition - Accuracy of revenue recorded (Continued)**

| **Risk Description** | ***Our Response*** |
|---|---|
| - An inappropriate amount is entered as inputs to measure the revenue.<br><br>- An overstatement of revenues through premature revenue recognition or recording fictitious revenues through manual adjustments to meet the expectations of the management. | - Assessing the appropriateness of the Company's accounting policies set out in note 4.2, and adequacy of the disclosures for compliance with the revenue recognition requirements of the International Financial Reporting Standards.<br><br>- Use account Analysis to identify unexpected 'account pairings' for journal entries in the revenue account and inspect the underlying accounting records to evaluate the appropriateness of these journal entries.<br><br>- Performing detailed analysis of revenue account through substantive audit procedures. These audit procedures were performed based on our industry knowledge which include, among others, testing on a sample basis of the;<br>  - Adjustments which are outside of the normal billing process,<br>  - Accrued revenue adjustments made as at the year end. |

**Other Information**

The Board of Directors (the "Board") is responsible for the other information. The other information comprises the information included in the annual report but does not include financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board.

**Responsibilities of the Board of Directors for the Financial Statements**

The Board of Directors ("the Board") is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Responsibilities of the Board of Directors for the Financial Statements (Continued)**

In preparing the financial statements, the Board 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 the Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- Conclude on the appropriateness of the Boards' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate to the Board 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.

**R.W.M.O.W. Duminda B. Rathnadiwakara**
**For and on behalf of KPMG Maldives**

23rd December 2022
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**STATE ELECTRIC COMPANY LIMITED**
**(INCORPORATED IN THE REPUBLIC OF MALDIVES)**
**STATEMENT OF COMPREHENSIVE INCOME**

| FOR THE YEAR ENDED 31ST DECEMBER | Note | 2021 MVR | 2020 MVR |
|---|---|---|---|
| **Revenue** | 6 | 2,115,414,277 | 1,909,620,830 |
| Cost of Sales | | (1,619,668,747) | (1,353,963,125) |
| **Gross Profit** | | 495,745,530 | 555,657,705 |
| Other Income | 7 | 51,688,890 | 15,267,738 |
| Administrative Costs | | (226,970,837) | (194,640,354) |
| Impairment Loss on Trade Receivables and Amounts due from Related Parties | 16.1 & 17.1 | (24,677,022) | (63,410,708) |
| Impairment Loss on Investment in Hiyaa Project | 14.1 | (40,320,046) | - |
| **Results from Operations** | | 255,466,515 | 312,874,381 |
| Finance Income | | 1,549,059 | 589,468 |
| Finance Costs | | (131,082,160) | (142,405,634) |
| Net Finance Costs | 8 | (129,533,101) | (141,816,166) |
| **Profit Before Tax** | 9 | 125,933,414 | 171,058,215 |
| Tax Expenses | 10 | (21,140,842) | (40,874,899) |
| **Profit After Tax** | | 104,792,572 | 130,183,316 |
| **Other Comprehensive Income** | | | |
| **Items that will not be Reclassified to Profit or Loss** | | | |
| Remeasurement of Defined Benefit Liability | 25 | (291,976) | 33,211,971 |
| Recognision / (Reversal) of Related tax | 10.4 | 43,796 | (4,981,796) |
| **Total Other Comprehensive Income, Net of Tax** | | (248,180) | 28,230,175 |
| **Profit and Other Comprehensive Income for the Year** | | 104,544,392 | 158,413,491 |
| **Basic and Diluted Earnings Per Share** | 11 | 698,617 | 867,889 |

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 9 to 40. The Report of the Independent Auditors is given in pages 1 and 4.



STATE ELECTRIC COMPANY LIMITED STELCO MALE', MALDIVES
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**STATE ELECTRIC COMPANY LIMITED**
**(INCORPORATED IN THE REPUBLIC OF MALDIVES)**
**STATEMENT OF FINANCIAL POSITION**

| AS AT | Note | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property, Plant and Equipment | 12 | 3,727,522,970 | 3,740,936,763 |
| Right of Use Asset | 13 | 97,873,813 | 101,538,409 |
| Investment in Hiya Project | 14 | 564,650,308 | 551,519,443 |
| **Total Non-Current Assets** | | 4,390,047,091 | 4,393,994,615 |
| **Current Assets** | | | |
| Inventories | 15 | 152,439,695 | 103,950,249 |
| Trade and Other Receivables | 16 | 396,256,050 | 325,668,652 |
| Amounts due from Related Parties | 17 | 300,648,149 | 245,964,053 |
| Current Tax Receivable | | 3,804,285 | 3,804,285 |
| Cash and Cash Equivalents | 18 | 301,091,445 | 258,504,880 |
| **Total Current Assets** | | 1,154,239,624 | 937,892,119 |
| **Total Assets** | | 5,544,286,715 | 5,331,886,734 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share Capital | 19 | 150,000,000 | 150,000,000 |
| Revaluation Reserve | 20 | 172,851,343 | 187,144,612 |
| Retained Earnings | | 597,810,609 | 497,450,607 |
| Capital Contribution | 21 | 741,345,767 | 582,414,534 |
| **Total Equity** | | 1,662,007,719 | 1,417,009,753 |
| **Non-Current Liabilities** | | | |
| Loans and Borrowings | 22 | 2,913,307,845 | 2,865,471,612 |
| Lease Liability | 23 | 103,764,762 | 105,175,599 |
| Differed Income | 24 | 32,922,289 | 34,717,636 |
| Net Deferred Tax Liabilities | 10.3 | 105,997,996 | 87,423,291 |
| Defined Benefit Obligation | 25 | - | 39,535,454 |
| Contractor Payable | 26 | 292,416,086 | 297,424,914 |
| **Total Non-Current Liabilities** | | 3,448,408,978 | 3,429,748,506 |
| **Current Liabilities** | | | |
| Loans and Borrowings | 22 | 103,542,825 | 104,693,637 |
| Contractor Payable | 26 | 73,184,004 | 89,422,620 |
| Lease Liability | 23 | 1,410,838 | 1,343,851 |
| Trade and Other Payables | 27 | 198,325,057 | 209,530,978 |
| Amounts due to Related Parties | 28 | 57,407,294 | 80,137,389 |
| **Total Current Liabilities** | | 433,870,018 | 485,128,475 |
| **Total Liabilities** | | 3,882,278,996 | 3,914,876,981 |
| **Total Equity and Liabilities** | | 5,544,286,715 | 5,331,886,734 |

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 9 to 40. The Report of the Independent Auditors is given in pages 1 and 4.

These financial statements were approved by the Board of Directors and signed on its behalf by:

| **Name of the Director** | **Signature** |
|---|---|
| Brigadier General (Rtd) Ibrahim Mohamed Didi (Chairman) | ............ |
| Ahmed Shareef (Managing Director) | ............ |
| Enas Ahmed (General Manager, Finance & Accounts) | ............ |

23rd December 2022

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STATE ELECTRIC COMPANY LIMITED
(INCORPORATED IN THE REPUBLIC OF MALDIVES)
STATEMENT OF CHANGES IN EQUITY

| FOR THE YEAR ENDED 31ST DECEMBER | Share Capital MVR | Revaluation Reserve MVR | Capital Contribution MVR | Retained Earnings MVR | Total Equity MVR |
|---|---|---|---|---|---|
| As at 1st January 2020 | 150,000,000 | 201,437,881 | 332,001,171 | 342,221,506 | 1,025,660,558 |
| **Total Comprehensive Income for the Year** | | | | | |
| Profit for the Year | - | - | - | 130,183,316 | 130,183,316 |
| Other Comprehensive Income, net of tax | - | - | - | 28,230,175 | 28,230,175 |
| **Total Comprehensive Income for the Year** | - | - | - | 158,413,491 | 158,413,491 |
| **Items Directly Recognized in Equity** | | | | | |
| Revaluation Reserve Transferred to Retained Earnings **(Note 20)** | - | (16,815,610) | - | 16,815,610 | - |
| Deferred Tax Impact on Revaluation Reserve Transferred to Retained Earnings **(Note 10.6)** | - | 2,522,341 | - | - | 2,522,341 |
| **Total Items Directly Recognized in Equity** | - | (14,293,269) | - | 16,815,610 | 2,522,341 |
| **Transaction with Owners of the Company** | | | | | |
| Dividend Declared **(Note 19.4)** | - | - | - | (20,000,000) | (20,000,000) |
| Contribution Received during the Year **(Note 21)** | - | - | 250,413,363 | - | 250,413,363 |
| **Total Transaction with Owners of the Company** | - | - | 250,413,363 | (20,000,000) | 230,413,363 |
| As at 31st December 2020 | 150,000,000 | 187,144,612 | 582,414,534 | 497,450,607 | 1,417,009,753 |
| As at 1st January 2021 | 150,000,000 | 187,144,612 | 582,414,534 | 497,450,607 | 1,417,009,753 |
| **Total Comprehensive Income for the Year** | | | | | |
| Profit for the Year | - | - | - | 104,792,572 | 104,792,572 |
| Other Comprehensive Income, net of tax | - | - | - | (248,180) | (248,180) |
| **Total Comprehensive Income for the Year** | - | - | - | 104,544,392 | 104,544,392 |
| **Items Directly Recognized in Equity** | | | | | |
| Revaluation Reserve Transferred to Retained Earnings **(Note 20)** | - | (16,815,610) | - | 16,815,610 | - |
| Deferred Tax Impact on Revaluation Reserve Transferred to Retained Earnings **(Note 10.6)** | - | 2,522,341 | - | - | 2,522,341 |
| **Total Items Directly Recognized in Equity** | - | (14,293,269) | - | 16,815,610 | 2,522,341 |
| **Transaction with Owners of the Company** | | | | | |
| Dividend Declared **(Note 19.4)** | - | - | - | (21,000,000) | (21,000,000) |
| Contribution Received during the Year **(Note 21)** | - | - | 158,931,233 | - | 158,931,233 |
| **Total Transaction with Owners of the Company** | - | - | 158,931,233 | (21,000,000) | 137,931,233 |
| As at 31st December 2021 | 150,000,000 | 172,851,343 | 741,345,767 | 597,810,609 | 1,662,007,719 |

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 9 to 40. The Report of the Independent Auditors is given in pages 1 and 4.



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**STATE ELECTRIC COMPANY LIMITED**
**(INCORPORATED IN THE REPUBLIC OF MALDIVES)**
**STATEMENT OF CASH FLOWS**

| FOR THE YEAR ENDED 31ST DECEMBER | Note | 2021 MVR | 2020 MVR |
|---|---|---|---|
| **Cash Flows From Operating Activities** | | | |
| Profit Before Tax | | 125,933,414 | 171,058,215 |
| ***Adjustments for:*** | | | |
| Depreciation on Property, Plant and Equipment | 12 | 174,709,861 | 165,476,135 |
| Amortization of Right of Use Assets | 13 | 3,664,596 | 3,753,384 |
| Gain on disposal of Property, Plant and Equipment | 7 | (20,480) | (678,813) |
| Interest Income | 8 | (1,549,059) | (589,468) |
| Write-off of Property Plant and Equipment | 12 | - | 19,170,320 |
| Provision for Impairment Loss on Trade Receivables | 16.1 | 9,327,764 | 12,902,216 |
| Provision for Impairment Loss on Related Parties | 17.1 | 15,349,258 | 50,508,492 |
| Provision for Impairment Loss on Investment in Hiyaa Project | 14.1 | 40,320,046 | - |
| (Reversal) / Provision for Slow Moving Inventories | 15.1 | 4,933,906 | 783,550 |
| Amortization of Deferred Income | 24 | (1,795,347) | (2,146,796) |
| Defined Benefit Obligation for the Year | 25 | 912,229 | 4,941,682 |
| Reversal of Defined Benefit Obligation | 25.3 | (37,845,826) | - |
| Interest Expense | 8 | 130,234,569 | 141,991,374 |
| **Operating Profit Before Working Capital Changes** | | 464,174,931 | 567,170,291 |
| **Change In:** | | | |
| Inventories | | (53,423,352) | 7,885,936 |
| Trade and Other Receivables | | (79,915,162) | (58,676,327) |
| Trade and Other Payables | | (32,205,921) | 6,911,182 |
| Amounts due from Related Parties | | (70,033,354) | (165,016,946) |
| Amounts due to Related Parties | | (22,730,095) | (38,606,842) |
| **Cash Generated From Operating Activities** | | 205,867,047 | 319,667,294 |
| Interest Received | | 1,549,059 | 589,468 |
| Interest Paid | 22 | (17,875,919) | (58,160,253) |
| Payment of Retirment Benefit Obligation | 25 | (2,893,833) | (500,000) |
| **Net Cash Generated From Operating Activities** | | 186,646,354 | 261,596,509 |
| **Cash Flows From Investing Activities** | | | |
| Acquisition and Construction of Property, Plant and Equipment | 12 | (91,015,451) | (113,779,434) |
| Proceeds from Disposal of Property, Plant and Equipment | 7 | 58,189 | 678,813 |
| Investment in Hiyaa Project | 14 | (53,450,911) | (130,021,519) |
| **Net Cash Used in Investing Activities** | | (144,408,173) | (243,122,140) |
| **Cash Flows From Financing Activities** | | | |
| Loans Obtained | 22 | 1,931,061 | 2,012,705 |
| Repayments of Loans | 22 | (56,252,206) | (107,853,104) |
| Repayments of Contractor Payable | 26 | (92,856,020) | (96,405,809) |
| Capital Contribution received from Ministry of Finance | 21 | 158,931,233 | 250,413,363 |
| Government Grant Received | 24 | - | 34,490,853 |
| Payment of Lease Liabilities | 23 | (11,405,684) | (11,371,714) |
| **Net Cash Generated From Financing Activities** | | 348,384 | 71,286,294 |
| **Net Increase in Cash and Cash Equivalents** | | 42,586,565 | 89,760,663 |
| **Cash and Cash Equivalents at Beginning of the Year** | | 258,504,880 | 168,744,217 |
| **Cash and Cash Equivalents at the End of the Year** | 18 | 301,091,445 | 258,504,880 |

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Company set out on pages 9 to 40. The Report of the Independent Auditors is given in pages 1 and 4.



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**STATE ELECTRIC COMPANY LIMITED**
**(INCORPORATED IN THE REPUBLIC OF MALDIVES)**
**NOTES TO THE FINANCIAL STATEMENTS**

## 1. REPORTING ENTITY

These financial statements relate to the operations of State Electric Company Limited (the "Company"), a limited liability Company incorporated in the Republic of Maldives under the section 95 of the Company act of 1996 under presidential degree no 1997/83 of 19th June 1997.

The principal activities of the Company are to generate and supply electricity and to provide customer service for the safe and efficient use of electrical energy. The Company generates and supplies electricity to various islands in the Republic of Maldives. The registered office is situated at Ameenee Magu, Male', 20349, Republic of Maldives.

## 2. BASIS OF PREPARATION

### (a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). They were authorised for issue by the Company's Board of Directors on 23rd December 2022.

### (b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except of property, plant and equipment.

### (c) Functional and Presentation Currency

These financial statements are presented in Maldivian Rufiyaa, which is the Company's functional currency. All financial information presented in Maldivian Rufiyaa has been rounded to the nearest Rufiyaa.

### (d) Use of Estimates and Judgements

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### A. Judgements

Information about critical judgement in applying accounting policies that has the most significant effect on the amounts recognised in the financial statements is included in the following notes.

- establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL on related parties and trade receivables.
- classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPP on the principal amount outstanding.



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## 2. BASIS OF PREPARATION (CONTINUED)

### (d) Use of Estimates and Judgements (Continued)

#### B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 31st December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes.

- impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.
- measurement of the fair value of financial instruments with significant unobservable inputs.
- recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

#### C. Going concern

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

**Measurement of fair values**

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

The Company has an established control framework with respect to the measurement of fair values.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follow

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.



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## 3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Except for describe below, the accounting policies applied in these financial statements are the same as those applied in the financial statements as at and for the period ended 31st December 2020.

The following amendments to IFRS have been applied by the Company in preparation of these financial statements. The below were effective from 1st January 2021:

**Amendment to standards Effective date**

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) 1st January 2021.

Effective from 1st January 2021, the Company has adopted Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). These amendments provide practical relief from certain requirements in IFRS.

These reliefs relate to modifications of financial instruments and lease contracts by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate. If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, then the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

The Company applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Company has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Company had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31st December 2020, there is no impact on opening equity balances as a result of retrospective application.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below except as disclosed in the Note 3 have been applied in these financial statements, consistently by the Company.

### 4.1 Foreign Currency Transactions

Transactions in foreign currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognized in the profit or loss.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates of transactions. Non-monetary assets and liabilities, which are stated at fair value, denominated in foreign currencies are translated to Maldivian Rufiyaa at the exchange rates ruling at the dates the values were determined.



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.2 Revenue

Revenue will be recognised upon satisfaction of performance obligation. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods and service.

### 4.3 Finance Income and Finance Costs

Finance cost comprises interest expenses on borrowings and foreign exchange loss. Borrowings costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using the effective interest method. Foreign currency gains and losses are reported on a net basis.

### 4.4 Income Tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

The Company 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.

#### (i) Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

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

#### (ii) Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax assets are recognized for unused tax losses. Unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used.

Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.4 Income Tax (Continued)

#### (ii) Deferred Tax (Continued)

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

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

### 4.5 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### 4.6 Property, Plant and Equipment

#### (i) Recognition and Measurement

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

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 labor, 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 profit or loss.



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.6 Property, Plant and Equipment (Continued)

#### (ii) 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 Company, 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 profit or loss as incurred.

#### (iii) 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 profit or loss 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 Company will obtain ownership by the end of the lease term.

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

| | |
|---|---|
| Generation equipment | 15 to 30 years |
| Distribution equipment | 15 to 30 years |
| Buildings and oil storage | 30 years |
| Vehicles and launches | 10 years |
| Machinery and equipment | 5 years |
| Furniture and fitting | 7 years |
| Computers and equipment | 3 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 month of ready to use while, no depreciation is provided in the month of disposal.

#### (iv) Capital work- in -progress

Capital work- in- progress is stated at cost and includes all development expenditure and other direct costs attributable to such projects including borrowing costs capitalized. Capital work in progress is not depreciated until its completion of construction, and the asset is put into use upon which the cost of completed construction works is transferred to the appropriate category of property, plant and equipment

### 4.7 Financial Instruments

#### (i) Recognition and Initial Measurement

Trade receivables and debt securities are initially recognized when they are originated. All other financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.7 Financial Instruments (Continued)

#### (i) Recognition and Initial Measurement (Continued)

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at Fair Value through Profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) Classification and subsequent measurement

**Financial assets**

On initial recognition, a financial asset is classified as measured at: amortized cost, Fair Value through Other Comprehensive Income ("FVOCI") – Debt investment, FVOCI – equity investment or FVTP. Financial assets are not classified subsequent to their initial recognition unless the Company changes its business model for managing financial assets. In which case all affected financial assets are classified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets - Business Model Assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the management.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Financial assets - Assessment Whether the Cash Flows are Solely Payment of Principal and Interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.7 Financial Instruments (Continued)

#### (iii) Financial assets - Subsequent Measurement and gains and losses

**Financial Assets at Amortized Cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest Income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss

#### (iv) Financial liabilities – classification, subsequent measurement and gains and losses

Financial Liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

**Interest Rate Benchmark Reform**

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applied the policies on accounting for modifications to the additional changes.

#### (v) De-recognition

**Financial assets**

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of the ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not de-recognized.



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.7 Financial Instruments (Continued)

#### (v) De-recognition (Continued)

**Financial Liabilities**

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### (vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the assert and settle the liability simultaneously.

### 4.8 Impairment

#### (i) Non-derivative financial assets

**Financial instruments**

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12 month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment that includes forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.8 Impairment (Continued)

#### (i) Non-derivative financial assets (Continued)

**Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

**Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit -impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- it is probable that the debtor will enter bankruptcy or other financial reorganization;

**Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

#### (ii) Non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.9 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.

### 4.10 Employee Benefits

**(a) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

**(b) Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The costs of the defined benefit plans are determined using an actuarial valuation. The actuarial valuation involves making assumptions about mortality rates, staff turnover, disability rate, retirement age, rate of discount, salary increments etc.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses is recognized immediately in OCI. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

During the year 31st December 2021, the Board of the Directors of the Company has decided to discontinue the Defined Benefit Obligation scheme with effective from 1st June 2021.

**(c) Short-term benefits**

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

### 4.11 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.12 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.

**As a lessee**

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes 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 costs incurred and an estimate of costs 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 from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a 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 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company 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 Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company 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.



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.12 Leases (Continued)

**As a lessee (Continued)**

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 profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company 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.

**Short-term Leases and Leases of Low-value Assets**

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### 4.13 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.

### 4.14 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 Company has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Company'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 Company 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.

If there is no quoted price in an active market, then the Company 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 transaction. If an asset or a liability measured at fair value has a bid price and an ask price, then the Company 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 Company 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.



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## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4.15 Defined contribution plan

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

### 4.16 Other Liabilities and Provision

All known liabilities have been accounted for in preparing the financial statements. The materiality of the events after the reporting period have been considered and appropriate adjustments and provisions have been made in the financial statement 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 after one year from the end of the reporting period.

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 outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, 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 of any reimbursement.

## 5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning after 1st January 2021 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

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

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).
- Covid 19 related rent concessions beyond 30th June 2021(Amendments to IFRS 16).
- Annual improvements to IFRS standards 2018-2020.



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**FOR THE YEAR ENDED 31ST DECEMBER 2021**

## 6 REVENUE

| | 2021 MVR | 2020 MVR |
|---|---|---|
| Electricity Revenue | 2,016,818,679 | 1,830,822,091 |
| Non-electricity Revenue **(Note 6.1)** | 98,595,598 | 78,798,739 |
| | 2,115,414,277 | 1,909,620,830 |

**6.1** Non-electricity revenue include revenue from sale of electronic equipments and other electrical services provided for customers.

## 7 OTHER INCOME

| | 2021 MVR | 2020 MVR |
|---|---|---|
| Operational Income | 11,607,973 | 11,433,516 |
| Amortization of Deferred Income **(Note 24)** | 1,795,347 | 2,146,796 |
| Rental Income | 368,252 | 578,476 |
| Gain on Disposal of Property Plant and Equipment | 20,480 | 678,813 |
| Miscellaneous Income | 51,012 | 430,137 |
| Reversal of Defined Benefit Obligation **(Note 25)** | 37,845,826 | - |
| | 51,688,890 | 15,267,738 |

## 8 NET FINANCE COSTS

| | 2021 MVR | 2020 MVR |
|---|---|---|
| **Finance Income** | | |
| Interest Income | 1,549,059 | 589,468 |
| | 1,549,059 | 589,468 |
| **Finance Costs** | | |
| Interest on Borrowings - Foreign | (118,640,344) | (130,701,679) |
| Interest on Borrowings - Local | (242,141) | (1,109,295) |
| Foreign Exchange Loss | (847,591) | (414,260) |
| Interest on Leases | (10,061,834) | (10,180,400) |
| Interest on Other Financing Arrangements | (1,290,250) | - |
| | (131,082,160) | (142,405,634) |
| **Net Finance Costs** | (129,533,101) | (141,816,166) |

## 9 PROFIT BEFORE TAX

| | 2021 MVR | 2020 MVR |
|---|---|---|
| *Profit before tax is stated after charging all the expenses including the following;* | | |
| Repair and Maintenance | 61,867,787 | 50,554,432 |
| Cost of Lubricant oil | 20,498,150 | 19,207,316 |
| Cost of Diesel | 1,156,682,668 | 935,159,684 |
| Bank Charges | 23,745,003 | 19,217,386 |
| Directors' Remuneration | 1,029,451 | 784,100 |
| Rent Expenses | 107,700 | 155,899 |
| Write-off of Property Plant and Equipment **(Note 12)** | - | 19,170,320 |
| Amortization of Right of Use Asset **(Note 13)** | 3,664,596 | 3,753,384 |
| Depreciation of Property, Plant and Equipment **(Note 12)** | 174,709,861 | 165,476,135 |
| Provision for Slow and Non-Moving Inventories **(Note 15.1)** | 4,933,906 | 783,550 |
| Personnel Costs **(Note 9.1)** | 256,423,635 | 240,063,257 |



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## 9 PROFIT BEFORE TAX (CONTINUED)

### 9.1 Personnel Costs

| | 2021 MVR | 2020 MVR |
|---|---|---|
| Staff Salaries and Wages | 108,840,921 | 105,270,159 |
| Staff Allowances | 87,059,012 | 81,364,663 |
| Overtime Expenses | 49,434,229 | 38,784,533 |
| Employer's Contribution to Government Pension Fund | 7,610,496 | 7,393,992 |
| Staff Medical Expenses | 1,155,699 | 1,192,952 |
| Employee Retirement Benefits | 912,229 | 4,941,682 |
| Other Staff Expenses | 1,411,049 | 1,115,276 |
| | 256,423,635 | 240,063,257 |

## 10 TAX EXPENSES

| | 2021 MVR | 2020 MVR |
|---|---|---|
| **Current Tax** | | |
| Current Tax Expense **(Note 10.1)** | - | 5,271,997 |
| | - | 5,271,997 |
| **Deferred Tax** | | |
| Deferred Tax Asset Reversed **(Note 10.4)** | 5,436,476 | 24,502,629 |
| Deferred Tax Liability Recognized **(Note 10.6)** | 15,704,366 | 11,100,273 |
| | 21,140,842 | 35,602,902 |
| **Total Tax Expenses** | 21,140,842 | 40,874,899 |

### 10.1 Reconciliation Between Accounting Profit and Taxable Income :

| | 2021 | 2020 |
|---|---|---|
| Profit Before Tax | 125,933,414 | 171,058,215 |
| Aggregate Disallowable Items | 389,426,507 | 400,417,123 |
| Aggregate Allowable Items | (518,944,180) | (474,632,681) |
| Tax Loss Utilized during the Year | - | (61,196,011) |
| Tax Free Allowance | - | (500,000) |
| Tax (Loss) / Income for the Year | (3,584,259) | 35,146,647 |
| Business Profit Tax @ 15% | - | 5,271,997 |

In accordance with the provisions of Income Tax act No. 25 of 2019, relevant regulations and subsequent amendments thereto, the Company is liable for income tax on its taxable profit at the rate of 15%.

### 10.2 Accumulated Tax Losses

| | 2021 MVR | 2020 MVR |
|---|---|---|
| As at 1st January | - | 61,196,011 |
| Tax Loss for the Year | 3,584,259 | - |
| Tax Loss Utilized during the Year | - | (61,196,011) |
| As at 31st December | 3,584,259 | - |



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## 10 TAX EXPENSE (CONTINUED)

### 10.3 Net Deferred tax Liability

| | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| Deferred Tax Asset **(Note 10.4)** | 537,639 | 5,930,319 |
| Deferred Tax Liability **(Note 10.6)** | (106,535,635) | (93,353,610) |
| | (105,997,996) | (87,423,291) |

### 10.4 Deferred Tax Asset :

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| As at 1st January | 5,930,319 | 35,414,744 |
| ***Recognized in other comprehensive income*** | | |
| (Reversal) / Recognized during the Year | 43,796 | (4,981,796) |
| ***Recognized in profit or loss*** | | |
| (Reversal) / Recognized during the Year | (5,436,476) | (24,502,629) |
| As at 31st December | 537,639 | 5,930,319 |

**10.5** The Recognized Deferred Tax Assets is attributable to the following;

| | 31/12/2021 | | 31/12/2020 | |
|---|---|---|---|---|
| | Temporary Difference MVR | Tax Effect MVR | Temporary Difference MVR | Tax Effect MVR |
| Defined Benefit Obligation | - | - | 39,535,454 | 5,930,319 |
| Accumulated Tax Losses | 3,584,259 | 537,639 | - | - |
| | 3,584,259 | 537,639 | 39,535,454 | 5,930,319 |

### 10.6 Deferred Tax Liability:

| | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| As at 1st January | 93,353,610 | 84,775,678 |
| ***Recognized Directly in Equity*** | | |
| Reversed during the Year **(Note 20)** | (2,522,341) | (2,522,341) |
| ***Recognized in profit or loss*** | | |
| Recognized during the Year | 15,704,366 | 11,100,273 |
| As at 31st December | 106,535,635 | 93,353,610 |

**10.7** The Recognized Deferred Tax Liability is attributable to the following;

| | 31/12/2021 | | 31/12/2020 | |
|---|---|---|---|---|
| | Temporary Difference MVR | Tax Effect MVR | Temporary Difference MVR | Tax Effect MVR |
| Property Plant and Equipment | 710,237,569 | 106,535,635 | 622,357,397 | 93,353,610 |
| | 710,237,569 | 106,535,635 | 622,357,397 | 93,353,610 |

## 11 BASIC AND DILUTED EARNINGS PER SHARE

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

| | 2021 | 2020 |
|---|---|---|
| Profit for the Year Attributable to the Ordinary Shareholders - MVR | 104,792,572 | 130,183,316 |
| Weighted Average Number of Ordinary Shares | 150 | 150 |
| Basic and Diluted Earnings Per Share - MVR | 698,617 | 867,889 |



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## 12 PROPERTY, PLANT AND EQUIPMENT

| | Generators and Distribution Equipment | Buildings, Water Bottling Plant and Oil Storage | Vehicles and Launches | Machinery and Equipment | Furniture and Fittings | Computer Systems | Capital Work-in-Progress | Total 2021 |
|---|---|---|---|---|---|---|---|---|
| **Cost/ Revaluation** | MVR | MVR | MVR | MVR | MVR | MVR | MVR | MVR |
| As at 1st January | 2,687,201,198 | 1,185,385,848 | 37,381,443 | 141,067,095 | 8,287,595 | 23,678,732 | 750,223,605 | 4,833,225,516 |
| Additions during the Year | 1,524,221 | 236,801 | 135,235 | 6,651,800 | 1,304,737 | 1,258,932 | 150,222,051 | 161,333,777 |
| Capitalized during the Year | 580,410,386 | 121,239,910 | 933,962 | 12,423,305 | - | - | (715,007,563) | - |
| Disposal during the year | (67,276) | - | (17,679) | (470,961) | (285,636) | - | - | (841,552) |
| As at 31st December | 3,269,068,529 | 1,306,862,559 | 38,432,961 | 159,671,239 | 9,306,696 | 24,937,664 | 185,438,093 | 4,993,717,741 |
| **Accumulated Depreciation** | | | | | | | | |
| As at 1st January | 774,746,746 | 181,715,312 | 20,146,342 | 88,640,921 | 5,885,349 | 21,154,083 | - | 1,092,288,753 |
| Charge for the Year | 113,077,900 | 43,402,944 | 2,823,108 | 13,107,868 | 686,057 | 1,611,984 | - | 174,709,861 |
| Disposal during the year | (32,390) | - | (14,871) | (470,961) | (285,621) | - | - | (803,843) |
| As at 31st December | 887,792,256 | 225,118,256 | 22,954,579 | 101,277,828 | 6,285,785 | 22,766,067 | - | 1,266,194,771 |
| **Net Carrying Amount** | | | | | | | | |
| As at 31st December 2021 | 2,381,276,273 | 1,081,744,303 | 15,478,382 | 58,393,411 | 3,020,911 | 2,171,597 | 185,438,093 | 3,727,522,970 |

**12.1** The Capital Work-in- Progress at end of the reporting period comprises of following projects;

| | 31/12/2021 MVR |
|---|---|
| Transmission & Distribution | 57,092,987 |
| Combustion Power Plant | 31,151,527 |
| POISED Project | 18,895,592 |
| SCADA System | 34,989,140 |
| Other Projects | 43,308,847 |
| | 185,438,093 |

**12.2** During the year, the Company has capitalized borrowing cost amounting to MVR 17,545,655/- on Greater Male' Grid Connection Project.

**12.3** The value of fully depreciated property, plant and equipment as at 31st December 2021 amounted to MVR 195,808,050/-.



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**FOR THE YEAR ENDED 31ST DECEMBER 2021**

## 12 PROPERTY, PLANT AND EQUIPMENT

| | Generators and distribution equipment | Buildings, Water bottling plant and Oil storage | Vehicles and launches | Machinery and Equipment | Furniture and Fittings | Computer Systems | Capital Work-in-Progress | Total 2020 |
|---|---|---|---|---|---|---|---|---|
| **Cost/ Revaluation** | MVR | MVR | MVR | MVR | MVR | MVR | MVR | MVR |
| As at 1st January | 2,618,669,309 | 1,177,550,287 | 37,092,060 | 135,445,134 | 7,498,220 | 22,083,783 | 518,890,592 | 4,517,229,385 |
| Additions during the Year | 27,000 | 776,796 | 281,212 | 3,940,931 | 828,351 | 1,594,949 | 328,566,589 | 336,015,828 |
| Write-off during the Year **(Note 12.7)** | - | - | - | - | - | - | (19,170,320) | (19,170,320) |
| Capitalized during the Year | 69,028,983 | 7,058,765 | 264,103 | 1,711,405 | - | - | (78,063,256) | - |
| Disposal during the year | (524,094) | - | (255,932) | (30,375) | (38,976) | - | - | (849,377) |
| As at 31st December | 2,687,201,198 | 1,185,385,848 | 37,381,443 | 141,067,095 | 8,287,595 | 23,678,732 | 750,223,605 | 4,833,225,516 |
| **Accumulated Depreciation** | | | | | | | | |
| As at 1st January | 670,083,864 | 139,545,495 | 17,618,828 | 75,230,104 | 5,322,167 | 19,861,535 | - | 927,661,993 |
| Charge for the Year | 105,186,975 | 42,169,817 | 2,783,446 | 13,441,191 | 602,158 | 1,292,548 | - | 165,476,135 |
| Disposal during the year | (524,094) | - | (255,932) | (30,375) | (38,976) | - | - | (849,377) |
| As at 31st December | 774,746,746 | 181,715,312 | 20,146,342 | 88,640,921 | 5,885,349 | 21,154,083 | - | 1,092,288,753 |
| **Net Carrying Amount** | | | | | | | | |
| As at 31st December 2020 | 1,912,454,452 | 1,003,670,536 | 17,235,101 | 52,426,174 | 2,402,246 | 2,524,649 | 750,223,605 | 3,740,936,763 |

**12.4** The Capital Work-in- Progress at end of the reporting period comprises of following projects;

| | 31/12/2020 MVR |
|---|---|
| Transmission & Distribution | 62,838,188 |
| Combustion Power Plant | 19,028,018 |
| Greater Male' Grid Connection | 596,321,785 |
| POISED Project | 16,882,878 |
| SCADA System | 31,491,567 |
| Other Projects | 23,661,169 |
| | 750,223,605 |

**12.5** During the year, the Company has capitalized borrowing cost amountied to MVR 14,252,323/- on Greater Male' Grid Connection Project.

**12.6** The value of fully depreciated Property, Plant and Equipment as at 31st December 2020 amounted to MVR 137,746,142/-

**12.7** The Company has write off MVR 19,170,320/- of capital work-in progress during the year end 31st December 2020.

| 13 RIGHT OF USE ASSETS | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| **Cost** | | |
| As at 1st January | 108,924,726 | 107,810,490 |
| Adjustment due to Lease Contract Modification **(Note 23.3)** | - | 1,114,236 |
| As at 31st December | 108,924,726 | 108,924,726 |
| **Accumulated Amortization** | | |
| As at 1st January | 7,386,317 | 3,632,933 |
| Charge for the Period | 3,664,596 | 3,753,384 |
| As at 31st December | 11,050,913 | 7,386,317 |
| **Net Carrying Value** | 97,873,813 | 101,538,409 |

| 14 INVESTMENT IN HIYAA PROJECT | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| As at 1st January | 551,519,443 | 421,497,924 |
| Additions during the Year | 53,450,911 | 130,021,519 |
| As at 31st December | 604,970,354 | 551,519,443 |
| Provision for Impairment **(Note 14.1)** | (40,320,046) | - |
| | 564,650,308 | 551,519,443 |

**14.1 Provision for Impairment of Investment in Hiyaa Project**

| | | |
|---|---|---|
| Provision for the Year | 40,320,046 | - |
| As at 31st December | 40,320,046 | - |

The Company has made a provision on investment in Hiyaa project based on the carrying value as at 31st December 2021 by considering the future recoverable amount.

**14.2** As per the agreement dated 15th November 2017 between STELCO (Developer) and Housing Development Corporation Limited ("HDC"), the Company has been assigned to develop a two residential apartments at Hulumale phase II plots no. N3-35(B), N3-35(C) by HDC.

According to the agreement, HDC has granted the exclusive rights to construct, develop and sell residential units under the project in the designated land area to the developer. The Developer agrees to finance the construction and development of the project and to sell the residential units developed under the project to eligible STELCO staff. It shall be the sole responsibility of the Developer to raise and manage the finance required for the development of the Project and HDC shall not be liable towards any party under any circumstances.

| 15 INVENTORIES | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| Fuel | 41,882,195 | 39,548,927 |
| Spares, cables and consumables | 252,529,688 | 200,802,650 |
| Stationary | 96,967 | 84,565 |
| Lubricating oil | 2,750,969 | 3,400,325 |
| | 297,259,819 | 243,836,467 |
| Provision for Slow Moving Inventories **(Note 15.1)** | (144,820,124) | (139,886,218) |
| | 152,439,695 | 103,950,249 |

**15.1 Provision for Slow Moving Inventories**

| | | |
|---|---|---|
| As at 1st January | 139,886,218 | 139,102,668 |
| Provision for the Year | 4,933,906 | 783,550 |
| As at 31st December | 144,820,124 | 139,886,218 |



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## 16 TRADE AND OTHER RECEIVABLES (CONTINUED)

| | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| Trade Receivables | 337,667,845 | 323,441,606 |
| Provision for Impairment Loss **(Note 16.1)** | (54,635,184) | (45,307,420) |
| | 283,032,661 | 278,134,186 |
| Prepayments | 488,072 | 449,038 |
| Other Receivables | 112,735,317 | 47,085,428 |
| | 396,256,050 | 325,668,652 |

### 16.1 Provision for Impairment of Trade Receivables

| | | |
|---|---|---|
| As at 1st January | 45,307,420 | 32,405,204 |
| Provision for the Year | 9,327,764 | 12,902,216 |
| As at 31st December | 54,635,184 | 45,307,420 |

## 17 AMOUNTS DUE FROM RELATED PARTIES

| | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| Indira Gandhi Memorial Hospital | 19,755,385 | 14,766,449 |
| Dhivehi Raajjege Gulhun PLC | 3,432,391 | 4,282,045 |
| Male' Water & Sewerage Company (Private) Limited | 1,143,577 | 1,623,836 |
| State Trading Organisation PLC | 2,868,473 | 5,204,258 |
| Maldives Transport and Contracting Company PLC | 1,316,936 | 1,723,937 |
| Maldives Customs Services | 634,603 | 268,815 |
| Maldives Industrial Fisheries Company Limited | 143,410 | 166,608 |
| Bank of Maldives PLC | 105,301 | 640,997 |
| Public Service Media | 61,786,952 | 49,682,460 |
| Maldives Road Development Corporation Limited | 1,038,505 | 2,512,186 |
| National Center For the Arts | 1,174,121 | 1,441,291 |
| Housing Development Corporation Limited | 9,218,666 | 6,621,906 |
| National Social Protection Agency | 88,863 | 9,967,088 |
| Maldives Port Limited | 1,595,251 | 2,230,434 |
| Ministry of Finance and Treasury | 190,269,558 | 130,624,059 |
| Other Government Owned Organizations | 146,872,631 | 139,654,901 |
| | 441,444,623 | 371,411,269 |
| Provision for Impairment Loss **(Note 17.1)** | (140,796,474) | (125,447,216) |
| | 300,648,149 | 245,964,053 |

### 17.1 Provision for Impairment Loss

| | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| As at 1st January | 125,447,216 | 74,938,724 |
| Provision for the Year | 15,349,258 | 50,508,492 |
| As at 31st December | 140,796,474 | 125,447,216 |

## 18 CASH AND CASH EQUIVALENTS

| | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| **Favorable Balances** | | |
| Cash in Hand | 3,907,403 | 4,225,116 |
| Balances with Banks | 297,184,042 | 254,279,764 |
| | 301,091,445 | 258,504,880 |

## 19 SHARE CAPITAL

### 19.1 Authorized Share Capital

The authorized share capital comprises of 150 (2020 : 150) ordinary shares with a par value of MVR 1,000,000/- per share. However, the Board of Directors of the Company has decided to increase the authorized share capital to 5000 ordinary shares with a par value of MVR 1,000,000/- per share.

### 19.2 Issued and Fully Paid Share Capital

The issued and fully paid share capital comprises of 150 (2020 : 150) ordinary shares of MVR 1,000,000/- each.



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## 19 SHARE CAPITAL (CONTINUED)

### 19.3 Dividends and voting rights

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote per share at the shareholders' meetings of the Company.

### 19.4 Dividends and voting rights

The Board of Directors has declared dividends of MVR 140,000/- per share amounting to MVR 21,000,000/- during the year ended 31st December 2021 (2020 : 133,333/- per share amounting to MVR 20,000,000/-).

## 20 REVALUATION RESERVE

| | 31/12/2021<br>MVR | 31/12/2020<br>MVR |
|---|---|---|
| As at 1st January | 187,144,612 | 201,437,881 |
| Transfer to Retained Earnings **(Note 20.2)** | (16,815,610) | (16,815,610) |
| Deferred Tax Transferred to Retained Earnings **(Note 10.6)** | 2,522,341 | 2,522,341 |
| As at 31st December | 172,851,343 | 187,144,612 |

**20.1** The Company's property, plant and equipment was revalued on 31st December 2011 by the professional valuer, Kanti Karamsey & Co. of No.412, Marker Chambers, Nariman point, Mumbai, India based on the open Market Value of the properties. The firm is a Government registered firm, Fellow of Institution of Engineers (F.I.E- India), Member of the Practicing Valuers Association (P.V.A- India) and Fellow of Institution of Valuers, New Delhi (F.I.V).

### 20.2 Transfer of Revaluation Surplus to Retained Earnings

Revaluation surplus is realized to retained earnings on the basis of utilization of the asset. An amount equal to the difference between the depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost is transferred from revaluation surplus (net of deferred tax) to retained earnings on an annual basis.

## 21 CAPITAL CONTRIBUTION

| | 31/12/2021<br>MVR | 31/12/2020<br>MVR |
|---|---|---|
| As at 1st January | 582,414,534 | 332,001,171 |
| Received during the Year | 158,931,233 | 250,413,363 |
| As at 31st December | 741,345,767 | 582,414,534 |

The Company has received a capital contribution amounted to MVR 95,369,248/-, MVR 96,627,670/- and MVR 54,693,921/- from the Ministry of Finance and Treasury of the Republic of Maldives during the period of 2017 to 2020 for the construction and installation of Hulhumale Power Plant (5th Power Project) and MVR 154,007,552/- for repayment of the loan obtained from China Exim bank for construction of the Hulumale Power Plant (5th Power Project). Further, MVR 7,109,196/-, MVR 78,201,136/- and MVR 96,405,811/- were received in 2018, 2019 and 2020 for the installation of greater Male' Grid connection. During the year 2021, the Company has received an additional MVR 92,856,020/- for greater Male' Grid Connection Project and MVR 66,075,213/- for repayment of the loan obtained from China Exim bank for construction of the Hulumale Power Plant (5th Power Project). These amounts have been considered as capital contribution from Ministry of Finance since Ministry of Finance provides these contributions at its capacity of Shareholder of the Company and the Company is expecting to issue shares on these capital contribution.

## 22 LOANS AND BORROWINGS

| | 31/12/2021<br>MVR | 31/12/2020<br>MVR |
|---|---|---|
| As at 1st January | 2,970,165,249 | 3,002,354,927 |
| Loans Obtained during the Year | 1,931,061 | 2,012,705 |
| Interest for the Year | 118,882,485 | 131,810,974 |
| Capital Repayments during the Year | (56,252,206) | (107,853,104) |
| Interest Paid during the Year | (17,875,919) | (58,160,253) |
| As at 31st December | 3,016,850,670 | 2,970,165,249 |



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## 22 LOANS AND BORROWINGS (CONTINUED)

### 22.1 Maturity Analysis

| | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| **Non - Current Liabilities** | | |
| Loans and Borrowings | 2,913,307,845 | 2,865,471,612 |
| **Current Liabilities** | | |
| Loans and Borrowings | 103,542,825 | 104,693,637 |

### 22.2 Terms and Repayment Schedule

| Source of finance | Purpose to Finance | Nominal interest rate | Maturity Date | Caring Amount 31/12/2021 MVR | Caring Amount 31/12/2020 MVR |
|---|---|---|---|---|---|
| Ministry of Finance | Third Power System | 8% | 1-Aug-2021 | 125,822,280 | 121,601,582 |
| Ministry of Finance | Third Power System | 8% | 1-May-2024 | 120,556,037 | 116,368,520 |
| Ministry of Finance | Third Power System | 8% | 1-Sep-2024 | 127,696,793 | 123,316,044 |
| Ministry of Finance | 5.4 V Generator Set | 8% | 15-Feb-2016 | 58,264,092 | 56,296,490 |
| Ministry of Finance | Second Power System | 8% | 31-Jul-2025 | 81,744,332 | 79,051,978 |
| Ministry of Finance | Power System | 8% | 1-Sep-2018 | 20,763,331 | 19,932,377 |
| Danida **(Note 22.4)** | Fourth Power System | 4.25% & 8.5% | 30-Sep-2035 | 1,231,413,243 | 1,175,001,598 |
| Maldives Islamic Bank | MGAF Project | 8% | 9-Dec-2021 | - | 7,810,774 |
| Ministry of Finance | POISED Project | 6% | 15-May-2033 | 200,386,285 | 189,087,272 |
| Exim Bank of China | Fifth Power Project | 3% + 6 Months LIBOR | 31-Jul-2031 | 1,050,204,277 | 1,081,698,614 |
| | | | | 3,016,850,670 | 2,970,165,249 |

**22.3** All of the above Loans have been secured by a letter of gurantee from Government of Maldives.

**22.4** The Ministry of Finance and Treasury ("MOFT") through its letter dated 4th February 2019, has taken over the settlement of these loans and instructed the Company to transfer the loan balances (including accrued interest) as a capital contribution. However, the transaction has not been finalized by the parties for the year ended 31st December 2021.

## 23 LEASE LIABILITY

| | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| As at 1st January | 106,519,450 | 106,596,527 |
| Adjustment due to Lease Contract Modification **(Note 23.3)** | - | 1,114,237 |
| Interest Expense for the Year | 10,061,834 | 10,180,400 |
| Repayment during the Year | (11,405,684) | (11,371,714) |
| As at 31st December | 105,175,600 | 106,519,450 |

The lease liability is recognised on the lands which has an unexpired lease period from 45 years as at 31st December 2021.

### 23.1 Maturity Analysis

| | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| Non - Current Liabilities | 103,764,762 | 105,175,599 |
| Current Liabilities | 1,410,838 | 1,343,851 |
| | 105,175,600 | 106,519,450 |

### 23.2 Maturity Analysis of Undiscounted Future Lease Payments are as follows;

| | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| Less than one Year | 11,341,884 | 11,405,684 |
| Between two and five Years | 55,869,600 | 45,974,599 |
| More than five Years | 343,599,989 | 364,836,874 |
| | 410,811,473 | 422,217,157 |

**23.3** The annual rent of Thilafushi Power House is increased by 15% in every two years effective from 31st December 2020. This rent change has been accounted as a modification to the lease liability as at 31st December 2020. The Corresponding adjustment has recognised under Right of Use Assets according to IFRS 16.



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| 24 DEFFERED INCOME | 31/12/2021<br>MVR | 31/12/2020<br>MVR |
|---|---|---|
| As at 1st January | 34,717,636 | 2,373,578 |
| Grant Received during the Year | - | 34,490,854 |
| Amortization for the Year | (1,795,347) | (2,146,796) |
| As at 31st December | 32,922,289 | 34,717,636 |

**24.1** Deferred income comprises of grants received from the Ministry of Finance and Treasury of the Republic of Maldives. An amount of MVR 25,287,089/- was received in 2006 for the installation of 6 sets of 1250 k Diesel Generators. During the year 2020, the Company has received MVR 34,490,853/- for construction of Peak Handling Project and these grants are amortized over the useful life of the assets.

| 25 DEFINED BENEFIT OBLIGATION | 31/12/2021<br>MVR | 31/12/2020<br>MVR |
|---|---|---|
| As at 1st January | 39,535,454 | 68,305,743 |
| ***Amount Recognized in Profit or Loss*** | | |
| Current Service Cost for the year | 154,467 | 1,799,618 |
| Interest Cost for the year | 757,762 | 3,142,064 |
| ***Amount Recognized in Other Comprehensive Income*** | | |
| Actuarial deficit/ (gain ) for the Year **(Note 25.1)** | 291,976 | (33,211,971) |
| | 40,739,659 | 40,035,454 |
| Payments during the Year | (2,893,833) | (500,000) |
| Reversal during the year **(Note 25.3)** | (37,845,826) | - |
| As at 31st December | - | 39,535,454 |

**25.1** During the year ended 31st December 2020, the Company has changed maximum benefit to be paid to an employee as of MVR 500,000/-. That was resulted to reduce the defined benefit liability as at 31st December 2020.

**25.2** The Company have engaged a qualified actuary to estimate the retirement benefit obligation. The projected unit credit method is used to determine the present value of the defined benefit obligation. Key assumptions used in the calculation are as follows,

| | 31/12/2021 | 31/12/2020 |
|---|---|---|
| Expected Salary Increment | 1% | 1% |
| Discount Rate | 4.60% | 4.60% |
| Staff Turnover Factor | 2.20% | 2.20% |

**25.3** During the year 31st December 2021, the Board of the Directors of the Company has decided to discontinue the Defined Benefit Obligation scheme with effective from 1st June 2021.

| 26 CONTRACTOR PAYABLE | 31/12/2021<br>MVR | 31/12/2020<br>MVR |
|---|---|---|
| As at 1st January | 386,847,534 | 261,016,949 |
| Payable on account of Percentage of Completion | 52,772,671 | 207,984,071 |
| Interest charge during the year | 18,835,905 | 14,252,323 |
| Repayment during the Year | (92,856,020) | (96,405,809) |
| As at 31st December | 365,600,090 | 386,847,534 |
| **26.1 Maturity Analysis** | | |
| Non - Current Liabilities | 292,416,086 | 297,424,914 |
| Current Liabilities | 73,184,004 | 89,422,620 |
| | 365,600,090 | 386,847,534 |

The Company has entered into an agreement with Dongfang Electricity International Corporation ("DEC") to construct a power interconnect network project between two Islands via a bridge on 12th February 2018 for a contract price of US$ 45,619,736/-. Contract is repayable over the period of 8 Years and the contractor payable is determined based on the percentage of completion of the project and the contractual cashflows have been discounted at a rate of 4.8%.



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## 27 TRADE AND OTHER PAYABLES

| | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| Trade Payables | 13,107,752 | 26,064,412 |
| Accrued Expenses | 19,711,384 | 19,354,929 |
| Dividend Payable to Ministry of Finance **(Note 27.3)** | - | 20,000,000 |
| Payable to Housing Development Corporation Ltd **(Note 27.1)** | 55,223,123 | 55,223,123 |
| Advanced Received from employees on Hiyaa Project **(Note 27.2)** | 71,636,768 | 56,046,503 |
| Other Payables | 38,646,030 | 32,842,011 |
| | 198,325,057 | 209,530,978 |

**27.1** The amount is payable to Housing Development Coorparation ("HDC") in relation to the "Hiyaa Project".

**27.2** The Hiyaa housing project is an end- user financing project, where 20% of the sales price to be paid by the staff as down payment on or before December 2022. Remaining 80% should be financed by the employee.

### 27.3 Dividend Payable to Ministry of Finance

| | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| As at 1st January | 20,000,000 | - |
| Dividend Declared during the Year | 21,000,000 | 20,000,000 |
| Set off against Related Party Receivables | (41,000,000) | - |
| As at 31st December | - | 20,000,000 |

As disclosd in Note 19.4 to the financial statements, the Company has declared MVR 21,000,000/- of dividend during the year ended 31st December 2021. However, based on the confirmation obtained from the Ministry of Finance, board of Directors of the Company has resolved to set off the dividend payable to Minisry of Finance amounting to MVR 41,000,000/- against related party receivables as at 31st December 2021.

## 28 AMOUNTS DUE TO RELATED PARTIES

| | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| State Trading Organisation PLC | 51,553,350 | 68,071,946 |
| Ministry of Enviroment and Energy | 3,053,300 | - |
| Maldives Transport and Contracting Company PLC | 1,444,559 | 4,964,585 |
| Maldives Road Development Corporation Limited | 663,612 | 663,612 |
| Male' Water & Sewerage Company Limited | 1,182 | 45,128 |
| Dhivehi Raajjege Gulhun PLC | 364,504 | 156,551 |
| Other Government owned Organizations | 326,787 | 6,235,567 |
| | 57,407,294 | 80,137,389 |

The amount due to related parties are unsecured, interest free, and have no fixed repayment period. Accordingly, these amounts have been determined to be payable on demand and are classified as current liabilities.

## 29 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the gearing ratio. Net debt is calculated as total borrowings (including borrowings and trade and other payables as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

| | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| Total Liabilities | 3,882,278,996 | 3,914,876,981 |
| Less: Cash and Cash Equivalents | (301,091,445) | (258,504,880) |
| Net Debt | 3,581,187,551 | 3,656,372,101 |
| Total Equity | 1,662,007,719 | 1,417,009,753 |
| Net Debt to Equity Ratio (Times) | 2.15 | 2.58 |



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## 30 COMMITMENTS

### 30.1 Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows;

| | 31/12/2021 MVR | 31/12/2020 MVR |
|---|---|---|
| On Property Plant and Equipment | 472,676,529 | 702,140,568 |

There were no other material capital commitments outstanding at the reporting date which require disclosure in the financial statements.

## 31 CONTINGENT LIABILITIES

The Centre Enterprice Private Limited has filed a case at the Civil Court against the Company claiming MVR 400,000,000/- for breaching the contract regarding a forklift. The Company has requested from the court to disclose a case report to seek further information regarding this case. However, there were no on going proceedings have taken place during the year 2021. Based on the expert advice, the Board Directors is confident that the ultimate resolution of the case will not have an adverse impact on financial statements of the company since the likelihood of an unfavorable outcome for the Company is very unlikely.

There were no material contingent liabilities which require disclosure than above mentioned in the financial statements as at the reporting date.

## 32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

**(i) Overview**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, the Company's management of capital. Further, quantitative disclosures are included throughout the Company's financial statements.

**(ii) Risk Management Framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

**(iii) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instruments fails to meet its contractual obligations, and arises principally from the the Company's receivables from customers, investment in debt securities and deposits with banks.

The carrying amount of financial assets represents the maximum credit exposure. The maximum gross exposure to credit risk at the reporting date was:

| | Carrying amount | |
|---|---|---|
| | 31/12/2021 MVR | 31/12/2020 MVR |
| Trade Receivables | 283,032,661 | 278,134,186 |
| Other Receivables | 112,735,317 | 47,085,428 |
| Amounts due from Related Parties | 300,648,149 | 245,964,053 |
| Balances with Banks | 297,184,042 | 254,279,764 |
| | 993,600,169 | 825,463,431 |

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk geographically.



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## 32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### (iii) Credit Risk (Continued)

***Expected credit loss assessment***

The Company uses an allowance matrix to measure the ECLs of trade receivables. Loss rates are based on actual credit loss experience over past years. These rates are multiplied by scalar factors to reflect difference between economic condition during the period over which historical data has been collected, current condition and company's view of economic condition of expected lives of the receivables.

Scalar factors are based on actual and forecast GDP growth rates and normalized average GDP use for ECL assessment.

**Measurement of ECL**

The key inputs into the measurement of ECL are the term structure of the following variables:

Probability of default (PD)
Loss given default (LGD)
Exposure at default (EAD)

The following table provides information about exposure to credit risk and ECLs for trade receivables and receivable from related parties.

| 31st December 2021 | Weighted Average Loss Rate | Gross Carrying Amount MVR | Loss Allowance MVR |
|---|---|---|---|
| 1-30 days past due | 1.9% | 258,524,817 | 4,808,264 |
| 31-60 days past due | 5.1% | 94,063,411 | 4,831,314 |
| 61-90 days past due | 8.0% | 56,100,923 | 4,469,135 |
| 91-180 days past due | 16.3% | 69,310,240 | 11,274,427 |
| 181-360 days past due | 25.8% | 104,486,958 | 27,004,136 |
| More than 360 days past due | 73% | 196,626,119 | 143,044,382 |
| | | 779,112,468 | 195,431,658 |

| 31st December 2020 | Weighted | Gross Carrying MVR | Loss MVR |
|---|---|---|---|
| 1-30 days past due | 0.5% | 220,700,023 | 1,081,307 |
| 31-60 days past due | 2.4% | 67,445,365 | 1,646,099 |
| 61-90 days past due | 4.0% | 65,629,992 | 2,629,159 |
| 91-180 days past due | 15.1% | 76,746,160 | 11,610,605 |
| 181-360 days past due | 32.1% | 95,341,674 | 30,619,901 |
| More than 360 days past due | 72.9% | 168,989,661 | 123,167,564 |
| | | 694,852,875 | 170,754,636 |



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## 32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

### (iii) Credit risk (Continued)

**Measurement of ECL (Continued)**

Gross carrying amount and loss allowance comprise the trade receivables.

The Company believes that the unimpaired amounts are still collectible, based on historic payment behavior. Based on historic default rates, the Company believes that, apart from the above, no provision for impairment is necessary in respect of trade and other receivables.

The provision for impairment of the amounts due from related parties are estimated considering the individual repayment capabilities of these entities.

**Movements in allowance for impairment in respect of trade receivables and amounts due from related parties.**

The movements of allowance for impairment in respect of trade receivables and Related party receivables during the year is presented in Note 16.1 and 17.1 respectively.

**Balances with Banks**

The Company held an amounts of MVR 297,184,042/- as at 31st December 2021 in banks. (2020 - MVR 254,279,764/-). Impairment on cash at bank has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash has low credit risk based on the external ratings of the counterparties. As a result, the amount of the allowance on cash at bank is negligible.

### (iv) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. the Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The followings are the contractual maturities of financial liabilities as at the reporting date.

**Financial Liabilities (Non- derivative)**

| 31st December 2021 | Carrying Amount MVR | Contractual Cashflows MVR | 0-12 Months MVR | 1-5 Years MVR | More than 5 Years MVR |
|---|---|---|---|---|---|
| Trade and Other Payables | 198,325,057 | 198,325,057 | 198,325,057 | - | - |
| Loans and Borrowings* | 3,016,850,670 | 3,016,850,670 | 104,693,637 | 484,414,317 | 2,427,742,716 |
| Contractor Payable | 365,600,090 | 411,033,231 | 89,306,229 | 321,727,002 | - |
| Amounts due to Related Parties | 57,407,294 | 57,407,294 | 57,407,294 | - | - |
| Lease Liabilities | 105,175,600 | 410,811,473 | 11,341,884 | 55,869,600 | 343,599,989 |
| **Total** | 3,743,358,711 | 4,094,427,725 | 461,074,101 | 862,010,919 | 2,771,342,705 |

*Loans and borrowings are excluding the future interest.



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## 32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

**(iv) Liquidity Risk (Continued)**

| 31st December 2020<br>Financial Liabilities (Non- derivative) | Carrying Amount MVR | Contractual Cashflows MVR | 0-12 Months MVR | 1-5 Years MVR | More than 5 Years MVR |
|---|---|---|---|---|---|
| Trade and Other Payables | 209,530,978 | 209,530,978 | 209,530,978 | - | - |
| Loans and Borrowings* | 2,970,165,249 | 2,970,165,249 | 104,693,637 | 387,531,454 | 2,477,940,158 |
| Contractor Payable | 386,847,534 | 435,918,527 | 92,856,017 | 343,062,510 | - |
| Amounts due to Related Parties | 80,137,389 | 80,137,389 | 80,137,389 | - | - |
| Lease Liabilities | 106,519,450 | 422,217,157 | 11,405,684 | 45,974,599 | 364,836,874 |
| **Total** | 3,753,200,600 | 4,117,969,300 | 498,623,705 | 776,568,563 | 2,842,777,032 |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

*Loans and borrowings are excluding the future interest.

**(v) Market risk**

Market risk is the risk of changes in market prices, such as foreign exchange rates and interest rates that affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**(a) Interest rate risk**

**Profile**
At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments were:

| | Carrying amount | |
|---|---|---|
| | 31/12/2021 MVR | 31/12/2020 MVR (Restated) |
| **Fixed Rate Instruments** | | |
| Financial Liabilities | 1,966,646,393 | 1,888,466,635 |
| **Variable Rate Instruments** | | |
| Financial liabilities | 1,050,204,277 | 1,081,698,614 |

**Cash Flow Sensitivity analysis for variable - rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

| | Sensitivity Analysis | |
|---|---|---|
| **31st December 2021** | 100 bp increase MVR | 100 bp decrease MVR |
| Variable rate instruments | (10,502,043) | 10,502,043 |
| **31st December 2020** | | |
| Variable rate instruments | (10,816,986) | 10,816,986 |

**(b) Currency Risk**

| **Exposure to currency risk**<br>The Company's exposure to foreign currency risk was as follows based on notional amounts: | 31/12/2021 US$ | 31/12/2020 US$ |
|---|---|---|
| Loans and borrowings | 147,964,820 | 146,348,911 |
| Contractor Payable | 23,709,474 | 25,087,389 |
| Net currency exposure | 171,674,294 | 171,436,300 |

| The following significant exchange rate | Average Rate | Reporting date spot rate | |
|---|---|---|---|
| | 2021 | 31/12/2021 | 31/12/2020 |
| 1 US$ : MVR | 15.42 | 15.42 | 15.42 |

In respect of the monetary assets and liabilities denominated in US$, the Company does have a limited currency risk exposure on such balances since the Maldivian Rufiyaa is pegged to the US Dollar within a band to fluctuate within ± 20% of the mid-point of exchange rate.



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## 33 DIRECTOR'S RESPONSIBILITY

The Board of Directors of the Company is responsible for the preparation and presentation of these financial statements.

## 34 RELATED PARTY TRANSACTIONS

| Name of the related party | Relationship | Nature of the transaction | Amount 2021 MVR | Amount 2020 MVR | Balance as at 31/12/2021 MVR | Balance as at 31/12/2020 MVR |
|---|---|---|---|---|---|---|
| State Trading Organisation PLC | Affiliate | Sales of Services | 18,519,873 | 17,760,924 | (48,684,877) | (62,867,688) |
| | | Payments made | (20,855,658) | (14,090,037) | | |
| | | Purchases | (1,104,606,061) | (927,081,688) | | |
| | | Payments Made | 1,121,124,657 | 970,433,291 | | |
| Maldives Transport and Contracting Company PLC | Affiliate | Sales of Services | 12,255,873 | 9,963,805 | (127,623) | (3,240,648) |
| | | Payments made | (12,662,874) | (9,085,241) | | |
| | | Purchases | (22,314,474) | (21,866,409) | | |
| | | Payments Made | 25,834,500 | 18,716,454 | | |
| Maldives Road Development Corporation | Affiliate | Sales of Services | 2,435,649 | - | 374,893 | 1,848,575 |
| | | Payment made | (3,909,330) | - | | |
| Male' Water & Sewerage Company Limited | Affiliate | Sales of Services | 19,646,933 | 14,952,566 | 1,142,395 | 1,578,709 |
| | | Payments | (20,127,192) | (15,132,539) | | |
| | | Purchases | (631,813) | (3,025,832) | | |
| | | Payments Made | 675,759 | 3,066,643 | | |
| Dhivehi Raajjege Gulhun PLC | Affiliate | Sales of Services | 37,821,267 | 40,453,066 | 3,067,887 | 4,125,494 |
| | | Payments | (38,670,921) | (39,979,031) | | |
| | | Purchases | (4,709,226) | (3,228,179) | | |
| | | Payments Made | 4,501,273 | 3,172,753 | | |
| Maldives Port Limited | Affiliate | Sales of Services | 21,686,359 | 18,748,628 | 1,595,251 | 2,230,434 |
| | | Payment made | (22,321,543) | (18,295,579) | | |
| | | Purchases | (186,976) | (142,420) | | |
| | | Payments Made | 186,976 | 142,420 | | |
| Other Government owned Organizations | Affiliate | Sales of Services | 103,280,162 | 371,859,624 | 146,545,844 | 136,472,634 |
| | | Payment made | (61,414,366) | (374,803,593) | | |
| | | Purchases | (1,010,376) | (716,818) | | |
| | | Payments Made | 864,381 | 657,027 | | |
| | | Set off against* | (31,646,591) | - | | |
| Indira Gandhi Memorial Hospital | Affiliate | Sales of Services | 56,560,774 | 49,587,666 | 19,755,385 | 14,766,449 |
| | | Payment made | (51,571,838) | (42,284,582) | | |
| Maldives Customs Services | Affiliate | Sales of Services | 3,193,934 | 3,229,579 | 634,603 | 268,815 |
| | | Payment Received | (2,828,145) | (3,322,861) | | |
| | | Purchases | (6,256,816) | (6,099,829) | | |
| | | Payment made | 6,256,816 | 6,099,829 | | |
| Maldives Industrial Fisheries Company Limited | Affiliate | Sales of Services | 2,234,338 | 1,592,550 | 143,410 | 166,608 |
| | | Payment Received | (2,257,536) | (1,553,603) | | |
| | | Purchases | - | (570,400) | | |
| | | Payment made | - | 570,400 | | |
| Bank of Maldives PLC | Affiliate | Sales of Services | 9,787,384 | 8,372,123 | 105,301 | 640,997 |
| | | Payment made | (10,323,080) | (7,836,871) | | |
| Public Service Media | Affiliate | Sales of Services | 21,879,967 | 18,628,894 | 61,786,952 | 49,682,460 |
| | | Payment Received | (9,464,102) | (554,207) | | |
| | | Purchases | - | (897) | | |
| | | Payment made | - | 897 | | |
| | | Set off against* | (311,373) | - | | |
| National Center For the Arts | Affiliate | Sales of Services | 604,672 | 499,624 | 1,174,121 | 1,441,291 |
| | | Payment made | (283,734) | (221,796) | | |
| | | Set off against* | (588,108) | - | | |
| Housing Development Corporation Limited | Affiliate | Sales of Services | 19,264,591 | 6,969,244 | 9,218,666 | 6,621,906 |
| | | Payment made | (16,667,830) | (2,545,050) | | |
| National Social Protection Agency | Affiliate | Sales of Services | 456,872 | 446,204 | 88,863 | 9,967,088 |
| | | Payment made | (1,881,169) | (487,020) | | |
| | | Set off against* | (8,453,928) | - | | |
| Ministry of Enviroment and Energy | Affiliate | No Transactions | - | - | (3,053,300) | (3,053,300) |
| Ministry of Finance and Treasury | | Sales of Services | 121,010,792 | | 190,269,558 | 130,624,059 |
| | | Payment Received | (64,366,768) | | | |
| | | Payment made | 3,001,475 | | | |

*Set off against dividend payable to Ministry of Finance **(Note 27.3)**

## 34 RELATED PARTY TRANSACTIONS (CONTINUED)

### 34 Transactions with Key Management Personnel

The Board of Directors and Managing Director of the Company are the members of the key management personnel. Key management personnel compensation comprised the following.

| | 2021 MVR | 2020 MVR |
|---|---|---|
| Directors' Remuneration | 1,029,451 | 784,100 |

## 35 FAIR VALUE MEASUREMENT

### Accounting Classifications and Fair Values

**31st December 2021**

| Financial assets not measured at fair value | Financial Assets at Amortised Cost | Fair Value | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| | MVR | MVR | MVR | MVR | MVR |
| Cash and Cash Equivalents | 301,091,445 | - | - | - | 301,091,445 |
| Trade and Other Receivables | 395,767,978 | - | - | - | 395,767,978 |
| Amounts due from Related Parties | 300,648,149 | - | - | - | 300,648,149 |
| | 997,507,572 | - | - | - | 997,507,572 |

| Financial liabilities not measured at fair value | Other Financial Liabilities | Fair Value | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| | MVR | MVR | MVR | MVR | MVR |
| Lease Liability | 105,175,600 | - | - | 105,175,600 | 105,175,600 |
| Loans and Borrowings | 3,016,850,670 | - | - | 3,016,850,670 | 3,016,850,670 |
| Amount due to Related Parties | 57,407,294 | - | - | - | 57,407,294 |
| Contractor Payable | 365,600,090 | - | - | 365,600,090 | 365,600,090 |
| Trade and Other Payables | 106,976,905 | - | - | - | 106,976,905 |
| | 3,652,010,559 | - | - | 3,487,626,360 | 3,652,010,559 |

**31st December 2020**

| Financial assets not measured at fair value | Financial Assets at Amortised Cost | Fair Value | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| | MVR | MVR | MVR | MVR | MVR |
| Cash and Cash Equivalents | 258,504,880 | - | - | - | 258,504,880 |
| Trade and Other Receivables | 325,668,652 | - | - | - | 325,668,652 |
| Amounts due from Related Parties | 245,964,053 | - | - | - | 245,964,053 |
| | 830,137,585 | - | - | - | 830,137,585 |

| Financial liabilities not measured at fair value | Other Financial Liabilities | Fair Value | | | |
|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 | Total |
| | MVR | MVR | MVR | MVR | MVR |
| Loans and Borrowings | 106,519,450 | - | - | 106,519,450 | 106,519,450 |
| Contractor Payable | 2,970,165,249 | - | - | 2,970,165,249 | 2,970,165,249 |
| Lease Liability | 80,137,389 | - | - | - | 80,137,389 |
| Amount due to Related Parties | 386,847,534 | - | - | 386,847,534 | 386,847,534 |
| Trade and Other Payables | 209,530,978 | - | - | - | 209,530,978 |
| | 3,753,200,600 | - | - | 3,463,532,233 | 3,753,200,600 |



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## 36 EVENTS AFTER THE REPORTING DATE

**36.1** The Board of Directors of the Company has decided to increase the issued and fully paid share capital of the Company to MVR 956,000,000/- on 16th August 2022.

No circumstances have arisen since reporting date which require adjustments to/or disclosure in the financial statements other than above.



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